APPLICATION

to the

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

by

BB&T CORPORATION

for prior approval
to acquire by merger

SUNTRUST BANKS, INC.

and

SUNTRUST BANK HOLDING COMPANY

pursuant to Sections 3(a)(3) and 3(a)(5)
of the Bank Holding Company Act
and
Section 225.15 of Regulation Y

March 8, 2019

Board of Governors of the Federal Reserve System

Application to Become a Bank Holding Company and/or Acquire an Additional Bank or Bank Holding Company—FR Y-3

BB&T Corporation
Corporate Title of Applicant

200 West Second Street
Street Address

Winston-Salem	NC	27101
City	State	Zip Code

Corporation
(Type of organization, such as corporation, partnership, business trust, association, or trust)

Hereby applies to the Board pursuant to:

- ☐ (1) Section 3(a)(1) of the Bank Holding Company Act of 1956, as amended, ("BHC Act"—12 U.S.C. §1842), under "Procedures for other bank acquisition proposals" as described in section 225.15 of Regulation Y;
- ☒ (2) Section 3(a)(3) of the BHC Act, under "Procedures for other bank acquisition proposals" as described in section 225.15 of Regulation Y; or
- ☒ (3) Section 3(a)(5) of the BHC Act, under "Procedures for other bank acquisition proposals" as described in section 225.15 of Regulation Y.

for prior approval of the acquisition of direct or indirect ownership, control, or power to vote at least ______ (Number) (100 %) (Percent) of a class of voting shares or otherwise to control:

SunTrust Banks, Inc.
Corporate Title of Bank or Bank Holding Company

303 Peachtree Street, N.E.
Street Address

Atlanta	GA	30308
City	State	Zip Code

Does applicant request confidential treatment for any portion of this submission?

- ☒ Yes
  - ☒ As required by the General Instructions, a letter justifying the request for confidential treatment is included.
  - ☒ The information for which confidential treatment is being sought is separately bound and labeled "Confidential."
- ☐ No

Name, title, address, telephone number, and facsimile number of person(s) to whom inquiries concerning this application may be directed:

Patricia A. Robinson
Name
Of Counsel, Wachtell, Lipton, Rosen & Katz
Title
51 West 52nd Street
Street Address

New York	NY	10019-6150
City	State	Zip Code

212/403-1127
Area Code / Phone Number
email: parobinson@wlrk.com
Area Code / FAX Number

Richard K. Kim
Name
Partner, Wachtell, Lipton, Rosen & Katz
Title
51 West 52nd Street
Street Address

New York	NY	10019-6150
City	State	Zip Code

212/403-1354
Area Code / Phone Number
email: rkim@wlrk.com
Area Code / FAX Number

Certification

I certify that the information contained in this application has been examined carefully by me and is true, correct, and complete, and is current as of the date of this submission to the best of my knowledge and belief. I acknowledge that any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject me to legal sanctions provided by 18 U.S.C. §1001 and §1007.

I also certify, with respect to any information pertaining to an individual and submitted to the Board in (or in connection with) this application, that the applicant has the authority, on behalf of the individual, to provide such information to the Board and to consent or to object to public release of such information. I certify that the applicant and the involved individual consent to public release of any such information, except to the extent set forth in a written request by the applicant or the individual, submitted in accordance with the Instructions to this form and the Board's Rules Regarding Availability of Information (12 C.F.R. Part 261), requesting confidential treatment for the information.

I acknowledge that approval of this application is in the discretion of the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Actions or communications, whether oral, written, or electronic, by the Federal Reserve or its employees in connection with this filing, including approval if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the agency, the United States or any other entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of the Federal Reserve to exercise its supervisory, regulatory, or examination powers under applicable laws and regulations. I further acknowledge that the foregoing may not be waived or modified by any employee or agency of the Federal Reserve or of the United States.

Signed this 8th (Day) day of March (Month), 2019. (Year)

Daryl N. Bible
Signature of Chief Executive Officer or Designee

Daryl N. Bible
Print or Type Name

Chief Financial Officer
Title

Board of Governors of the Federal Reserve System

Application to Become a Bank Holding Company and/or Acquire an Additional Bank or Bank Holding Company—FR Y-3

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Corporate Title of Applicant

200 West Second Street
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☒ (3) Section 3(a)(5) of the BHC Act, under "Procedures for other bank acquisition proposals" as described in section 225.15 of Regulation Y.

for prior approval of the acquisition of direct or indirect ownership, control, or power to vote at least ______ (Number) (100 %) (Percent) of a class of voting shares or otherwise to control:

SunTrust Bank Holding Company
Corporate Title of Bank or Bank Holding Company

200 South Orange Ave
Street Address

Orlando	FL	32801
City	State	Zip Code

Does applicant request confidential treatment for any portion of this submission?

☒ Yes

☒ As required by the General Instructions, a letter justifying the request for confidential treatment is included.

☒ The information for which confidential treatment is being sought is separately bound and labeled "Confidential."

☐ No

Public reporting burden for this collection of information for applications filed pursuant to section 3(a)(1) of the BHC Act are estimated to average 53 hours per response while applications filed pursuant to section 3(a)(3) or section 3(a)(5) of the BHC Act are estimated to average 63.5 hours per response, including the time to gather and maintain data in the required form, to review instructions and to complete the information collection. The Federal Reserve may not conduct or sponsor, and an organization is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551; and to the Office of Management and Budget, Paperwork Reduction Project (7100-0121), Washington, DC 20503.

Name, title, address, telephone number, and facsimile number of person(s) to whom inquiries concerning this application may be directed:

Patricia A. Robinson			Richard K. Kim		
Name			Name		
Of Counsel, Wachtell, Lipton, Rosen & Katz			Partner, Wachtell, Lipton, Rosen & Katz		
Title			Title		
51 West 52nd Street			51 West 52nd Street		
Street Address			Street Address		
New York	NY	10019-6150	New York	NY	10019-6150
City	State	Zip Code	City	State	Zip Code
212/403-1127			212/403-1354		
Area Code / Phone Number			Area Code / Phone Number		
email: parobinson@wlrk.com			email: rkim@wlrk.com		
Area Code / FAX Number			Area Code / FAX Number		

Certification

I certify that the information contained in this application has been examined carefully by me and is true, correct, and complete, and is current as of the date of this submission to the best of my knowledge and belief. I acknowledge that any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject me to legal sanctions provided by 18 U.S.C. §1001 and §1007.

I also certify, with respect to any information pertaining to an individual and submitted to the Board in (or in connection with) this application, that the applicant has the authority, on behalf of the individual, to provide such information to the Board and to consent or to object to public release of such information. I certify that the applicant and the involved individual consent to public release of any such information, except to the extent set forth in a written request by the applicant or the individual, submitted in accordance with the Instructions to this form and the Board's Rules Regarding Availability of Information (12 C.F.R. Part 261), requesting confidential treatment for the information.

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Signed this 8th day of March, 2019.
Day Month Year

Daryl N. Bible
Signature of Chief Executive Officer or Designee

Daryl N. Bible — Print or Type Name
Chief Financial Officer — Title

Request for Confidential Treatment

Confidential treatment is being requested under the federal Freedom of Information Act, 5 U.S.C. § 552 ("FOIA"), and the implementing regulations of the Board of Governors of the Federal Reserve System (the "Federal Reserve"), for the information contained in the Confidential Exhibits Volume and the Confidential Memorandum on Competitive Considerations and Statistical Annex Volumes to this application (the "Confidential Materials"). The Confidential Materials include, for example, nonpublic pro forma financial information and information regarding the business strategies and plans of (i) BB&T Corporation ("BB&T") and its subsidiary bank, Branch Banking and Trust Company ("Branch Bank") and (ii) SunTrust Banks, Inc. ("SunTrust") and its subsidiary bank, SunTrust Bank, and other information regarding additional matters of a similar nature, the public disclosure of which would result in competitive harm to these companies and institutions. Certain information in the Confidential Materials also includes confidential supervisory information. In addition, certain information includes nonpublic information about individuals, the public disclosure of which would constitute an unwarranted invasion of personal privacy. None of this information is the type of information that would otherwise be made available to the public under any circumstances. All such information, if made public, could result in substantial and irreparable harm to BB&T, Branch Bank, SunTrust and SunTrust Bank. Other exemptions from disclosure may also apply. In addition, potential investors could be influenced or misled by such information, which is not reported in any documents filed or to be filed in accordance with the disclosure requirements of applicable securities laws, as a result of which BB&T or SunTrust could be exposed to potential inadvertent violations of law or exposure to legal claims. Accordingly, confidential treatment is respectfully requested with respect to the Confidential Materials under 5 U.S.C. § 552(b) and the Federal Reserve's implementing regulations.

Please contact Patricia A. Robinson (212/403-1127) or Richard K. Kim (212/403-1354) before any public release of any of this information pursuant to a request under FOIA or a request or demand for disclosure by any governmental agency, congressional office or committee, court or grand jury. Such prior notice is necessary so that BB&T, Branch Bank, SunTrust and SunTrust Bank may take appropriate steps to protect such information from disclosure.

TABLE OF CONTENTS

INTRODUCTORY STATEMENT

Executive Summary

BB&T Corporation ("BB&T") and SunTrust Banks, Inc. ("SunTrust"), and their subsidiary banks, have agreed to merge to create a premier banking organization. Both are strongly managed and financially sound companies with complementary business models and customer-centric cultures dedicated to serving the needs of all their communities. The enhanced scale and financial strength of the combined company and bank will enable accelerated investment in innovation and technology to better serve and protect customers.

BB&T, a registered bank holding company incorporated under North Carolina law that has elected to become a financial holding company, holds all of the outstanding stock of Branch Banking and Trust Company ("Branch Bank"), a North Carolina-chartered state nonmember bank. SunTrust, a registered bank holding company incorporated under Georgia law that has elected to become a financial holding company, indirectly holds all of the outstanding stock of SunTrust Bank, a Georgia-chartered member bank.

BB&T and SunTrust have entered into an Agreement and Plan of Merger, dated February 7, 2019 (as it may be amended from time to time, the "Holdco Merger Agreement"), pursuant to which SunTrust has agreed to merge with and into BB&T, with BB&T continuing as the surviving entity in the merger (the "Holdco Merger"). Promptly after the Holdco Merger, SunTrust Bank Holding Company, SunTrust's wholly owned intermediate holding company that directly owns 100% of the stock of SunTrust Bank, will merge into BB&T, with BB&T as the surviving company (the "Intermediate Holdco Merger"). Then, immediately thereafter, SunTrust Bank will merge with and into Branch Bank (the "Bank Merger," together with the Holdco Merger and the Intermediate Holdco Merger, the "Proposed Transaction"), with Branch Bank continuing as the surviving bank. BB&T intends to retain the direct and indirect subsidiaries of SunTrust and SunTrust Bank. In addition, Branch Bank intends to retain and operate the branches of SunTrust Bank that exist on the Proposed Transaction's consummation date.

As discussed more fully below under "Terms of the Proposed Transaction," the shares of BB&T stock held by BB&T shareholders will remain outstanding, and SunTrust shareholders will receive 1.295 shares of BB&T Common Stock ("BB&T Common Stock") for each share of SunTrust Common Stock ("SunTrust Common Stock") they own. On consummation of the Proposed Transaction, BB&T shareholders will own approximately 57% and SunTrust shareholders will own approximately 43% of the combined company.

The Proposed Transaction is a "merger of equals" in terms of assets, deposits and post-consummation leadership and governance. As of December 31, 2018, BB&T and SunTrust, respectively, had total consolidated assets of $225.7 billion and $215.5 billion and consolidated deposits of $161.2 billion and $162.6 billion. The combined company will have approximately $441 billion in assets and $324 billion in deposits.[1]

[1] These amounts do not account for the proposed divestitures of branches to a competitively suitable financial institution.

Upon consummation, the boards of directors and senior executive officer teams of the combined company and bank will be equally split between existing members of BB&T's and SunTrust's directors and senior leadership. BB&T's current Chairman and Chief Executive Officer, Kelly S. King, will serve as Chairman of the boards of directors and Chief Executive Officer of the combined company and bank until September 12, 2021, after which he will serve as Executive Chairman of the combined company's and bank's boards for six months, until March 12, 2022, and as a consultant to the combined company and bank until September 12, 2022. Mr. King will then be nominated to serve as a director of the combined company and bank until December 31, 2023, the end of the year in which he will reach the organization's mandatory retirement age. Upon consummation of the Proposed Transaction, SunTrust's and SunTrust Bank's current Chairman and Chief Executive Officer, William H. Rogers, Jr., will become a director and serve as President and Chief Operating Officer of the combined company and bank, until September 12, 2021, at which time he will succeed Mr. King as Chief Executive Officer of the combined company and bank. Mr. Rogers will also become Chairman of the boards of directors of BB&T and Branch Bank when Mr. King ceases to serve as Executive Chairman on March 12, 2022.

The combined company's and combined bank's boards of directors will each be increased to 22 members, and will include 11 members from BB&T's and Branch Bank's current boards and 11 members from SunTrust's and SunTrust Bank's current boards. A legacy SunTrust independent director will serve as Lead Director on the combined company's and bank's boards from consummation until Mr. King steps down as Executive Chairman of the boards, after which a legacy BB&T independent director will serve as the Lead Director, subject to the normal rotation policy for Lead Director service in accordance with the combined company's and bank's corporate governance guidelines. On consummation of the Proposed Transaction, the combined company and bank will have 14 senior executive officers, seven each from the respective senior executive officer teams of BB&T/Branch Bank and SunTrust/SunTrust Bank.

To reflect the equal contributions of both banking organizations, the combined bank holding company and bank will operate under a new name and brand, which will be selected in the coming months before consummation of the Proposed Transaction. In addition, on consummation, the combined company will relocate its headquarters office and combined bank will relocate its main office to Charlotte, North Carolina.[2] The center for the combined bank's consumer and community banking operations will be in Winston-Salem, North Carolina, and the center for the wholesale business operations of the combined company and bank will be in Atlanta, Georgia. In addition, the center for their information technology and innovation operations, which will include an Innovation and Technology Center to facilitate digital transformation, will be in Charlotte.

By this application (the "Application"), BB&T respectfully requests the approval of the Board of Governors of the Federal Reserve System (the "Federal Reserve") for SunTrust and SunTrust Bank Holding Company to merge with and into BB&T, with BB&T as the survivor, pursuant to sections 3(a)(3) and 3(a)(5) of the Bank Holding Company Act of 1956, as amended

[2] Branch Bank will submit revised articles and bylaws, as needed, to reflect these changes at the combined bank (governance changes, increased size of the board, name change and main office relocation).

(the "BHC Act"), and section 225.15 of the Federal Reserve's Regulation Y, and thereby for BB&T to indirectly acquire SunTrust Bank. BB&T intends to acquire the nonbanking subsidiaries of SunTrust under exemption authority or financial holding company authority in the BHC Act and Regulation Y. It is currently planned that the nonbanking subsidiaries of SunTrust and the subsidiaries of SunTrust Bank, as on the consummation date of the Proposed Transaction, will become subsidiaries of the combined company and bank, respectively.

For all the reasons discussed herein, BB&T submits that the mergers of SunTrust and SunTrust Bank Holding Company with and into BB&T satisfies the criteria that the Federal Reserve is required to consider under Section 3 of the BHC Act. As an initial matter, the Proposed Transaction will meet the requirements for an interstate banking transaction. For purposes of Section 3(d) of the BHC Act,[3] the home state of BB&T is North Carolina and SunTrust is located in nine other states and the District of Columbia. The Proposed Transaction would result in the combined company controlling only 2.7% of deposits nationwide—far less than 10% of nationwide deposit cap and consistent with the BHC Act's deposit concentration limit. In addition, the Proposed Transaction would be consistent with relevant state deposit concentration limits, age limits and community reinvestment record requirements for a permissible interstate transaction. The combined company would also have far less than 10% of nationwide liabilities and, therefore, be consistent with the BHC Act's liabilities concentration limit.

BB&T and SunTrust are committed to maintaining a strong and conservative financial, operating and risk profile as a combined company. The Proposed Transaction will result in a combined company with a strong and resilient capital position. BB&T and SunTrust have ample financial and managerial resources and compatible risk management programs and a common cultural foundation to consummate the Proposed Transaction and facilitate a low-risk integration of the two firms. BB&T, Branch Bank, SunTrust and SunTrust Bank are each well capitalized and the combined company and bank will remain so upon consummation of the Proposed Transaction. The combined company and bank will maintain capital ratios that well exceed supervisory expectations, including under stress testing. Both BB&T and SunTrust have prudent capital planning management and strong performance under supervisory and company-run stress testing, which will continue at the combined company. The combined company also will maintain a strong and conservative liquidity position and exceed liquidity requirements and supervisory expectations. The Proposed Transaction is expected to result in a combined company and bank with stronger financial and operating metrics, greater diversity in sources of income, increased profitability, and an ability to invest more in technology and innovation to meet evolving customer needs and enhance cybersecurity protections.

The combined organization also will have the necessary managerial resources and risk management systems to operate in a safe and sound manner and complete a successful integration. Both BB&T and SunTrust have highly experienced directors and management teams with long tenures at their respective organizations and the banking industry. Their similar business models, business lines and cultures reduce the execution risk associated with integrating their operations.

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[3] 12 U.S.C. § 1842(d).

BB&T and SunTrust have robust enterprise risk management programs in place, including for capital, liquidity, credit, market, operational, technology, compliance, reputation and strategic risks. On consummation of the Proposed Transaction, the combined organization will have an even more balanced risk profile than each company operating individually due to greater diversification across customers, business lines and geographies. The combined company and bank will have a robust risk management and risk governance framework that aligns risk culture and strategic execution with the established risk appetite. BB&T and SunTrust will select strong capabilities and systems from their existing risk management governance, operations and systems to create a superior enterprise risk management program for the combined company and bank.

BB&T and SunTrust, and their respective subsidiary banks, have extensive experience in successfully integrating strategic acquisitions, including integrating large banking and nonbanking acquisitions during the past decade. Management from both organizations will work together in planning and executing the integration of the respective organizations to successfully manage integration risks, including during the interim period prior to systems conversion, as well as the change and impact risk on employees of the two organizations. Careful planning and robust risk management controls will be in place throughout the integration planning and execution process.

Both BB&T and SunTrust have implemented strong compliance risk management programs, including for compliance with Bank Secrecy Act and anti-money laundering laws and the Office of Foreign Assets Control sanctions ("BSA/AML/OFAC") requirements. In recent years, BB&T has significantly invested in and enhanced its BSA/AML/OFAC compliance risk management programs and systems. The combined company and bank will select the best practices, controls and systems from the legacy BB&T and SunTrust BSA/AML/OFAC and fraud risk management programs to implement a robust, integrated Financial Crimes Program.

In addition, both BB&T and SunTrust have strong risk management programs for compliance with fair lending and other consumer protections laws. As in other areas of risk management, the combined company and bank will integrate the best practices and controls from the two company's legacy fair lending and compliance programs to implement an enhanced compliance program.

Although Branch Bank and SunTrust Bank have overlapping branch networks in 80 banking markets, as defined by the relevant Federal Reserve Bank, in Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Tennessee, and Virginia and the District of Columbia, the Proposed Transaction will not adversely impact competition in any market. To mitigate any potentially adverse effects on competition, BB&T and SunTrust are proposing to divest branches in certain markets. The branches to be divested in such markets will be sold to one or more banking organizations determined by the Federal Reserve and the U.S. Department of Justice (the "DOJ") to be competitively suitable. Such divestitures will be conducted in accordance with appropriate conditions or commitments specified by the Federal Reserve and the DOJ. The Memorandum on Competitive Considerations (the "Competitive Memorandum") enclosed with the Application provides detailed information demonstrating that the Proposed Transaction will not result in a significant competitive effect in any banking market and, therefore, is consistent with the competitive effects factor in the BHC Act.

The Proposed Transaction also will not pose any significant risk to the stability of the United States banking or financial system. Instead, the Proposed Transaction will have a systemically stabilizing impact by increasing the combined company's diversification, financial strength and competitive position relative to the largest banking organizations that are disproportionately gaining market share for deposits and other financial services. Both BB&T and SunTrust and their respective subsidiary banks have non-complex business models. They offer primarily retail and commercial deposit and loan products, commercial lease financing and related services, insurance and securities brokerage, community development investment, wealth management services, trust and fiduciary services, capital markets, payments processing, treasury managements and limited investment banking services. None of their product or service offerings are highly specialized or a "critical" financial product or service that is difficult to substitute. To the contrary, there are a large number of providers of each of their products and services nationally, regionally and, to the extent relevant, in the local banking markets in which they operate.

The Proposed Transaction also would not materially increase the interconnectedness of the U.S. banking or financial system. BB&T and SunTrust do not participate in markets to a degree that would pose significant risk to other institutions in the event the combined banking organization experiences financial distress. In addition, BB&T and SunTrust have extremely limited foreign operations. Neither BB&T nor SunTrust has material cross-border activities or an organizational structure, complex interrelationships or other characteristics that would complicate a resolution on a combined basis or otherwise pose a significant risk to U.S. financial stability. BB&T and SunTrust plan to continue operating in a manner consistent with this risk profile after consummation of the Proposed Transaction. While the combined company will be larger in asset size and geographic footprint, it will not introduce any new or increased risk to the U.S. financial system. Therefore, the combined company similarly will not pose a significant risk to the U.S. financial system.

In addition, the continuation of the excellent Community Reinvestment Act ("CRA") programs of Branch Bank and SunTrust Bank at the combined bank will benefit the customers and communities served by the combined organization. Currently, Branch Bank has an "Outstanding" CRA performance rating and SunTrust Bank has a "Satisfactory" CRA performance rating based on their most recent CRA evaluations by the Federal Deposit Insurance Corporation (the "FDIC") and the Federal Reserve Bank of Atlanta (the "Reserve Bank"), respectively. Branch Bank and SunTrust Bank offer first-rate customer service and a full range of products and services, including a broad range of deposit and loan programs that benefit small business and low- and moderate-income ("LMI") customers and communities, are actively engaged in community development lending and investment activities and provide extensive community development services. The combined bank will not diminish the CRA activity levels of Branch Bank and SunTrust Bank aggregated together.

Consistent with Branch Bank's and SunTrust Bank's respective history of strong CRA performance, after consummation of the Proposed Transaction, the combined bank will continue to operate in compliance with the letter and spirit of the CRA. Branch Bank and SunTrust Bank will review each other's existing CRA programs and activities with a view toward combining favorable elements to create an enhanced CRA program at the combined bank that meets the needs of all the communities served. The combined bank will continue Branch Bank's and

SunTrust Bank's high levels of mortgage and small business lending and community development lending, investment and services throughout the combined bank's footprint.

Legacy engagement at BB&T and SunTrust illustrates their respective focus on matters of corporate social responsibility and strong performance in diversity and inclusion efforts, and the combined company will pursue an enhanced commitment to a comprehensive corporate responsibility framework that reflects the firms' shared purpose, principles and values. BB&T and SunTrust are mutually committed to promoting an inclusive culture that respects and encourages diversity in the broadest sense of the term. The commitment to diversity and inclusion begins at the top of each organization, reflected in the composition of the two boards of directors and executive teams, and comes to life through proactive human resources and employee programs and deliberate external business commitments and relationships. Upon consummation of the Proposed Transaction, the combined company's board and management teams will be committed to identifying and adopting the best practices that each company brings to the combined organization, and becoming recognized as the industry leader in making inclusive talent management, diverse supplier management and multi-cultural community engagement practices central to the identity and actions of the combined company.

The Proposed Transaction also will meet the convenience and needs of the communities to be served by combining two banking organizations with highly compatible business models, risk management systems and customer-oriented cultures. BB&T, Branch Bank, SunTrust and SunTrust Bank proactively support the needs of their respective communities, and the combined company and bank will continue to prioritize meeting the needs of all of its communities following consummation of the Proposed Transaction. Moreover, the combined organization's strong continuing presence in Winston-Salem and Atlanta, is reinforced by BB&T's and SunTrust's commitment to increase the levels of philanthropic and community investment in Winston-Salem and Atlanta relative to the levels of such investment by BB&T and SunTrust, in the aggregate, immediately prior to consummation of the Proposed Transaction.

In addition, Branch Bank and SunTrust Bank are mutually developing a community development plan that will provide meaningfully enhanced goals for the combined CRA assessment areas of their legacy banks and will include significant investments in national, regional and locally based nonprofit organizations serving LMI customers and communities. As part of this work, the banks are convening community meetings to solicit input on community needs and associated community development goals. The first of these meetings was held in Winston-Salem on March 4, 2019, with more than 30 participants representing about 20 community organizations. The other meetings will be held during March and April in Florida, Georgia, Maryland, Pennsylvania and Virginia. The banks look forward to strengthening and building relationships with community development practitioners across their combined footprint.

Building on a long tradition of excellence in community and commercial banking, the combined company and bank will offer a full range of consumer and commercial financial products and services to meet the convenience and needs of the customers and communities they serve. Current BB&T and SunTrust retail and commercial customers will have access to an expanded line of products and services and a larger branch and automated teller machine ("ATM") network. Legacy BB&T customers will gain access to SunTrust Bank's digital consumer lending platform, stronger Federal Housing Administration ("FHA")-guaranteed home mortgage lending activity, tax credit financing opportunities for affordable housing and commercial real estate, and broad corporate banking, capital markets and investment banking offerings. Legacy SunTrust customers will gain access to BB&T's strong small business lending and commercial real estate lending to smaller-sized businesses, municipal advisory services, asset management and advisory service offerings, consumer and small business equipment financing, and leading retail and commercial insurance agency products and services.

The Proposed Transaction will also enhance the financial strength and future prospects of BB&T and SunTrust as a combined company and Branch Bank and SunTrust Bank as a combined bank. The combined company and bank will have increased scale and profitability to select the best systems and processes and make significant investments in technology and innovation to create a sustainable competitive position in providing increasingly digitized products and services to better meet the evolving needs and preferences of consumer and business customers. The other strategic and financial benefits of the Proposed Transaction include, among others:

- Strong cultural alignment to deliver superior customer service, deepen close ties to shared local communities, and attract and retain the industry's top talent across the combined company's footprint and operations through expanded career opportunities;

- Financial and operating strength to position the combined company to achieve industry-leading financial and operating metrics among its peers; and

- Complementary businesses to generate revenue growth opportunities through BB&T's broad insurance activities and SunTrust's middle-market corporate and capital markets banking business and digital consumer lending platform.

Based on the foregoing and as explained in more detail below, in the exhibits and in the Competitive Memorandum, the Proposed Transaction will satisfy all of the factors the Federal Reserve must consider and, accordingly, the Application is consistent with approval and should be approved. BB&T and SunTrust are planning to consummate the Proposed Transaction as soon as practicable.

Terms of the Proposed Transaction

A copy of the Holdco Merger Agreement is provided in Exhibit 1, the form of Bank Merger Agreement is provided in Exhibit 2, and the Form 8-K issued by BB&T (a substantially identical version of which was issued by SunTrust) in connection with their entry into the Holdco Merger Agreement is attached as Exhibit 3. Joint resolutions approving the Holdco Merger and the Bank Merger adopted by the boards of directors of BB&T and Branch Bank are attached as Exhibit 4, and such joint resolutions adopted by the boards of directors of SunTrust and SunTrust Bank are attached as Exhibit 5.

Below is a summary of the principal terms of the Proposed Transaction in the Holdco Merger Agreement:

Structure	SunTrust will merge with and into BB&T, with renamed BB&T continuing as the surviving company. Promptly after the Holdco Merger, SunTrust Bank Holding Company will merge with and into BB&T, with renamed BB&T as the surviving company. Immediately following the Intermediate Holdco Merger, SunTrust Bank, will merge with and into Branch Bank, with Branch Bank continuing as the surviving bank.
Consideration	Each outstanding share of SunTrust Common Stock will be converted into the right to receive 1.295 shares of BB&T Common Stock as consideration for the Proposed Transaction (the "Exchange Ratio").
Treatment of SunTrust Preferred Stock	Each outstanding share of SunTrust preferred stock ("SunTrust Preferred Stock") will be converted into the right to receive one share of an applicable newly issued series of BB&T preferred stock ("BB&T Preferred Stock").
Treatment of SunTrust Equity Awards	Each outstanding SunTrust equity award will be converted into a corresponding equity award with respect to BB&T Common Stock, with the number of shares (and, in the case of stock options, the exercise price) adjusted based on the Exchange Ratio. The converted BB&T equity awards will generally have the same terms and conditions (including vesting and exercisability) as applied to the corresponding SunTrust equity awards, except that the number of shares underlying SunTrust performance stock unit awards will be fixed at the time of the Holdco Merger (based on actual performance through the closing date and target performance for the balance of the applicable performance period) and such awards will continue to vest solely based on continued service following the Holdco Merger.
Governance; Headquarters; Bylaw Amendment	The BB&T board of directors will adopt a bylaw amendment, to be effective as of the closing of the Holdco Merger (the "Closing"), a form of which is included as part of the Holdco Merger Agreement, that provides for post-closing governance arrangements, including that: • for three years following the Closing, the size of the board will be fixed at 22, comprised of 11 legacy BB&T directors and 11 legacy SunTrust directors, with any vacancies during such three-year period resulting from cessation of service (x) of any legacy BB&T director filled as determined by the other legacy BB&T directors, and (y) of any legacy SunTrust director being filled as determined by the other legacy SunTrust directors; • Kelly King will serve as Chairman and Chief Executive Officer of the surviving company and of the surviving bank until September 12, 2021, at which time he will serve as Executive Chairman for six months, and then as a consultant for the following six months. Mr. King will be

	nominated to serve as a director until December 31, 2023, the end of the year in which he reaches the mandatory retirement age of 75; • William Rogers will serve as a director and President and Chief Operating Officer of the surviving company and the surviving bank until Mr. King is no longer serving as Chief Executive Officer, at which time Mr. Rogers will become Chief Executive Officer, and Mr. Rogers will become Chairman at such time as Mr. King is no longer serving as Executive Chairman; • the Lead Independent Director will be a legacy SunTrust independent director until such time as Mr. King is no longer the Executive Chairman, and at such time will be a legacy BB&T independent director who will serve as Lead Independent Director, subject to the normal rotation policy set forth in BB&T's Corporate Governance Guidelines, but for not less than two years; • the Chairman of the Executive Committee will be an independent director chosen by a majority of the entire board of directors; and • the surviving corporation's headquarters office and the surviving bank's main office will be located in Charlotte, their wholesale business center will be located in Atlanta, their consumer and community banking center will be located in Winston-Salem and their technology and innovation operations center will be based in Charlotte.
Commitments to Community	Following the Closing, the surviving corporation will increase the levels of philanthropic and community investment in Atlanta and Winston-Salem relative to the levels of such investment by SunTrust and BB&T, in the aggregate, prior to Closing.
Conditions to Closing the Holdco Merger	Each party's obligation to close the Holdco Merger will be subject to the following conditions: • approval of the Holdco Merger Agreement by SunTrust's shareholders and by BB&T's shareholders; • authorization for listing on the New York Stock Exchange of the shares of BB&T common stock to be issued in the Holdco Merger; • receipt of requisite regulatory approvals (as defined in the Holdco Merger Agreement), without any approval resulting in a materially burdensome regulatory condition (defined as a condition that would reasonably be expected to have a Material Adverse Effect on the surviving corporation and its subsidiaries, taken as a whole, after giving effect to the Holdco Merger); • effectiveness of the registration statement for the shares to be issued in the Holdco Merger; • absence of any law or injunction prohibiting the completion of the Holdco Merger;

	• receipt of a tax opinion from its counsel to the effect that the Holdco Merger qualifies as a "reorganization" for tax purposes; • the accuracy of the other party's representations and warranties as of the date of the Holdco Merger Agreement and as of the closing date, generally subject to a global "Material Adverse Effect" standard (described below); and • material performance of the other party's covenants, obligations and agreements under the Holdco Merger Agreement.

Material Adverse Effect Standard	For purposes of the conditions to closing the Holdco Merger, breaches of each party's representations and warranties will generally (with certain exceptions) be deemed not to have occurred unless such breaches, individually or in the aggregate, have had, or would reasonably be expected to have, a Material Adverse Effect on that party.
	
	"<u>Material Adverse Effect</u>" with respect to each party or the surviving corporation is defined as any effect, change, event, circumstance, condition, occurrence or development that, either individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on (i) the business, properties, results of operations or financial condition of such party and its subsidiaries taken as a whole or (ii) the ability of such party to timely consummate the Holdco Merger.
	
	However, in the case of clause (i), a "Material Adverse Effect" excludes:
	• the following changes if they occur after the date of the Holdco Merger Agreement, except to the extent that they affect the party materially disproportionately compared to other companies in the same industry:
	  o changes in GAAP or applicable regulatory accounting requirements;
	  o changes in laws, rules or regulations generally applicable to companies in the industry in which the party operates; and
	  o changes in global, national or regional political conditions (including the outbreak of war or acts of terrorism) or in economic or market (including equity, credit and debt markets and interest rate changes) conditions affecting the financial services industry generally;
	• the public disclosure of the Holdco Merger or actions required by the Holdco Merger Agreement or taken with the prior written consent of the other party; and
	• declines in the trading price of the party's common stock or the failure, in and of itself, to meet earnings projections or internal financial forecasts (excluding the underlying causes).

No Shop	Each of SunTrust and BB&T agrees that it and its representatives will not initiate, solicit, knowingly encourage or knowingly facilitate any inquiries or proposals with respect to a competing business combination and will not

	participate in any negotiations with, or provide any nonpublic information to, any person relating to such a competing business combination proposal, or withdraw, modify or qualify in a manner adverse to the other party its recommendation that its shareholders approve the Holdco Merger Agreement. Each party's non-solicitation commitments are subject to a customary fiduciary duty exception permitting its board of directors to (i) engage in discussions regarding an unsolicited bona fide competing business combination proposal (and, upon entry into a confidentiality agreement, to provide confidential information) prior to the receipt of approval of such party's shareholders of the Holdco Merger Agreement and (ii) submit the Holdco Merger Agreement to its shareholders without recommendation, in each case to the extent that the board of directors determines in good faith that failure to do so would more likely than not result in a violation of its fiduciary duties. In the case of clause (i), the party receiving a competing business combination proposal or inquiry must advise the other party within 24 hours of receipt of the proposal or inquiry, provide a copy of the proposal and associated materials and keep the other party apprised of any related developments and discussions. In the case of clause (ii), the party determining to change its board recommendation must give the other party at least three business days' prior written notice of its intention and a description of the circumstances giving rise to the determination, and must take into account any amendment or modification to the Holdco Merger Agreement proposed by the other party. Notwithstanding any competing proposal, unless the Holdco Merger Agreement has been terminated in accordance with its terms, the party receiving any competing business combination proposal must submit the Holdco Merger Agreement to be voted on at a meeting of its shareholders.
Termination Rights	The Holdco Merger Agreement will be terminable at any time prior to the Closing by mutual consent, and in the following limited circumstances: • by either party if there is a final injunction prohibiting the Closing or if a required regulatory approval has been finally denied (unless the failure to obtain a regulatory approval is due to the terminating party's breach of its covenants in the Holdco Merger Agreement); • by either party if the Holdco Merger has not been consummated by February 7, 2020 (the "Termination Date") (so long as the terminating party's breach of its covenants in the Holdco Merger Agreement is not the cause of the delay); • by either party if there is an uncured or incurable breach by the other party of any of its covenants or representations that would result in the failure of a closing condition; or • by either party, if the other party or its board of directors has withdrawn its recommendation that its shareholders approve the Holdco Merger Agreement, failed to make such recommendation in the joint proxy statement, recommended a competing business combination or failed to

	recommend against a competing business combination or reaffirm its recommendation of the Holdco Merger Agreement upon the other party's request (any of the foregoing, a "Recommendation Change"), or materially breached its no-shop or other related covenants.
Termination Fee	A cash termination fee of $1.121 billion will be payable by either SunTrust or BB&T (the "first party") to the other party in the following situations: • if (1) the first party receives (or there is publicly announced and not withdrawn at least two business days before the first party's shareholders meeting) a competing offer, (2) the Holdco Merger Agreement is then terminated (A) because the Closing has not occurred by the Termination Date (and the first party's shareholders have not approved the Holdco Merger Agreement but all other conditions to the first party's obligation to close were satisfied or capable of being satisfied) or (B) because the first party willfully breached its covenants or representations, and (3) the first party consummates or enters into an agreement with respect to any competing business combination proposal within 12 months of the termination of the Holdco Merger Agreement, then the termination fee is payable upon the earlier of entering into the agreement or consummating the competing proposal; or • if the Holdco Merger Agreement is terminated by the other party because the first party or its board of directors has (1) made a Recommendation Change or (2) breached its no-shop or other related covenants in any material respect, then the termination fee is payable within two business days of termination.
Employee Matters; Pension Plan	***BB&T Pension Plan*****.** The combined company will have the right to take such action as it deems necessary, including amending the BB&T Corporation Pension Plan (the "Qualified Pension") and/or the BB&T Non-Qualified Defined Benefit Plan (the "Non-Qualified Pension"), so that (1) each participant in the Qualified Pension and the Non-Qualified Pension prior to the Closing will be entitled to continued benefit accrual on a basis no less favorable than in effect prior to the Closing for so long as such participant continues as an employee of the combined company and its subsidiaries and (2) following the Closing, the Qualified Pension and Non-Qualified Pension may not be terminated or amended so as to adversely impact any such participant or the benefit of any such participant, including any future benefit accruals or the vesting or entitlement to such future benefit accruals. ***Post-Closing Compensation and Benefits*****.** Following the Closing, the combined company will generally provide continuing employees of SunTrust and its subsidiaries with employee compensation and benefits under the BB&T benefit plans on terms and conditions that are substantially the same as those that apply to similarly situated BB&T employees (though BB&T may satisfy this obligation for a transitional period by providing continuing SunTrust employees compensation and benefits on terms and conditions that are substantially the same in the aggregate as those provided to such SunTrust

	employees prior to closing). Effective as of the later of January 1, 2020 and 30 days after the Closing, continuing employees of SunTrust will become eligible to participate in the Qualified Pension and Non-Qualified Pension on the same basis as similarly situated employees of BB&T and SunTrust. ***Merger of Equals Determination.*** Concurrently with the approval of the Holdco Merger Agreement, the BB&T board of directors and the Branch Bank board of directors will determine that the transactions contemplated by the Holdco Merger Agreement will constitute a "merger of equals" (and, therefore, will not trigger a "change of control") under the BB&T benefit plans that provide the BB&T board with the ability to make such determination. ***Employment Agreements.*** Concurrently with the execution of the Holdco Merger Agreement, BB&T entered into an amended and restated employment agreement with Mr. King and an employment agreement with Mr. Rogers, each of which will become effective as of the Closing. The employment agreements with Messrs. King and Rogers implement the governance and succession terms described in "Governance; Headquarters; Bylaw Amendment" above and otherwise provide for terms and conditions (including severance at the three times multiple and the scope of restrictive covenants) that are generally consistent with those set forth in BB&T's existing employment agreements with members of the Executive Management Team (including Mr. King).
Other Agreements	The Holdco Merger Agreement also contains customary covenants of the parties with respect to access to information, Securities and Exchange Commission ("SEC") filings (including the filing of a joint proxy statement for the meetings of BB&T and SunTrust shareholders and a registration statement for the BB&T shares to be issued in connection with the Holdco Merger), cooperation to obtain regulatory and other approvals and consents, BB&T's commitment to provide customary directors and officers insurance and indemnity to SunTrust directors and officers, public announcements, shareholder litigation, coordination as to declaration of dividends and assumption of SunTrust's outstanding indebtedness.
Conduct of Business Covenants	Until the Closing, BB&T and SunTrust are each subject to customary covenants and restrictions requiring them to conduct their business in the ordinary course, consistent with past practice, and to refrain from certain specified material actions.
Representations and Warranties	Each party has made certain customary public company representations and warranties with respect to its and its subsidiaries' business. As is customary in public company mergers, there is no post-closing indemnification provision (as there is no surviving seller entity against which to seek recourse).

The Companies

BB&T and Branch Bank

BB&T

BB&T is a registered bank holding company incorporated under North Carolina law that has elected to become a financial holding company. Its headquarters is in Winston-Salem, North Carolina. As of December 31, 2018, BB&T had total consolidated assets of $225.7 billion and total consolidated deposits of $161.2 billion.[4]

BB&T conducts business operations primarily through Branch Bank, its subsidiary commercial bank, which has branches in 15 states and the District of Columbia. As discussed below, Branch Bank, directly and through various subsidiaries, provides a wide range of banking and other services to individuals and businesses. In addition, BB&T has several direct nonbank subsidiaries that provide a variety of financial services, including full-service securities brokerage, indirect automobile lending, asset management and capital markets services. These subsidiaries include: (a) BB&T Securities, LLC, which is a registered investment banking and full-service brokerage firm that provides retail brokerage, equity and debt underwriting, investment advice, corporate finance and equity research, as well as facilitates origination, trading and distribution of fixed-income securities and equity products in public and private capital markets; (b) Regional Acceptance Corporation, which specializes in indirect financing for consumer purchases of used automobiles; and (c) Sterling Capital Management, LLC, a registered investment advisor.

Branch Bank

Branch Bank is a North Carolina-chartered commercial bank that is not a member of the Federal Reserve System. Branch Bank was chartered in 1872 and is the oldest bank headquartered in North Carolina. The main office of Branch Bank is in Winston-Salem, North Carolina. It operates over 1,800 licensed branches in 15 states (Alabama, Florida, Georgia, Indiana, Kentucky, Maryland, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, and West Virginia) and the District of Columbia.[5] As of December 31, 2018, Branch Bank had total assets of $219.1 billion and total deposits of $168.5 billion.

Branch Bank provides a wide range of retail and commercial banking deposits, loans, insurance products and services to individuals, businesses, public agencies, local governments, trusts and other entities. The bank's mortgage and consumer loans are made primarily to individuals residing in the market areas described above, and its small business and commercial loans are made primarily to small businesses and other businesses located within its geographic footprint. In addition, Branch Bank offers, either directly or through its subsidiaries, to customers: (a) lease financing to small and commercial businesses and municipal governments; (b) asset-based lending; (c) discount brokerage services; (d) annuities and mutual funds; (e) life insurance, property and casualty insurance, health insurance, employment benefits, commercial

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[4] This amount is net of $7.3 billion of intercompany deposits.

[5] Branch Bank also maintains a foreign branch office in the Cayman Islands.

general liability insurance, surety, title and other insurance products on an agency basis and through a wholesale insurance brokerage operation; (f) insurance premium financing; (g) permanent financing arrangements for commercial real estate; (h) loan servicing for third-party investors; (i) direct consumer finance loans to individuals (home mortgage, home equity and credit card loans); (j) private bank, trust, estate planning and comprehensive wealth management/advisory services; (k) capital markets services; (l) payments processing; (m) commercial real estate lending; (n) indirect vehicle loans to consumers (to purchase new or used autos, boats or recreational vehicles); (o) auto dealer floor plan financing; and (p) cash management and treasury services. Branch Bank's commercial loan and lease financing activities are generally targeted to serve small-to-middle market businesses.

SunTrust and SunTrust Bank

SunTrust

SunTrust is a registered bank holding company incorporated under Georgia law that has elected to become a financial holding company. Its headquarters is in Atlanta, Georgia. As of December 31, 2018, SunTrust had total consolidated assets of $215.5 billion and total consolidated deposits of $162.6 billion.[6]

SunTrust is a diverse banking organization driven by its purpose of "Lighting the Way to Financial Well-Being," which guides SunTrust's engagement in the lives of its employees, customers and communities. It offers a full line of financial services for consumers, businesses, corporations, institutions and not-for-profit entities, both through the branches of its subsidiary commercial bank, which has branches in 10 states and the District of Columbia, and through other national delivery channels. It operates two business segments: Consumer and Wholesale. As discussed below, SunTrust Bank, directly and through various subsidiaries offers deposit, credit, trust and investment services to its customers. Other SunTrust subsidiaries provide capital markets, investment banking, securities brokerage, investment banking and wealth management services.

SunTrust Bank Holding Company

SunTrust Bank Holding Company is a registered bank holding company incorporated under Florida law that has elected to become a financial holding company. Its headquarters is in Orlando, Florida. As of December 31, 2018, SunTrust Bank Holding Company had total consolidated assets of $209.7 billion and total consolidated deposits of $163.6 billion.

SunTrust Bank

SunTrust Bank is a Georgia-chartered commercial bank that is a member of the Federal Reserve System. The main office of SunTrust Bank is in Atlanta, Georgia. It operates over 1,100 licensed branches in 10 states (Alabama, Arkansas, Florida, Georgia, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia) and the District of Columbia.[7] As of December 31, 2018, SunTrust Bank had total assets of $209.7 billion and total

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[6] This amount is net of $2.7 billion of intercompany deposits.

[7] SunTrust Bank also maintains a foreign branch office in the Cayman Islands.

deposits of $164.7 billion. SunTrust Bank provides, directly and through various subsidiaries, deposits, mortgage lending, student lending, consumer lending, small business lending, commercial loan and lease financing, trust and wealth management services, insurance products on an agency basis, investment and mergers and acquisition advisory services, capital markets and investment banking services, and treasury and cash management services.

Through its Consumer segment, SunTrust Bank's lending products include home mortgage loans, home equity loans, guaranteed student loans, direct and indirect loans for vehicles (for autos, boats and recreational vehicles, credit card loans and small business loans). In addition, through its LightStream® digital lending platform, SunTrust Bank offers unsecured, fixed-rate personal installment loans ranging from $5,000 to $100,000 (or secured loans for the purchase of new or used autos), with competitive rates and simple interest calculation and without origination fees or prepayment penalties. The Consumer segment also includes private wealth management services to individuals and institutional customers, investment advisory and trust services, as well as full-service securities brokerage services.

SunTrust Bank's Wholesale segment engages in commercial and business banking, including lending, cash management and investment banking solutions for commercial customers, not-for-profit organizations and government entities. The Wholesale segment also engages in commercial real estate financing, capital markets activities, equipment financing and leasing, capital markets and investment banking services, payment services, and cash management and treasury services.

Combined Company Shareholders

BB&T's Shareholders Before the Proposed Transaction

BB&T does not know of any entity or individual that, currently, beneficially owns more than 5% of the outstanding shares of any class of BB&T voting common stock, except funds (in the aggregate) advised by: (1) The Vanguard Group, Inc. ("Vanguard"), which reported that, as of December 31, 2018, it beneficially owned 60,538,869 shares of BB&T Common Stock, and (2) BlackRock, Inc. ("BlackRock"), which reported that, as of December 31, 2018, it beneficially owned 50,820,888 shares of BB&T Common Stock.[8] As of December 31, 2018, BB&T had 763,326,012 shares of BB&T Common Stock outstanding, which means that Vanguard had a 7.9% ownership interest and BlackRock had a 6.7% ownership interest in BB&T at that time.

As of December 31, 2018:

Beneficial Owner	Number of Shares of BB&T	Percentage of 763,326,012 Shares Outstanding
Vanguard	60,538,869	7.9%
BlackRock..	50,820,888	6.7%

[8] Based on Schedule 13F filings to the SEC by Vanguard and BlackRock, both dated December 31, 2018.

SunTrust's Shareholders Before the Proposed Transaction

Currently, SunTrust does not know of any entity or individual that beneficially owns more than 5% of the outstanding shares of any class of SunTrust Common Stock, except funds (in the aggregate) advised by: (1) Vanguard, which reported that as of December 31, 2018, it beneficially owned 36,595,947 shares of SunTrust Common Stock, (2) BlackRock, which reported that, as of December 31, 2018, it beneficially owned 34,732,996 shares of SunTrust Common Stock,and (3) State Street, which reported that, as of December 31, 2018, it beneficially owned 22,286,879 shares of SunTrust Common Stock.[9] As of December 31, 2018, SunTrust had 446,888,000 shares of Common Stock outstanding, which means that Vanguard had an 8.2% ownership interest, BlackRock had an 8.1% ownership interest, and State Street had a 5.0% ownership interest in SunTrust at that time.

As of December 31, 2018:

Beneficial Owner	Number of Shares of SunTrust	Percentage of 446,888,000 Shares Outstanding
Vanguard	36,362,534	8.2%
BlackRock..	35,976,802	8.1%
State Street	22,286,879	5.0%

Combined Company Pro Forma

Both BB&T and SunTrust are public companies which trade on the New York Stock Exchange. They each have broad shareholder bases, and the combined company will continue to have a diverse shareholder base. As noted, the BB&T legacy shareholders will own approximately 57% and the SunTrust legacy shareholders will own approximately 43% of the combined company.

BB&T is not aware of any entity or individual that definitively will become a 5% or more shareholder *as a result of* the Proposed Transaction. After the closing of the Proposed Transaction, Vanguard and BlackRock may each continue to be a 5% or more shareholder of the combined company. Based on the Exchange Ratio and assuming the shareholders noted above who own 5% or more of either BB&T Common Stock or SunTrust Common Stock retain their same shareholdings, Vanguard would own 8.0% and BlackRock would own 7.1% of BB&T Common Stock at Closing:

[9] Based on Schedule 13F filings to the SEC by Vanguard, BlackRock and State Street, each dated December 31, 2018.

Beneficial Owner	Number of Shares of Combined Company on a Pro Forma Basis	Percentage of 1,342,045,972 Shares Outstanding[10]
Vanguard	107,628.350[11]	8.0%
BlackRock..	97,410,846[12]	7.3%

<u>Required Approvals</u>

In addition to this Application:

(a) an application will be filed with the FDIC, pursuant to the Bank Merger Act (the "<u>FDIC Merger Application</u>"), for prior approval for SunTrust Bank to merge with and into Branch Bank, with a renamed Branch Bank as the surviving institution, pursuant to section 18(c) of the Federal Deposit Insurance Act and the FDIC's implementing regulations;[13]

(b) applications will be filed for prior approval for SunTrust and SunTrust Bank Holding Company to merge with and into BB&T and for SunTrust Bank to merge with and into Branch Bank, with a renamed BB&T and Branch Bank as the surviving entities of such mergers, with the North Carolina Office of Commissioner of Banks (the "<u>NCCOB</u>") under Chapter 53C of the North Carolina General Statutes;[14] and

(c) an application will be filed with the Georgia Department of Banking and Finance for prior approval for SunTrust and SunTrust Bank Holding Company to merge with and into BB&T and for SunTrust Bank to merge with and into Branch Bank, with a renamed BB&T and Branch Bank as the surviving entities of such mergers, pursuant to section 7-1-620 *et seq.* the Georgia Code.[15]

Branch Bank will submit appropriate notices of the Bank Merger, with copies of the FDIC Merger Application, to the relevant banking agencies of all the states in which SunTrust Bank operates branches. In addition, BB&T will file an application to the Delaware Bank Commissioner for prior approval to acquire SunTrust Delaware Trust Company, Wilmington, Delaware, SunTrust's subsidiary Delaware-chartered, non-insured limited-purpose trust company, pursuant to subchapter III of Chapter 1 of Title 5 of the Delaware Code (the "<u>Delaware Application</u>").[16] Branch Bank and BB&T also will file appropriate applications with

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[10] Calculated by adding the number of shares of BB&T Common Stock outstanding as of December 31, 2018, and the number of additional shares of BB&T Common Stock to be issued to SunTrust shareholders. (763,326,012 + (446,888,000 x 1.295) = 1,342,045,972).
[11] Calculated by adding the number of shares of BB&T Common Stock Vanguard owns as of December 31, 2018, and the number of additional shares of BB&T Common Stock that Vanguard will acquire in the share exchange. (60,538,869 + (36,362,534 x 1.295) = 107,628,350).
[12] Calculated by adding the number of shares of BB&T Common Stock BlackRock owns as of December 31, 2018, and the number of additional shares of BB&T Common Stock that BlackRock will acquire in the share exchange. (50,820,888 + (35,976,802 x 1.295) = 97,410,846).
[13] 12 U.S.C. § 1828(c); 12 U.S.C. 1831u; 12 CFR 303.60 *et seq*.
[14] N.C.G.S. §§ 53C-7-202 (bank combination) and 53C-10-20 (holding company combination).
[15] GA Code § 7-1-620 *et seq*.
[16] 5 Del C. Section 160 *et seq*.

government authorities in the Cayman Islands related to the acquisition of SunTrust Bank's branch office and BB&T's acquisition of SunTrust Banks Trust Company (Cayman) Ltd., SunTrust Bank Holding Company's subsidiary non-depository trust company.[17]

In addition, in connection with the Proposed Transaction, BB&T, SunTrust and certain of their subsidiaries will make certain additional filings with various governmental authorities, regulatory agencies and self-regulatory organizations. These filings include:

(a) premerger notifications with the Federal Trade Commission and the Department of Justice pursuant to the Hart-Scott-Rodino Act;

(b) a registration statement on Form S-4, including a joint proxy statement with respect to matters requiring BB&T and SunTrust shareholder approval and a prospectus describing BB&T capital stock that will be issued in the Proposed Transaction, with the SEC;

(c) applications with the Financial Industry Regulatory Authority seeking prior approval for the change of control of certain broker-dealer subsidiaries of SunTrust;

(d) an application with the New York Stock Exchange for approval to list additional shares of BB&T common stock that will be issued in the Proposed Transaction; and

(e) various filings with state authorities, including state insurance commissions and state securities commissions, with respect to the change in control of SunTrust and / or certain of SunTrust's regulated subsidiaries.

Public Notice

The form of newspaper notice for this Application is appended hereto as Exhibit 6. We have arranged for the newspaper notice to appear in each of: (1) the *Winston-Salem Journal*, a newspaper of general circulation in Winston-Salem, North Carolina, the city in which BB&T's headquarters and Branch Bank's main office are located, (2) *The Atlanta Journal-Constitution*, a newspaper of general circulation in Atlanta, Georgia, the city in which SunTrust's headquarters and SunTrust Bank's main office are located, and (3) *The Charlotte Observer*, a newspaper of general circulation in Charlotte, North Carolina, the city in which BB&T's headquarters and Branch Bank's main office will be relocated on consummation of the Proposed Transaction.

Interstate Banking Requirements of the BHC Act

Section 3(d) of the BHC Act ("Section 3(d)"), as revised by the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 and the Dodd-Frank Wall Street Reform and Consumer Protection Act, permits the Federal Reserve to authorize a bank holding company that

[17] SunTrust also has a wholly owned subsidiary, ST Management Services India Private Limited that it is currently seeking to sell to a third party given requirements under applicable law that the company be sold and not dissolved. SunTrust expects that ST Management Services India Private Limited will be sold prior to or in connection with consummation of the Proposed Transaction. In addition, SunTrust has a wholly owned agreement corporation subsidiary, SunTrust International Banking Company, that is currently inactive and which will be dissolved prior to or in connection with consummation of the Proposed Transaction

is well capitalized and well managed to acquire control of a bank located in a state other than the home state of such bank holding company, notwithstanding contrary state law.[18] For purposes of this provision, BB&T's home state is North Carolina, the state in which the deposits of BB&T's subsidiary banks were largest when it became a bank holding company. For purposes of Section 3(d), the Federal Reserve considers a bank proposed to be acquired (the "Acquired Bank") to be "located" for these purposes "in the states in which the bank is chartered, headquartered or operates a branch."[19] Thus, SunTrust Bank is deemed to be "located" for Section 3(d) purposes in Alabama, Arkansas, the District of Columbia, Florida, Georgia, Maryland, Mississippi, North Carolina, South Carolina, Tennessee and Virginia.

BB&T will be both "well capitalized" and "well managed," as those terms are used in Section 3(d), when it indirectly acquires SunTrust Bank.[20] Section 3(d) also imposes requirements relating to (a) the age of the target bank, (b) concentration limits and (c) community reinvestment compliance.[21] Each of these conditions is satisfied in the case of the Proposed Transaction.

Age of the Acquired Bank. Section 3(d) specifies that the Federal Reserve may not approve a proposed interstate acquisition if the effect would be to permit an out-of-state bank holding company "to acquire a bank in a host State that has not been in existence for the minimum period of time, if any, specified in the statutory law of the host State."[22] SunTrust Bank was established in 1891 (under the name of Commercial Travelers' Savings Bank, and changed in 1893 to Trust Company of Georgia) and, therefore, has been in existence much more than five years. Therefore, the Federal Reserve is authorized under Section 3(d)(1)(B)(ii) of the BHC Act to approve the Holdco Merger regardless of any state law age requirements.

Nationwide Concentration Limit. Section 3(d) provides that the Federal Reserve may not approve an interstate acquisition if, upon consummation, the applicant would control more than 10% of the total amount of deposits of insured depository institutions in the United States ("nationwide deposits").[23] On consummation, the combined company would hold only approximately 2.7% of nationwide deposits and, thus, would be well under nationwide deposits concentration limit.

Statewide Concentration Limit. Section 3(d) also provides that the Federal Reserve may not approve an interstate acquisition, if:

(i) immediately prior to consummation, the applicant controls any insured depository institution or any branch of an insured depository institution in the home state of any bank to be acquired or in any host state in which any such bank maintains a branch; and

[18] 12 U.S.C. § 1842(d)(1)(A).
[19] *See, e.g.*, *The PNC Financial Services Group, Inc.*, 94 Fed. Res. Bull. C38 (2008); *SunTrust Bancshares Incorporated*, 93 Fed. Res. Bull. C94 (2007).
[20] *See* 12 U.S.C. §§ 1841(o)(1) and (o)(9), 12 CFR part 217, and 12 CFR § 225.2(s).
[21] 12 U.S.C. § 1842(d)(1-3).
[22] 12 U.S.C. § 1842(d)(1)(B)(i).
[23] 12 U.S.C. § 1842(d)(2)(A).

(ii) the applicant, upon consummation of the acquisition, would control 30% or more of the total amount of deposits in any such state (or such higher percentage as may be permitted by state law, regulation or order).[24]

SunTrust Bank's home state is Georgia and it has branches in the host states of Alabama, Arkansas, Florida, Georgia, Maryland, Mississippi, North Carolina, South Carolina, Tennessee and Virginia and the District of Columbia. Branch Bank also has branches in Alabama, the District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Tennessee and Virginia. Upon consummation, the combined company would hold 3.9% of total insured depository institution deposits in Alabama,[25] 9.0% of total insured depository institution deposits in the District of Columbia,[26] 11.8% of total insured depository institution deposits in Florida,[27] 26.8% of total insured depository institution deposits in Georgia,[28] 14.1% of total insured depository institution deposits in Maryland,[29] 16.7% of total insured depository institution deposits in North Carolina,[30] 13.2% of total insured depository institution deposits in South Carolina,[31] 10.9% of total insured depository institution deposits in Tennessee[32] and 13.6% of total insured depository institution deposits in Virginia.[33] Thus, the Proposed Transaction would comply with this statewide concentration limit.

Section 3(d) further provides that state law caps on the total amount of deposits in the state that a single banking organization may hold must also be complied with, provided that the cap does not discriminate against out-of-state banking organizations.[34] Alabama, Florida, Georgia, Maryland, South Carolina and Tennessee each impose a 30% state deposit cap.[35] As discussed above, upon consummation, the combined company will hold 3.9%, 11.8%, 26.8%, 14.1%, 13.2% and 10.9% of total insured deposits in Alabama, Florida, Georgia, Maryland,

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[24] 12 U.S.C. §§ 1842(d)(2)(B) and (D)(i).

[25] As of June 30, 2018, BB&T and SunTrust had $3.7 billion and $219 million, respectively, in deposits in Alabama. On a combined basis, they would hold $3.9 billion or 3.9% of Alabama's $100.9 billion in deposits.

[26] As of June 30, 2018, BB&T and SunTrust had $1.2 billion and $3.4 billion, respectively, in deposits in the District of Columbia. On a combined basis, they would hold $4.6 billion or 9.0% of the District of Columbia's $51.4 billion in deposits.

[27] As of June 30, 2018, BB&T and SunTrust had $18.3 billion and $50.6 billion, respectively, in deposits in Florida. On a combined basis, they would hold $68.9 billion or 11.8% of Florida's $586.3 billion in deposits.

[28] As of June 30, 2018, BB&T and SunTrust had $12.6 billion and $54.4 billion, respectively, in deposits in Georgia. On a combined basis, they would hold $66.9 billion or 26.8% of Georgia's $250.2 billion in deposits.

[29] As of June 30, 2018, BB&T and SunTrust had $10.1 billion and $10.4 billion, respectively, in deposits in Maryland. On a combined basis, they would hold $20.5 billion or 14.1% of Maryland's $145.0 billion in deposits.

[30] As of June 30, 2018, BB&T and SunTrust had $52.7 billion and $8.5 billion, respectively, in deposits in North Carolina. On a combined basis, they would hold $61.2 billion or 16.7% of North Carolina's $366.5 billion in deposits.

[31] As of June 30, 2018, BB&T and SunTrust had $8.4 billion and $3.0 billion, respectively, in deposits in South Carolina. On a combined basis, they would hold $11.4 billion or 13.2% of South Carolina's $85.9 billion in deposits.

[32] As of June 30, 2018, BB&T and SunTrust had $3.0 billion and $13.9 billion, respectively, in deposits in Tennessee. On a combined basis, they would hold $16.9 billion or 10.9% of Tennessee's $154.9 billion in deposits.

[33] As of June 30, 2018, BB&T and SunTrust had $23.5 billion and $20.6 billion, respectively, in deposits in Virginia. On a combined basis, they would hold $44.1 billion or 13.6% of Virginia's $323.0 billion in deposits.

[34] *See* 12 U.S.C. § 1842(d)(2)(C).

[35] *See* Ala. Code § 5-13B-23(b); Fla. Stat. § 658.2953; Ga. Code § 7-1-628.3(a)(2); Md. Fin. Inst. Code § 5-905(b); S.C. Code Ann. § 34-25-240; Tenn. Code Ann. § 45-2-1404. The District of Columbia, North Carolina and Virginia do not set a state deposit cap.

South Carolina and Tennessee, respectively. Thus, the Proposed Transaction would comply with this requirement.

Community Reinvestment Act Compliance. Section 3(d) of the BHC Act directs the Federal Reserve to consider an applicant's record under the CRA and take into account BB&T's record of compliance under state community reinvestment laws.[36] As noted, Branch Bank and SunTrust Bank currently have CRA performance ratings of "Outstanding" and "Satisfactory," respectively. Branch Bank and SunTrust Bank are also in compliance with all applicable state community reinvestment laws.[37]

Conclusion under Section 3(d). The Proposed Transaction will satisfy each of the conditions for an interstate acquisition in Section 3(d) of the BHC Act. Accordingly, the Federal Reserve is permitted to approve the proposal under Section 3(d) of the BHC Act.

Liabilities Concentration Limit

The BHC Act and the Federal Reserve's implementing Regulation XX generally prohibit a financial company including, among others, a bank holding company and an insured depository institution, from merging or consolidating with another company if the total consolidated liabilities of the acquiring financial company upon consummation of the transaction would exceed 10% of the aggregate consolidated liabilities of all financial companies ("total liabilities") at the end of the calendar year preceding the transaction.[38] BB&T and SunTrust had consolidated liabilities of $221.2 billion and $210.1 billion, respectively, as of December 31, 2018. Assuming national liabilities of $20.28 trillion, the combined company therefore would hold approximately 2.14% of total liabilities on consummation of the Proposed Transaction.

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[36] *See* 12 U.S.C. § 1842(d)(3).

[37] Neither Branch Bank nor SunTrust Bank has its main office in a state that has a state community reinvestment law. The only states that have community reinvestment laws where either Branch Bank or SunTrust Bank has a branch are (a) the District of Columbia, where both Branch Bank and SunTrust Bank have branches and (b) West Virginia, where Branch Bank has branches, but SunTrust Bank does not.

The District of Columbia state community reinvestment law, D.C. Code 26-431.01, *et seq*., does not apply to any of BB&T Corporation, Branch Bank, SunTrust or SunTrust Bank. The law applies only to "financial institutions" as defined in the District of Columbia Banking Code. Pursuant to D.C. Code 26-551.01(18), none of BB&T Corporation, Branch Bank, SunTrust or SunTrust Bank is a "financial institution," because none of these entities: (a) is regulated, supervised, examined or licensed by the District of Columbia Department of Insurance, Securities and Banking; (b) has applied to be regulated, supervised, examined or licensed by the Department of Insurance, Securities and Banking; (c) is subject to the regulation, supervision, examination or licensure by the Department of Insurance, Securities and Banking; or (d) is engaged in an activity covered by the District of Columbia Banking Code.

The West Virginia state community reinvestment law, W. Va. Code 31A-8B-1 to 31-8B-5, does not apply to either BB&T Corporation or to Branch Bank, because: (a) neither is a West Virginia chartered bank or bank holding company that is subject to examination by the West Virginia Banking Commissioner of Banking and (b) neither has filed with the West Virginia Commissioner of Banking or the West Virginia Board of Banking and Financial Institutions an "application for a depository facility" or sought permission from the West Virginia Commissioner of Banking or the West Virginia Board of Banking and Financial Institutions to engage in financially related services.

[38] 12 U.S.C. § 1852(b); 12 C.F.R. part 251.

Accordingly, the liabilities concentration limit would not preclude Federal Reserve approval of the Proposed Transaction.[39]

Financial and Managerial Resources

BB&T, SunTrust and their respective subsidiary banks have strong financial, capital and managerial resources and enterprise risk management systems to successfully consummate the Proposed Transaction and integrate their organizations and banks to form a thriving combined banking organization. The combined company and bank will be advantaged by combining the strengths, experience and risk management resources of BB&T and SunTrust. Based on all the information below, it is evident that the future prospects of the combined company and bank are highly favorable.

Management will ensure that the combined company and bank will have appropriate capital planning, liquidity management, managerial resources, corporate governance, enterprise risk management programs and technological infrastructure to meet the supervisory expectations for a banking organization with more than $250 billion in total consolidated assets. BB&T and SunTrust have already been subject to enhanced prudential standards, including among others: (1) capital planning, risk-based capital requirements and leverage limits, (2) liquidity risk management requirements, (3) supervisory and company-run stress testing, (4) overall heightened risk management requirements, (5) resolution planning, and (6) credit exposure and concentration limits. Both BB&T and SunTrust have satisfactorily met these standards and the combined company will have enhanced governance, infrastructure and systems to meet the relevant regulatory requirements and supervisory expectations of a banking organization exceeding $250 billion in total consolidated assets.

Financial Resources

BB&T, Branch Bank, SunTrust and SunTrust Bank are each currently well-capitalized and the combined company and bank will remain so upon consummation of the Proposed Transaction. Their respective capital ratios well exceed the qualifying standards for "well capitalized" status under the banking regulations, and the combined company's and bank's capital ratios will continue to well exceed those ratios.

The Proposed Transaction will result in greater capital generation capabilities at the combined company and bank than what the legacy companies and banks could achieve by continuing to operate independently. The combined company will maintain a balanced mix between core bank net interest income and noninterest income and diverse and lower-risk fee income. In addition, the combined company will benefit from a strong funding profile with high reliance on core deposit-funding.

The combined company will incorporate the strengths of both BB&T's and SunTrust's capital planning and stress testing management practices. Both companies have established capital management practices that meet regulatory requirements. The combined company will have comprehensive governance of its capital adequacy process with board and executive

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[39] This percentage is estimated using the method of calculation in the Federal Reserve's Regulation XX, 12 CFR part 251.

management oversight, including regular reporting to the risk committee of the board of directors.

Given BB&T's and SunTrust's strong individual performances under supervisory and company-run stress testing, respectively, they are well prepared to manage the combined organization's financial risk profile, exposures and capital position. The Federal Reserve issued non-objections to BB&T and SunTrust on their respective capital plans and other submissions in the Comprehensive Capital Analysis and Review in 2018. BB&T and SunTrust have outperformed the largest U.S. bank holding companies and peers under supervisory stress testing, including with respect to projected capital positions, pre-provision net revenue and total loan loss rates, under severely adverse scenarios. The combined company will be well positioned to demonstrate strong performance under stress testing given the high projected capital position and asset quality of the combined company.

The combined company also will successfully manage liquidity risk. BB&T and SunTrust have individually established liquidity risk management practices that meet regulatory requirements and supervisory expectations. They will leverage their individual liquidity risk management strengths and appropriately plan to ensure that the combined company will effectively manage liquidity risk and meet all regulatory reporting requirements as of Closing. The combined company will maintain a strong liquidity position by, among other things: restructuring its investment portfolio to retain minimal credit risk, maintaining high quality liquid assets and enhancing the amount of Level One assets; exceeding liquidity coverage ratio requirements; maintaining a high quality liquid asset buffer; keeping strong parent-level cash reserves; and reporting independent assessments of liquidity risk management compliance to the board of directors and executive management.

The Proposed Transaction is expected to result in a combined company and bank with stronger financial and operating metrics, increased profitability and scale to create a sustainable competitive position and grow revenues through additional revenue opportunities by leveraging the legacy companies' complementary businesses. In addition, the Proposed Transaction is expected to deliver approximately $1.6 billion in annual net cost synergies by 2022. Financial, capital and asset quality information concerning the Proposed Transaction is provided in Exhibit 7 and Confidential Exhibit A.

Managerial Resources

BB&T and SunTrust have diverse, highly accomplished boards of directors and senior executive management teams, most of whom will continue to provide important leadership to the combined company and bank after consummation of the Proposed Transaction. BB&T and SunTrust have deep benches of extremely qualified executives, with longstanding tenures at the respective companies and banks and in the financial industry, who will continue to serve as valuable managerial resources to the combined company and bank.

Boards of Directors. The combined company's and bank's boards of directors each will be increased to 22 members, half of which will be legacy BB&T and Branch Bank directors and the other half will be legacy SunTrust and SunTrust Bank directors. On consummation of the Proposed Transaction, Kelly S. King, the current Chairman and Chief Executive Officer of

BB&T and Branch Bank will serve as Chairman and Chief Executive Officer of the combined company and bank until September 12, 2021, after which time he will serve as Executive Chairman of both entities until March 12, 2022, and as a consultant to both entities until September12, 2022. Mr. King will continue to serve on the boards of directors of the combined company and bank until the end of 2023. Mr. William H. Rogers, Jr., Chairman and Chief Executive Officer of SunTrust, will serve as President and Chief Operating Officer of the combined company and bank until September 12, 2021, at which time he will become Chief Executive Officer of the combined company and bank. He will also serve on the boards of directors of the combined company and bank while serving as President and Chief Operating Officer and then as Chief Executive Officer. When Mr. King ceases to serve as Executive Chairman on March 12, 2022, Mr. Rogers will also become Chairman of the boards of directors of the combined company and bank.

As noted, the combined company's and combined bank's boards of directors upon consummation of the Proposed Transaction will consist of 11 directors from BB&T's and Branch Bank's boards of directors (10 directors in addition to Mr. King) and 11 directors from SunTrust's and SunTrust Bank's boards of directors (10 directors in addition to Mr. Rogers). In addition, while Mr. King is the Chairman or Executive Chairman of the board of the combined company and bank, a legacy SunTrust independent director will serve as the Lead Director of the combined company's and bank's boards. After Mr. King steps down as Executive Chairman, a legacy independent director of BB&T's and Branch Bank's boards will serve as the Lead Director of the combined company's and bank's board.

BB&T and SunTrust are in the process of determining which of their respective current and recruited directors will serve on the combined company's and bank's boards in addition to Mr. King and Mr. Rogers (noted below). We will supplement the Application with the pro forma directors when such information becomes available.

The current directors of BB&T and Branch Bank are set forth below:

Directors of BB&T and Branch Bank	
Name	**Principal Occupation**
Kelly S. King	Chairman, CEO and President, BB&T/Chairman and CEO, Branch Bank
Jennifer S. Banner	(Lead Director) CEO, Schaad Companies, LLC
K. David Boyer, Jr.	CEO, Global Watch Technologies, Inc.
Anna R. Cablik	President, Anasteel & Supply Company LLC and Anatek, Inc.
Patrick C. Graney III	President of PCG Inc. (private investment company)
I. Patricia Henry	Retired (formerly Director of Strategic Projects for Miller Brewing)
Louis B. Lynn, Ph.D.	President, ENVIRO AgScience, Inc.
Easter A. Maynard	Director of Community Development for Investment Management Corporation
Charles A. Patton	Consultant and Manager of Patton Holdings, LLC (real estate)
Nido R. Qubein	President, High Point University
William J. Reuter	Retired Chairman and CEO, Susquehanna Bancshares, Inc.

Directors of BB&T and Branch Bank	
Name	**Principal Occupation**
Tollie W. Rich, Jr.	Retired (formerly a senior banking executive at Branch Bank)
Christine Sears	President and CEO, Pennsylvania National Mutual Casualty Insurance Company.
Thomas E. Skains	Chairman, President and CEO, Piedmont Natural Gas Company, Inc.
Thomas N. Thompson	President, Thompson Homes, Inc.

The current directors of SunTrust and SunTrust Bank are set forth below:

Directors of SunTrust and SunTrust Bank	
Name	**Principal Occupation**
William H. Rogers, Jr.	Chairman and CEO of SunTrust and SunTrust Bank
Agnes Bundy Scanlan	Senior Advisor for Treliant Risk Advisors
Dallas S. Clement	Exec. VP and CFO of Cox Enterprises
Paul R. Garcia	Retired Chairman and CEO of Global Payments Inc.
M. Douglas Ivester	(Lead Director) President of Deer Run Investments LLC (formerly sr. exec. Officer of Coca Cola Company); retiring from the SunTrust Board of Directors following SunTrust's 2019 Annual Meeting, to be held in April 2019
Donna S. Morea	IT professional services management expert (formerly President of CGI Technology and solutions, Inc.)
David M. Ratcliffe	Retired Chairman, President and CEO of Southern Company; will assume role of Lead Director following SunTrust's 2019 Annual Meeting, to be held in April 2019
Frank P. Scruggs, Jr.	Partner in Berger Singerman LLP (law firm)
Bruce L. Tanner	Exec. VP and Strategic Advisor of Lockheed Martin Corporation; retired as EVP and CFO of Lockheed Martin Corporation in February 2019
Steven C. Voorhees	President and CEO of West Rock Company
Thomas P. Watjen	Retired President and CEO of Unum Group; retiring from the SunTrust Board of Directors following SunTrust's 2019 Annual Meeting, to be held in April 2019

*Senior Executive Officers***.** The senior executive officers of the combined company and bank have been selected from the current senior executive officers of BB&T, SunTrust and their respective subsidiary banks.

The current senior executive officers of BB&T and Branch Bank are set forth below:

Senior Executive Officers of BB&T and Branch Bank	
Name	**Position**
Kelly S. King	Chairman and Chief Executive Officer
Daryl N. Bible	Sr. Exec. VP and Chief Financial Officer, BB&T and Branch Bank
W. Bennett Bradley	Sr. Exec. VP and Chief Digital Officer

Senior Executive Officers of BB&T and Branch Bank	
Name	**Position**
Barbara F. Duck	Sr. Exec. VP and Chief Information Officer
Jim D. Godwin	Sr., Exec. VP & Chief Credit Officer
Donna C. Goodrich	Sr. Exec. VP and Treasurer
Christopher L. Henson	President and Chief Operating Officer
Robert J. Johnson, Jr.	Sr. Exec. VP, General Counsel, Secretary and Chief Corporate Governance Officer, BB&T/Sr. Exec. VP, General Counsel and Secretary, Branch Bank
Brant J. Standridge	Sr. Exec. VP and President, Retail Banking
Clarke R. Starnes, III	Sr. Exec. VP and Chief Risk Officer
David H. Weaver	Sr. Exec. VP, President of Community Banking
Dontá L. Wilson	Sr. Exec. VP and Chief Digital and Client Experience Officer
W. Rufus Yates	Sr. Exec. VP, President and CEO of BB&T Securities, LLC, Financial Services Commercial Finance Manager

The current senior executive officers of SunTrust and SunTrust Bank are set forth below:

Senior Executive Officers of SunTrust and SunTrust Bank	
Name	**Position**
William H. Rogers, Jr.	Chairman and CEO
Jorge Arrieta	Corporate EVP and General Auditor
Margaret Callihan	Corporate EVP and Chief Human Resources Officer
Scott E. Case	Corporate EVP and Chief Information Officer
Mark A. Chancy	Vice Chairman, Co-Chief Operating Officer and Consumer Segment Executive
Hugh S. Cummins, III	Co-Chief Operating Officer and Wholesale Segment Executive
L. Allison Dukes	Corporate EVP and Chief Financial Officer
Ellen M. Fitzsimmons	Corporate EVP, General Counsel and Corporate Secretary
Ellen C. Koebler	Corporate EVP and Chief Risk Officer
Joseph Thompson	Head, Private Wealth Management and CEO of SunTrust Investment Services, Inc.

As noted, the senior executive officer team of the combined company and bank will include seven individuals from BB&T's current team and seven individuals from SunTrust's current team. The pro forma senior executive officers of BB&T and Branch Bank on consummation of the Proposed Transaction are set forth below, with their anticipated titles or areas of responsibility:

Pro Forma Executive Officers of Combined Company and Bank	
Name	**Position**
Kelly S. King	Chairman and CEO
William H. Rogers, Jr	Vice Chairman, President and Chief Operating Officer
Daryl N. Bible	Sr. Exec. VP and Chief Financial Officer
Scott Case	Sr. Exec. VP and Chief Information Officer
Hugh S. (Beau) Cummins	Sr. Exec. VP and Head of Wholesale Business
L. Allison Dukes	Sr. Exec. VP and Head of Consumer and Specialty Lending and Treasury and Payments Businesses
Ellen M. Fitzsimmons	Sr. Exec. VP and Chief Legal Officer and Head of Legal and Human Resources
Christopher L. Henson	Sr. Exec. VP and Head of Banking and Insurance Groups
Ellen C. Koebler	Sr. Exec. VP and Deputy Chief Risk Officer
Brant J. Standridge	Sr. Exec. VP and Head of Retail Community Banking Business
Clarke R. Starnes, III	Sr. Exec. VP and Chief Risk Officer
Joseph Thompson	Sr. Exec. VP and Head of Private Wealth Management Business
David H. Weaver	Sr. Exec. VP and Head of Commercial Community Banking Business
Dontá L. Wilson	Sr. Exec. VP and Head of Digital, Marketing and Client Experience

Both BB&T and SunTrust will take care to ensure that the combined company and bank will have appropriate leadership and staffing to continue providing a high level of service to all customers, operating in a safe and sound manner and maintaining the effectiveness of their business activities and operations. BB&T and SunTrust each plan to implement a retention program with financial incentives to maintain appropriate management and staffing levels throughout the integration process. These retention programs are intended to retain key senior leaders and critical contributors at BB&T, SunTrust and the combined company to ensure an effective integration and the success of the combined company. Certain of these retention programs are in addition to the respective company's severance programs, while others are contingent upon continued employment with BB&T, SunTrust or the combined company.

The combined company and bank will take care to minimize hardships that may arise from the Proposed Transaction. For example, BB&T, SunTrust and the combined company will offer a market relocation package to employees who may be asked by senior management to relocate as a result of the Proposed Transaction. Displacements of employees will be minimized through attrition. In addition, any displaced employees will receive priority consideration for internal job opportunities and will be encouraged to apply for positions for which they are interested and qualified. A market severance package will be provided for any such impacted employees and outplacement services will be provided to assist in external job searches.

<u>Integration Planning and Experience</u>

BB&T and SunTrust leadership will ensure that the integration of the two companies will be well-planned and effectively managed and implemented. An extensive, enterprise integration team with management and personnel across all business lines and support units of both companies is being appointed. Both companies and their subsidiary banks have management and personnel with deep experience in successfully integrating acquisitions who will serve as important resources for the integration planning and implementation. The Chief Executive Officers and senior executive management of each of BB&T and SunTrust will oversee the governance and integration activities.

The integration process will evaluate and select best practices at each firm for governance, controls, change management, systems and risk management. BB&T and SunTrust are developing a detailed integration plan for the Proposed Transaction, and they will carefully plan and control the integration process to ensure a successful integration of business operations, risk management and systems conversions. Both BB&T and SunTrust also have experienced leaders and project managers that will apply prudent change management practices to the integration planning and implementation.

To assist in the integration planning process, BB&T and SunTrust have conducted extensive initial due diligence on each other. BB&T's and Branch Bank's due diligence summary is attached hereto at Confidential Exhibit B. The integration process will evaluate and select best practices at each firm for governance, controls, change management, systems, risk measurement and risk management to ensure effective integration risk management.

A copy of BB&T's and SunTrust's integration planning approach and high-level timeline, including for systems conversion, is attached hereto as Confidential Exhibit C. The integration timeline will be updated as integration planning continues. Senior executive management of both BB&T and SunTrust will ensure that the integration and conversions are well planned, properly managed and effectively executed.

Enterprise Risk Management

BB&T and SunTrust currently have rigorous enterprise risk management programs, including for capital, liquidity, credit, market, operational, technology, compliance, reputation and strategic risks. Each company employs an enterprise risk management program with comprehensive oversight by the boards of directors (with board risk committees) and executive management oversight; integrated risk appetite framework and tolerance metrics; regularly conducted risk assessments; and robust internal controls and risk monitoring, escalations and reporting. Please see Exhibit 8 and Exhibit 9 for an overview of the enterprise risk management programs at BB&T and SunTrust, respectively.

Both BB&T and SunTrust have prioritized enterprise risk management and, in recent years, dedicated substantial resources to enhancing their risk management programs, consistent with a company exceeding $250 billion in total consolidated assets. Information about the enhancements BB&T has implemented to its enterprise risk management program in recent years is provided in Exhibit 10. In addition, information on the other actions BB&T has taken in preparation to become a bank holding company that exceeds the $250 billion assets threshold is provided in Exhibit 11.

BB&T and SunTrust are committed to maintaining a comprehensive and effective risk management framework for the combined company, consistent with a company that will exceed $250 billion in total consolidated assets. The board of directors of the combined company will exercise comprehensive risk management oversight and guidance, including through board and executive management risk committees, and serve as a source of strength to support appropriate resources to conduct effective risk oversight. The current Chief Risk Officers of BB&T and SunTrust will be included in the combined company's senior executive officer team to reinforce the combined company's strong risk focus. The combined company will leverage the best risk management practices from BB&T and SunTrust and emphasize accountability for risk management by all management and staff.

In addition to board and senior management prioritization of risk management throughout the company and robust board oversight of risk management through risk committees, the combined company will maintain enterprise risk management committees to provide oversight and guidance for the different risk areas and implement the three lines of defense model for each risk area to ensure a strong control environment.

BB&T and SunTrust each have conservative credit cultures, and the combined company will maintain their strong credit quality and rigorous credit underwriting standards. The combined company will establish an integrated risk appetite framework and tolerance metrics that reinforce a strong credit culture and ensure a credit portfolio that will perform well through different economic cycles.

Both BB&T and SunTrust have implemented robust compliance risk management programs dedicated to fulfilling the letter and spirit of regulatory requirements and related guidance. The executive leadership teams of BB&T and SunTrust are fully committed to maintaining an enterprise compliance risk management program that is commensurate with the size and risk associated with the combined company. They will set a strong compliance culture tone at the top, implement a three-lines-of-defense compliance risk management framework (*i.e.*, lines of business, independent corporate compliance function and internal audit validation), establish accountability for compliance throughout the organization, and ensure that the compliance programs have appropriate resources (including funding, staffing and systems) and stature within the combined company to protect consumers, other customers and the company's reputation. The combined company will establish a Director of Corporate Compliance as a new senior management position with responsibility for managing and overseeing compliance risk for safety and soundness and consumer compliance, as well as promoting a strong compliance culture throughout the combined company. Overviews of the compliance risk management programs at BB&T and SunTrust, respectively, are provided in Exhibit 12 and Exhibit 13.

The combined company will establish an enhanced operational and technology risk management framework appropriate for the size of the new banking organization. BB&T and SunTrust operate similar security models, which reduces the execution risk associated with consolidating their information security programs. The combined company will leverage both companies' cyber security talent, processes and technologies to combine the best practices, personnel and systems to provide the organization with a robust consolidated information security program, advanced cyber detection capabilities and cyber resiliency. The Proposed

Transaction, therefore, will result in a combined company with strengthened cyber security abilities for the protection of the organization and its customers.

Strong compliance programs will cover the Consumer, Wholesale, Insurance, Private Wealth and Securities segments of the combined company. The combined company also will engage a Culture and Conduct Committee to monitor and address sales practices and employee conduct risk developments, issues or ethics matters. In addition, dedicated senior compliance officers will focus on: data privacy to comply with federal and state privacy laws and initiatives; an integrated financial crimes program; the monitoring, analytical assessments and reporting on fair and responsible banking compliance and CRA compliance; and compliance with current and any new consumer or community development initiatives.

Anti-Money Laundering Compliance

The BHC Act requires that, in considering an application under Section 3 of the BHC Act, "the Board shall take into consideration the effectiveness of the company or companies in combating money laundering activities." BB&T, SunTrust and their respective subsidiary banks currently have in place effective measures to combat money laundering and terrorism financing, including strong programs and infrastructure to comply with the BSA, the USA PATRIOT Act and OFAC sanctions and their implementing regulations.

BB&T has proactively and aggressively implemented a number of enhancements to its enterprise BSA/AML/OFAC compliance risk management program, beginning before the FDIC issued the Consent Order concerning Branch Bank in December 2016 (the "FDIC Order") and the Federal Reserve issued the Cease and Desist Order concerning BB&T in January 2017 (the "FRB Order"), both actions in which the NCCOB joined.[40]

The enhancements to BB&T's enterprise BSA/AML/OFAC compliance risk management program and systems included, among others:

- Segregating the duties between the Chief Compliance Officer and BSA/AML/OFAC Officer;
- Hiring of a new leadership team for BSA/AML/OFAC and fraud management (collectively, "Financial Crimes"), including a new BSA/AML/OFAC Officer;
- Establishing a BSA/AML Oversight Committee to provide oversight of the BSA/AML/OFAC compliance program;
- Implementing an enhanced BSA/AML/OFAC Policy;
- Implementing new Money Laundering and OFAC Risk Assessments;

[40] *In the Matter of Branch Banking and Trust Company*, Consent Order of the Federal Deposit Insurance Corporation, FDIC-16-0181b (December 20, 2016); *In the Matter of BB&T Corporation*, Board of Governors of the Federal Reserve System, Docket No. 17-004-B-HC (January 25, 2017).

- Developing and implementing a new customer risk rating process with a new state-of-the-art technology platform;
- Reorganizing the function responsible for identifying and reporting suspicious activity;
- Implementing new and enhanced technology systems and utilities for Financial Crimes risk management;
- Implementing new processes to address new regulatory requirements for customer due diligence and beneficial ownership identification;
- Organizing a new team to conduct new and ongoing enhanced due diligence;
- Improving metrics collection and reporting to senior leadership and the Board of Directors;
- Conducting new and enhanced BSA/AML/OFAC compliance training; and
- Establishing an independent compliance testing team in the second line of defense.

Please see Exhibit 14 for more information about the enhancements to BB&T's Financial Crimes risk management program.

As a result of these enhancements and BB&T's compliance with the terms of the enforcement actions, the FDIC terminated the FDIC Order and the NCCOB terminated its participation in the FRB Order, on June 29, 2018. BB&T continues to work with the Federal Reserve as it completes its review of compliance with the FRB Order. As required by the FDIC Order, Branch Bank conducted a review of all internal suspicious incident reports from June 1, 2014 through February 29, 2016, and all new high-risk accounts identified after implementation of the revised customer risk scoring system (the "Look-Back Review"). No evidence of money laundering, terrorist financing or fraudulent activity was discovered through the Look-Back Review.

BB&T and SunTrust will select the best processes and controls from their respective BSA/AML/OFAC compliance and fraud risk management programs to result in an effectively integrated firm-wide Financial Crimes Program that integrates BSA/AML/OFAC compliance and fraud management. The board of directors and senior executive leadership at the combined company will provide sufficient resources and investments in systems, ongoing training and other enhancements to manage effectively the continuing and emerging financial crimes. The combined company will continue making significant investments and enhancements to appropriately manage continuing and emerging risks.

At Closing and prior to the integrations of customer databases and related systems, both firms will continue to operate their BSA/AML/OFAC controls, such as customer risk rating and automated transaction monitoring on their respective legacy systems. Both companies have created processes to understand and consider customer transactions and conduct comprehensively throughout each firm. During the integration planning period, new enterprise standards for managing potentially suspicious activity across the combined company will be developed. Upon Closing, these new enterprise standards will be implemented, which, among other things, will create a unified investigative and analysis and review process, executed by a single enterprise function, allowing for a complete view of customers and their transactions to manage potentially suspicious activity across the combined company. Additional new enterprise standards to be developed and implemented will include an enterprise AML Policy for the combined company (to be approved by its board of directors), along with combined and, as necessary, revised BSA/AML/OFAC and fraud risk assessment methodologies, customer risk rating methodology and due diligence and enhanced due diligence procedures.

Please see Exhibit 15 for an overview of the key components of the pro forma Financial Crimes Program at the combined company.

Competitive Effects[41]

Section 3 of the BHC Act would prohibit the Federal Reserve from approving the Proposed Transaction if it would substantially lessen competition in any banking market, unless the agency determines that the anticompetitive effects of a proposed merger or acquisition are clearly outweighed by the probable effect of the transaction in meeting the convenience and needs of the communities to be served and thus, in the public interest.[42] In evaluating the competitive effects of a proposed merger or acquisition, the Federal Reserve and the Antitrust Division of the DOJ, pursuant to the Clayton Act, as amended, consider all the facts in record. In particular, the Federal Reserve considers the number and strength of competitors that would remain in the banking markets, the relative shares of total deposits in insured depository institutions in the banking markets that the acquirer would control as a result of the transaction, the concentration levels of market deposits and the increase in these levels as measured by the Herfindahl-Hirschman Index (the "HHI") under the DOJ Bank Merger Competitive Review guidelines ("DOJ Bank Merger Guidelines"), small business lending concentration levels, potential for new entry and expansion, and other characteristics of the market.

The Federal Reserve assesses the likely competitive impact of a merger on the cluster of banking services within local geographic markets defined by the local Federal Reserve Banks to reflect "commercial and banking realties and . . . consist of the local area where the banks involved offer their services and where local customers can practically turn for alternatives."[43] This includes personal and small business banking and lending products and services. As a practical matter, regularly reported data available upon which the Federal Reserve can rely are limited to deposits and branch locations (gathered by the FDIC annually) and small business loan originations (gathered by the Federal Financial Institutions Examination Council ("FFIEC")

[41] A detailed discussion of competitive considerations of the Proposed Transaction is set forth in the public and confidential Competitive Memorandum Volumes, enclosed as part of the Application. Market tables for all overlapping markets are provided in the annexes included within the Competitive Memorandum Volumes.

[42] 12 U.S.C. § 1842(c)(1); 12 U.S.C. § 1828(c)(5).

[43] North Fork Bancorporation, Inc., 81 Fed. Res. Bull. 734, 736 (1993). Due to the nature of banking relationships, the choice remedy for concentration issues on a local banking market level has been divestiture of selected physical branches and their associated customer deposits adequate to reach safe harbor or HHI concentrations deemed acceptable after consideration of additional mitigating factors.

annually). Both databases have limitations in that they exclude data from numerous competitors (both banks and other financial institutions) and thus overstate the competitive significance of proposed transactions. Examples include internet banks as platforms for deposit-taking, fintech companies, out-of-market bank lenders and money market funds. The Federal Reserve's analytical framework for evaluating bank mergers, described below and outlined in its Bank Merger FAQs,[44] uses these data to identify potential areas of competitive concern together with an analysis of market-specific competitive characteristics to determine whether a proposed transaction will substantially lessen competition in any given banking market. Due to the nature of banking relationships, the traditional remedy for identified competitive issues on a local banking market level has been the divestiture of selected physical branches and their associated customer deposits and loans adequate to reach safe harbor or HHI concentrations deemed acceptable after consideration of mitigating factors.

As a "screening test" for competitive considerations, and based on their experience in evaluating banking mergers, the Federal Reserve and DOJ traditionally conclude that a merger presents no competitive concerns and warrants no further investigation if either (a) the post-merger HHI (computed by summing the squares of deposit-based market shares of all FDIC-reporting firms in Federal Reserve defined markets) is no greater than 1,800 points or (b) the increase in the HHI as a result of the merger is less than 200 points. If a proposal does not exceed this 1800/200 screen, it is considered to be within "safe harbor" level(s).

After the initial screen is applied, the Federal Reserve will evaluate the competitive strength of certain financial institutions that are discounted or excluded in the first instance. The Federal Reserve generally weights thrift deposits at 50% in calculating the pre-merger HHI, but will include specific thrifts at higher levels of deposits where those institutions are shown to be active with respect to commercial lending. In particular, the Federal Reserve will look to see if the thrift has a commercial lending staff and will also look at the thrift's commercial and industrial ("C&I") loans-to-total assets ratio. In addition, the Federal Reserve has stated in its FAQs[45] and demonstrated in prior Orders that it will consider the competitive significance of credit unions when the credit union: (1) has a broad membership, open to "all, or almost all," of the market population; and (2) has branches that are easily accessible to the public. In addition, where a credit union provides products and services that are increasingly competitive with bank products and services, particularly as regards to commercial lending, with "a staff available for small business services," then a credit union's deposits may be "eligible for 100% weighting."[46] When the above criteria are not explicitly met by a credit union, the Federal Reserve may nonetheless consider the credit union as exerting a competitive influence that mitigates in part the potential anticompetitive effects of the mergers under review.

The Federal Reserve and DOJ have also long acknowledged that a deposit-based analysis cannot provide an accurate picture of the state of competition in a local banking market if business line or other deposits by customers are booked in the market but unrelated to the local market are included in the analysis. Thus, both agencies' precedent support the discounting of

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44 FAQs issued by the Federal Reserve and DOJ October 9, 2014 ("FAQs"), available at http://www.federalreserve.gov/bankinforeg/competitive-effects-mergers-acquisitions-faqs.htm.

45 FAQs, No. 18.

46 FAQs, No. 19.

deposits from market share calculations used for competitive analysis when deposits are derived from out-of-market sources, or otherwise do not reflect a bank's local market presence.

In markets where the 1800/200 screen is exceeded after giving an appropriate weighting to reflect the competitive presence of the relevant financial institutions and excluding, where applicable, out-of-market or other deposits, the Federal Reserve conducts a market-specific and fact-intensive analysis incorporating various quantitative and qualitative characteristics to determine whether the proposed merger threatens to substantially lessen competition.

Branch Bank and SunTrust Bank have overlapping branch operations in 80 banking markets as defined by the Federal Reserve. In the vast majority of these banking markets, the HHI levels meet safe harbor criteria under the Federal Reserve's initial screen and thus, do not warrant further inquiry. In a subset of banking markets, the Proposed Transaction requires a more thorough examination of relevant mitigating factors to evaluate the Proposed Transaction's competitive effects.

As discussed in the public and confidential Competitive Memorandum Volumes, based on all the facts of record, including the parties' divestiture proposal with respect to the subset of banking markets that do not fall within the safe harbor levels, consummation of the Proposed Transaction would not have a substantial adverse effect on competition or on the concentration of resources in any banking market, under DOJ and Federal Reserve precedent.

Accordingly, competitive considerations of the Proposed Transaction are consistent with approval of the Application.

BB&T will submit executed commitments for any proposed divestitures, in the form acceptable to the Federal Reserve, and a letter agreement with the DOJ concerning the divestitures. A copy of the Form of Divestiture Commitments to the Federal Reserve is provided in Exhibit 16.

Financial Stability Risk

Pursuant to section 3(c)(7) of the BHC Act, the Federal Reserve must consider in every application under section 3 of the BHC Act whether the proposed acquisition would result in greater or more concentrated risks to the stability of the U.S. banking or financial system.[47] As discussed below, the Proposed Transaction will not materially increase systemic risk to the U.S. banking system. Instead, the Proposed Transaction will result in a stronger regional bank that is more competitive with significantly larger banking organizations, and thereby will reduce systemic risk to the U.S. banking and financial system.

Neither the Federal Reserve nor any other federal banking agency has issued or proposed regulations defining how the agencies would take financial stability considerations into account in reviewing a bank acquisition. However, the agencies, through approvals of bank and bank holding company acquisitions, have set forth several metrics that they believe capture the systemic "footprint" of the resulting banking organization and the incremental effect of the

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[47] 12 U.S.C. § 1842(c)(7).

transaction on the systemic footprint of the acquiring banking organization ("Financial Stability Factors").[48] Many of the metrics considered by the Federal Reserve seek to measure an institution's activities relative to the U.S. financial system. These metrics include:

1. the size of the resulting banking organization;

2. the availability of substitute providers for any critical products and services offered by the resulting firm;

3. the interconnectedness of the resulting firm with the banking or financial system;

4. the extent of the cross-border activities of the resulting firm; and

5. the extent to which the resulting firm contributes to the complexity of the financial system.

Also interwoven into the Federal Reserve's analysis is the relative degree of difficulty of resolving the resulting firm if it were to experience financial distress. A banking organization that can be resolved in an orderly manner is less likely to inflict material damage to the U.S. financial system or economy.

The Federal Reserve notes in its approvals that these categories are not exhaustive and additional categories could impact its decision-making. For example, in addition to these quantitative measures, the Federal Reserve considers "qualitative factors, such as the opaqueness and complexity of an institution's internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm."[49]

An analysis of these metrics as applied to the parties involved in the Proposed Transaction demonstrates that the proposal would not result in greater or more concentrated risks to the stability of the U.S. financial system. The particular metrics considered by the Federal Reserve are analyzed below.

Size. The Financial Stability Factor relating to size and availability of substitute providers of critical products may be informed by other aspects of the BHC Act's requirements, namely compliance with: (1) antitrust standards, (2) the 10% national deposit cap for certain interstate acquisitions[50] and (3) the 10% national liabilities cap.[51] The Proposed Transaction is consistent with the federal banking agencies' precedent reviewing the competitive effects of mergers, taking into account the proposed divestitures, and the Proposed Transaction does not even come close to approaching either the national deposit cap or national liabilities cap. Accordingly, it would seem, as a threshold matter, that the Proposed Transaction is not likely to

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[48] *See Capital One Financial Corporation*, FRB Order No. 2012-2 (Feb. 14, 2012) (the "Capital One Order"). *See also BB&T Corporation*, FRB Order No. 2015-35 (Dec. 23, 2015); *CIT Group, Inc.*, FRB Order No. 2015-20 (July 19, 2015); *The PNC Financial Services Group, Inc.*, 98 Fed. Res. Bull. 16 (2012).
[49] Capital One Order, at 29-30
[50] *See* 12 U.S.C. § 1842(d).
[51] *See* 12 U.S.C. § 1852.

pose a separate discernible risk to the financial stability of the U.S. banking or financial system based on size metrics.

As noted, BB&T accounts for approximately 1.35% of total nationwide deposits, as of June 30, 2018.[52] The deposits of SunTrust account for less than 1.34% of total nationwide deposits.[53] The pro forma total deposits of the combined company, as of June 30, 2018, would represent only 2.7% of nationwide deposits. This percentage is far less than the nationwide deposit concentrations of various bank holding companies in the U.S. classified as a global systemically important banking organization ("G-SIB"), for example: Bank of America Corporation ("Bank of America")—11.01%; JPMorgan Chase & Co. ("JPMorgan Chase")—10.64%; Wells Fargo & Company ("Wells Fargo")—10.71%; and Citigroup Inc. ("Citigroup")—4.19%.

In addition, the pro forma total assets of the combined company on consummation of the Proposed Transaction would approximate $441.2 billion as of December 31, 2018, excluding purchase accounting impacts, and represent approximately 2.46% of the total assets of the U.S. banking system[54] and a significantly smaller share of the total assets of the U.S. financial system. As noted, on a pro forma basis, the combined company would only hold approximately 2.14% of total liabilities on a national basis, as of December 31, 2018.[55] This percentage is far less than the nationwide liabilities concentrations of: Bank of America Corporation—8.19%; JPMorgan Chase—7.6%; Wells Fargo—5.83%; and Citigroup—5.91%.

When the size of the combined company is measured using the total exposures of BB&T and SunTrust, as defined for purposes of the size indicators section of the Federal Reserve FR Y-15 report, the Proposed Transaction would not result in systemic risk under the size factor. Indeed, this approach demonstrates even more accurately than total assets the magnitude of the disparity in systemic risk between the combined company and those banking organizations that have been classified as U.S. G-SIBs. In evaluating a bank holding company's total exposures, the relevant measures are its total derivatives, securities financing transaction, other on-balance sheet exposures and other off-balance sheet exposures. Based on BB&T's and SunTrust's respective Form FR Y-15 reports as of September 30, 2018, the combined company would have total exposures of $508.3 billion, which is only a fraction of the total exposures of the U.S. G-SIBs: JPMorgan Chase—$3.3 trillion, Bank of America—$2.9 trillion, Wells Fargo—$2.2 trillion, Citigroup—$2.5 trillion, Goldman Sachs—$1.4 trillion, and Morgan Stanley—$1.1 trillion.[56] Further, the combined company's method 1 score for identifying a bank holding company as a G-SIB, calculated on the basis of amounts reported by each of BB&T and SunTrust on their respective FR Y-15 reports as of September 30, 2018, and in accordance with

[52] As of June 30, 2018, according to the FDIC Statistics on Depository Institutions, FDIC-insured banks and thrifts held $12.3 trillion in domestic deposits.

[53] If national deposit share is calculated according to the methodology for the 10% national deposit cap, BB&T held 1.32% of total U.S. adjusted deposits as of December 31, 2018, and SunTrust held 1.27%. Following its acquisition of SunTrust, BB&T's pro forma share of national deposits would be 2.6%.

[54] The amount of total assets of the U.S. financial system is conservatively approximated by using total assets of FDIC-insured banks and thrifts, as of December 31, 2018, which was $17.9 trillion.

[55] This percentage is estimated using the method of calculation in the Federal Reserve's Regulation XX, 12 CFR part 251, and assumes national liabilities of $20.28 trillion.

[56] The pro forma total exposures of the combined company were calculated by adding the total exposures of such activities reported on BB&T's and SunTrust's respective FR Y-15 reports (as of September 30, 2018).

the systemic indicator weights appearing in 12 CFR 217.404, would be approximately 28, well below the 130 threshold score for qualification as a G-SIB under 12 CFR 217.402.

Please see Exhibit 17 for graphs illustrating the significantly smaller size and exposures of BB&T and SunTrust, compared to the much larger bank holding companies.

For all these reasons, the Proposed Transaction should not raise systemic concerns under the size factor.

Substitutability. The substitutability factor recognizes that a banking organization is more systemically important if it provides important products and services that customers would have difficulty replacing if the banking organization were to fail. BB&T and/or SunTrust offer primarily retail and commercial deposit products, consumer and commercial loan products, auto dealer floor plan financing, commercial lease financing and related services, securities brokerage and underwriting, insurance agency and brokerage, capital markets services, investment advisory, asset management, wealth management, trust operations and fiduciary services, risk management and asset management services, community development investment, payments, merchant services and treasury management services. The combined company plans to continue to offer all of those products and services to both new customers and the existing customers of BB&T and SunTrust. None of these offerings can be regarded as highly specialized or "critical" financial products or services that are available from only a small number of providers. Indeed, to the contrary, there are numerous providers of each of their products and services nationally, regionally and, to the extent relevant, in the local banking markets in which they operate. The Federal Reserve has previously noted that there are numerous competitors for all of these services, including for securities brokerage, securities underwriting, investment advisory, wealth management and insurance agency activities.[57] The Proposed Transaction would result in the combined company having very small or only modest market shares in its activities.

When the substitutability of the combined company is measured using the substitutability indicators of the FR Y-15 report, the Proposed Transaction would not result in a material increase in systemic risk under such indicators. In evaluating a bank holding company's substitutability, the relevant measures are a banking organization's total payments activity, amount of assets under custody and underwriting activity. Based on BB&T's and SunTrust's respective FR Y-15 reports (as of September 30, 2108), the combined company would have total payments activity of $1.58 trillion, total assets under custody of $113.8 billion and total underwriting activity of $22.4 billion, which are only a fraction of the activity totals reported by the U.S. G-SIBs, and even substantially less than the activity levels of U.S. Bancorp.[58]

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[57] *See The Toronto-Dominion Bank*, FRB Order No. 2017-23 (September 13, 2107); *Canadian Imperial Bank of Commerce*, FRB Order No. 2017-15 (June 7, 2017); *Huntington Bancshares Incorporated*, FRB Order No. 2016-13 (July 29, 2016).

[58] These pro forma activity amounts of the combined company were calculated by adding such activity amounts reported by BB&T and SunTrust, individually, on their respective FR Y-15 reports (as of September 30, 2018). On its FR Y-15 report for the same time period, U.S. Bancorp reported total payments activity of $9.03 trillion, total assets under custody of $1.6 trillion and total underwriting activity of $28.1 billion. In further contrast, the respective total payments activity, total assets under custody and total underwriting activity reported by the largest bank holding companies on their FR Y-15 reports were as follows: JPMorgan Chase—$318.4 trillion, $24.5 trillion and $482.5 billion; Bank of America—$109.4 trillion, $2.9 trillion and $505.0 billion; Wells Fargo—$50.1 trillion,

For all these reasons, the Proposed Transaction would not raise financial stability risk concerns under the substitutability factor.

Interconnectedness. In evaluating financial systemic risk, the Federal Reserve evaluates the interconnectedness of a banking organization because the failure of a bank to meet payment obligations to other banks can accelerate the spread of financial contagion when the banking organization is highly interconnected with other financial firms. As should be clear from the prior description, the Proposed Transaction would not materially increase the interconnectedness of the U.S. banking or financial system. Neither BB&T nor SunTrust currently engages in business activities or participates in markets to a degree that would pose significant risk to other institutions, in the event of financial distress of the combined entity. Moreover, following the Proposed Transaction, the combined organization would not constitute a critical services provider or be so interconnected with other firms or the markets that the combined entity would pose a significant risk to the financial system in the event of financial distress. BB&T and SunTrust offer retail and commercial banking products and services, mostly to retail consumers and small-to-middle-market businesses, including deposit products, residential home mortgages, home equity lines of credit, small business loans and commercial loans, equipment lease financing and various other services, including insurance agency, investment advisory and securities brokerage services and a limited amount of investment banking services. The two companies do not engage in any significant derivatives or credit default swaps activity. Therefore, the Proposed Transaction would not increase the interconnectedness of the combined organization in any meaningful manner.

When the interconnectedness of the combined company is measured using the interconnectedness indicators of the FR Y-15 report, the Proposed Transaction would not result in a material increase in systemic risk under such indicators. In evaluating a bank holding company's interconnectedness, the relevant measures are the banking organization's total claims on the financial system, its total liabilities to the financial system, the total value of debt and equity securities it issues and the total letters of credit outstanding to other financial institutions. Based on BB&T's and SunTrust's respective FR Y-15 reports (as of September 30, 2108), the combined company would have total intra-financial system assets of $3.9 billion, total intra-financial system liabilities of $10.3 billion, total securities outstanding of $136.1 billion and total standby letters of credit to other financial institutions of $62.8 million. These amounts are only a fraction of the totals for such indicators reported by the U.S. G-SIBS and are also less than the amounts reported by U.S. Bancorp.[59]

$3.4 trillion and $263.8 billion; Citigroup—$165.4 trillion, 14.5 trillion and $450.1 billion; Goldman Sachs — $12.8 trillion, $1.1 trillion and $346.4 billion; and Morgan Stanley—$13.9 trillion, $1.9 trillion and $311.0 billion.

[59] These pro forma activity amounts for the combined company were calculated by adding such activity volumes reported by BB&T and SunTrust, individually, on the FR Y-15 report (as of September 30, 2018). On its FR Y-15 report for the same period, U.S. Bancorp reported total intra-financial system assets of $15.3 billion, total intra-financial system liabilities of $11.3 billion, total securities outstanding of $162 billion, and total letters of credit outstanding to other financial institutions of $1.7 billion. The respective total intra-financial system assets, intra-financial system liabilities, securities outstanding and standby letters of credit to other financial institutions reported by the largest banking organization on their FR Y-15 reports for the same time period were as follows: JPMorgan Chase—$327.8 billion, $410.0 billion, $703.2 billion and $16.8 billion; Bank of America—$223.2 billion, $129.1 billion, $587.7 billion and $69.9 billion; Wells Fargo—$194.0 billion, $149.1 billion, $550.9 billion and $16.5 billion; Citigroup—$181.8 billion, $272.0 billion, $552.4 billion and $15.6 billion; Goldman Sachs—

For all these reasons, the Proposed Transaction would not raise financial stability risk concerns based on the interconnectedness factor.

Cross-Border Activity. In evaluating financial stability risk, the Federal Reserve evaluates a banking organization's cross-border activity because a banking organization with significant international activities can transmit financial problems from one country to another during a financial crisis. Banks with significant cross-border activities also are more difficult to resolve because they require coordination with foreign authorities and access to foreign assets.

Neither SunTrust nor BB&T has any material operations outside of the United States and they otherwise engage only in a small amount of cross-border activities. SunTrust's locations outside the U.S. are limited to: (1) a branch in the Cayman Islands, which enables SunTrust Bank to participate in the interdealer market for buying and selling Eurodollars; (2) SunTrust Banks Trust Company (Cayman) Ltd., a non-deposit trust company in the Cayman Islands that primarily serves as a trustee for revocable trusts for non-U.S. residents; and (3) ST Management Services India Private Ltd., a company in India that is used to pay contractors which SunTrust is currently seeking to sell to a third party.[60] BB&T similarly has limited foreign operations, which consist of: (1) indirect subsidiaries of Branch Bank that engage in insurance premium financing in Canada, (2) a subsidiary engaged in insurance agency activities in Mexico, which is in the process of being merged into a parent company, (3) a Cayman Islands-licensed branch of Branch Bank that enables Branch Bank to participate in the interdealer market for buying and selling Eurodollars, and (4) Sterling Capital (Cayman) Limited, a facility utilized by foreign-based entities to contract advisory services with Sterling Capital Management, LLC.

When the cross-border activity of the combined company is measured using the cross-border indicators of the FR Y-15 report, it is also evident that the Proposed Transaction would not result in material systemic risk under such indicators. In evaluating a bank holding company's cross-border activity, the relevant measures are a banking organization's total cross-jurisdictional claims and its total cross-jurisdictional liabilities. Based on BB&T's and SunTrust's respective Form FR Y-15 reports (as of September 30, 2108), the combined company would have total cross-jurisdictional claims of $3.15 billion and total cross-jurisdictional liabilities of $2.5 billion. These amounts are only a fraction of the cross-border activity of the U.S. G-SIBs and far less than the cross-border activity of U.S. Bancorp.[61]

$255.6 billion, $75.6 billion, $414.0 billion and $410.0 billion; and Morgan Stanley—$198.2 billion, $37.9 billion, $310.5 billion and $6.6 billion.

[60] In 1997, SunTrust Bank received approval from the Federal Reserve under Regulation K to establish and operate an agreement corporation, SunTrust International Banking Company and its wholly owned subsidiary SunTrust Asia, Ltd., the sole business of which was to issue letters of credit. That activity ceased and SunTrust Asia, Ltd. was dissolved. Its inactive parent SunTrust International Banking Company is expected to be dissolved prior to or in connection with Closing.

[61] These pro forma activity amounts for the combined company were calculated by adding such activity volumes reported on BB&T's and SunTrust's FR Y-15 reports (as of September 30, 2018). On its FR Y-15 report for the same time period, U.S. Bancorp reported total foreign claims of $12.7 billion and total cross-jurisdictional liabilities of $43.8 billion. The much larger cross-jurisdiction claims and cross-jurisdiction liabilities activities reported by the largest banking organizations on their respective FR Y-15 reports were as follows: JPMorgan Chase—$731.4 billion and $667.7 billion; Bank of America—$444.1 billion and $322.8 billion; Wells Fargo—

Therefore, the Proposed Transaction would not result in any meaningful increase in cross-border operations or activities and would not create difficulties in coordinating any resolution of the combined company or otherwise increase the risk to U.S. financial stability.

Complexity. The complexity of a banking organization is relevant to the Federal Reserve's financial stability risk analysis because highly complex operations have a broader impact on the financial system and generally are more difficult to resolve if they fail. The Proposed Transaction would not contribute to the overall complexity of the U.S. banking or financial system. As noted, the Proposed Transaction does not involve the purchase or assumption of any complex assets or liabilities. The consolidated banking organization would not have an organizational structure, complex interrelationships or other unique characteristics that would complicate resolution of the firm, or otherwise pose a significant risk to the financial system, in the event of financial distress. Further, just as BB&T and SunTrust and their subsidiary banks have complied with resolution planning requirements, the combined company and bank will satisfactorily comply with regulatory requirements and supervisory expectations for resolution plan submissions.

When the complexity of the combined company is measured using the relevant indicators of BB&T's and SunTrust's respective Form FR Y-15 reports, the Proposed Transaction would not result in a material increase in systemic risk under this factor. In evaluating a bank holding company's complexity, the relevant measures are: a banking organization's notional amount of over-the-counter ("OTC") derivatives; total amount of trading and available-for-sale securities ("AFS"); and total illiquid and hard-to-value assets, known as "Level 3 Assets." Based on BB&T's and SunTrust's respective FR Y-15 reports (as of September 30, 2108), the combined company would have a notional amount of OTC derivatives of $275.3 billion, total adjusted trading and AFS of $8.3 billion and total Level 3 Assets of $4.3 billion. These amounts are only a fraction of such indicator totals reported by U.S. G-SIBs.[62]

For all these reasons, the Proposed Transaction would not significantly increase financial stability risk under the complexity factor.

Conclusion on Financial Stability Risk. In view of all the foregoing, the Proposed Transaction will not result in greater or more concentrated risks to the stability of the U.S. banking or financial system and, therefore, the financial stability risk considerations are consistent with approval of the Proposed Transaction. Moreover, instead of increasing financial stability risk, the Proposed Transaction would reduce any risks posed by BB&T or SunTrust. As noted, the Proposed Transaction will enable the combined company to achieve more than BB&T or SunTrust could by operating alone, including in terms of the greater diversification of

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$157.6 billion and $101.1 billion; Citigroup—$943.7 billion and $921.7 billion; Goldman Sachs—$440.6 billion and $340.9 billion; and Morgan Stanley—$340.4 billion and $303.8 billion.

62 These pro forma activity amounts for the combined company are based on such activity volumes reported by BB&T and SunTrust, individually, on the FR Y-15 report (as of September 30, 2018). In contrast, the volumes of these respective activities (total notional amounts of OTC derivatives, amounts of trading and AFS and Level 3 Assets amounts) reported by the significantly larger banking organizations on their FR Y-15 reports were as follows: JPMorgan Chase—$53.8 trillion, $262.4 billion and $19.0 billion; Bank of America—$34.3 trillion, $188.6 billion and $13.1 billion; Wells Fargo—$8.5 trillion, $149.6 billion and $27.9 billion; Citigroup—$44.6 trillion, $119.0 billion and $10.8 billion; Goldman Sachs—$44.1 trillion, $124.5 billion and $21.9 billion; and Morgan Stanley—$32.2 trillion, $167.0 billion and $14.9 billion.

business lines, customers and geographies; balance sheet strengthening; enhanced earnings; and technological investments. These important benefits will enable the combined company to compete more effectively against the exponentially larger banking organizations which have steadily and disproportionately increased their banking and financial service market share concentrations during the last decade. Additional information is provided in response to Item 22 below and Exhibit 18.

Commitment to the CRA

Both BB&T and SunTrust have demonstrated longstanding commitments to serving all their communities, including LMI individuals and communities. The combined bank will continue the strong CRA performance legacies of Branch Bank and SunTrust Bank. Branch Bank and SunTrust Bank are in the process of carefully reviewing each other's CRA programs and intend to integrate the strengths of such programs, resulting in an enhanced CRA Program at the combined bank after consummation of the Proposed Transaction.

The combined bank will continue to conduct its CRA activities to achieve an "Outstanding" CRA performance rating. As noted, BB&T and SunTrust have agreed to increase their community and philanthropic investment in Atlanta and Winston-Salem, relative to their aggregate level prior to consummation of the Proposed Transaction, to demonstrate their commitment to those communities and to mitigate the loss of their respective bank's main office in those cities. In addition, BB&T and SunTrust are mutually developing a community development plan, to be publicly announced, that will provide meaningfully enhanced lending and community development goals across the combined bank's footprint and will include significant investments in national, regional and locally based nonprofit entities serving LMI customers and communities. To assist in developing this plan, they are convening meetings with local and national community organizations and practitioners in multiple cities during the coming weeks to elicit important input for the plan. The first of these meetings was held in Winston-Salem on March 4, 2019, and additional meetings are being scheduled during March and April in Florida, Georgia, Maryland, Pennsylvania and Virginia.

Branch Bank CRA Performance Record

Branch Bank has demonstrated a firm commitment to community reinvestment and has a strong record of meeting the needs of the communities it serves, including the banking and credit needs of LMI individuals and communities. Please refer to Exhibit 19 regarding Branch Bank's CRA Statement and CRA Program.

Branch Bank maintains a comprehensive CRA program designed to (a) comply fully with the provisions and regulations of the CRA, (b) achieve the highest possible CRA rating from the FDIC, consistent with the Branch Bank's overall strategies, (c) proactively pursue the development of innovative products, programs and initiatives that result in increased lending, investment and service opportunities in the Branch Bank's LMI communities and (d) provide effective and cost-efficient community economic development training, technical assistance and contributions to enhance the efforts of community organizations in the Branch Bank's footprint.

On consummation of the Proposed Transaction, Branch Bank will expand its CRA assessment areas appropriately to encompass the branch network and additional deposit-taking

ATMs resulting from the merger with SunTrust Bank, including in Arkansas, Mississippi, and any communities in their overlapping states where Branch Bank has no branches or deposit-taking ATMs. Additional information about the pro forma CRA assessment area changes is provided in Exhibit 26.

The CRA performance of Branch Bank documented in the 2017 CRA Evaluation and the high levels of CRA lending, investment and service activities since then illustrate the CRA performance that Branch Bank will continue to provide, taking into account the significantly increased size of the combined bank, in its existing footprint and in the new areas currently served only by SunTrust Bank. Branch Bank and SunTrust are carefully reviewing each other's product and service offerings and community development-related activities, and intend to select the best features of each legacy bank's offerings for the combined bank.

Branch Bank's Most Recent CRA Performance Evaluation

Branch Bank received a CRA performance rating of "Outstanding" at its most recent evaluation by the FDIC, as of January 17, 2017, which the FDIC released on May 1, 2018 (the "2017 CRA Evaluation"). A copy of the 2017 CRA Evaluation can be found at https://www5.fdic.gov/CRAPES/2017/09846_170117.PDF. Branch Bank achieved an overall rating of "High Satisfactory" for the Lending Test and "Outstanding" for the Investment and Service Tests. The evaluation period was the calendar years of 2014 through 2016 (the "Evaluation Period").

The 2017 CRA Evaluation noted that Branch Bank took immediate corrective action when a fair lending violation was discovered in connection with one product during the evaluation period, including changes to policies and procedures, training programs, internal assessments and other compliance risk management practices to prevent any future violations and voluntarily provided restitution to the affected customers. In light of all the facts, the FDIC determined that a downgrade of Branch Bank's "Outstanding" CRA performance rating was not warranted. Please see Exhibit 20 for an overview of Branch Bank's current Fair Lending Compliance Program. An overview of SunTrust's Fair Lending Compliance Program is provided in Exhibit 21.

The FDIC cited the following findings as major favorable factors concerning Branch Bank's products, programs and services under the different CRA performance evaluation tests:

Lending Test

- Branch Bank's lending levels demonstrates good responsiveness to the assessment area's credit needs, with a high percentage of loans made in the institution's assessment areas, for all loan types and by both number and dollar amount.

- The geographic distribution of loans reflects good penetration throughout the assessment areas and the distribution of borrowers reflects good penetration among borrowers of different income levels and businesses of different sizes.

- Branch Bank's performance in LMI census tracts for small business loans was generally comparable to or above the aggregate lending data and the percent of businesses in those tracts, with performance the strongest in the Charlotte multistate MSA, where performance was excellent, and deemed either good or excellent in each of the other states and multistate MSAs.

- In most assessment areas, Branch Bank's home mortgage lending performance to LMI borrowers was similar to or higher than the aggregate lending data and the percent of LMI families. The bank's performance was strongest in the Charlotte multistate MSA and generally good elsewhere.

- Small farms loans reflect good penetration among farm customers of different sizes in each of the assessment areas analyzed.

- Branch Bank uses innovative and flexible lending programs, available in all assessment areas, in order to serve the assessment areas' credit needs. Branch Bank offers:

    - A proprietary affordable mortgage product, the Community Homeownership Initiative Program ("CHIP"), which offers low down-payments, home ownership counseling, flexible underwriting criteria and long-term fixed rates.

        - During the Evaluation Period, the Branch Bank made several enhancements to its CHIP to make it more attractive to a broader base of applicants.

        - Branch Bank also introduced a new refinancing option to CHIP, named CHIP-to-CHIP, targeted at borrowers who were unable to take advantage of the low interest rate environment and refinance their loans due to inadequate equity to refinance to a conventional loan.

    - Affordable housing loans through programs of the FHA, Veterans Administration, the USDA Rural Development, Fannie Mae and Freddie Mac.

    - Affordable housing mortgages through state housing agencies programs, which target first-time homebuyers and LMI borrowers and provide below-market interest rates and flexible terms.

    - Small business loans through programs of the Small Business Administration (the "SBA"), as well as the Capital Access Program, which finances small business loans that carry a higher level of risk than allowed by conventional bank guidelines.

- The number of loans originated through the above affordable housing loan programs represents approximately 18% of all Home Mortgage Disclosure Act (the "HMDA") loans originated during the Evaluation Period, which represents excellent performance in innovative and flexible mortgage lending.

- Branch Bank is a leader in making community development loans, having extended 1,155 community development loans for $4.5 billion during the Evaluation Period, with the number and dollar volume of community development loans having increased by 30% and 95%, respectively.

- Three of Branch Bank's community development loans totaling $152.3 million were outside of the bank's assessment areas. These loans benefited the broader regional areas of the bank's operations and are included in the overall community development loans.

- Branch Bank introduced a Community Development Lending Coordinator position to provide leadership on community development needs.

- Examples of Branch Bank's leadership in community development loans during the Evaluation Period are:

  - 176 community development loans totaling $831.2 million in Florida, including:

    - $18.4 million loan to construct a 150-room hotel in a moderate-income area that supports job creation for LMI individuals in Fort Lauderdale; and

    - $12.2 million loan to refinance a 276-unit affordable housing complex and a $16.2 million loan to refinance a 312-unit Low-Income Housing Tax Credit ("LIHTC") affordable housing complex in Orlando.

  - 222 community development loans totaling $690.3 million in North Carolina, including:

    - $36.0 million line of credit for a LIHTC affordable housing development in Raleigh; and

    - $16.0 million loan to purchase a 204-unit affordable housing complex and a $15.0 million loan to a Small Business Investment Company ("SBIC") in Winston-Salem.

  - 111 community development loans totaling $366.3 million in Virginia, including:

    - $5.2 million line of credit for a LIHTC affordable housing development and a $3.6 million loan to acquire and renovate a manufacturing facility in an Enterprise Zone in Virginia Beach; and

    - $2.2 million loan to renovate a 216-unit affordable housing complex and a $1.1 million line of credit for a LIHTC affordable housing development in Richmond.

  - 93 community development loans totaling $365.8 million in Georgia, including:

    - $21.5 million community development loan in Athens to build a seven-story hotel in a low-income area, bringing new service and entry-level job opportunities to the market; and

        - $6.4 million loan to refinance and renovate a 217-unit affordable housing complex and a $3.8 million line of credit for a LIHTC affordable housing development in Atlanta.

    - 60 community development loans totaling $217.3 million in Maryland, including:

        - $4.0 million line of credit to a community organization that provides low-income housing to individuals with developmental disabilities and a $13 million line of credit to a community organization that provides job training and employment opportunities to individuals with severe disabilities in Baltimore; and

        - $5.0 million loan to refinance a 104-unit Section 8 affordable housing complex and a $5.0 million line of credit to a nonprofit organization that develops affordable housing in Silver Spring.

Investment Test

- Branch Bank has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors.

- Branch Bank exhibits excellent responsiveness to credit and community economic development needs and makes significant use of innovative and/or complex investments to support community development initiatives.

- Branch Bank demonstrated generally strong investment test performance throughout its footprint, with investments and donations during the Evaluation Period having totaled approximately $1.5 billion, or 0.7% of total assets and 3.4% of total investments, as of December 31, 2016.

- Investments during the Evaluation Period have more than kept up with the pace of Bank Branch's asset growth since the previous CRA performance evaluation, when total investments were 0.6% of total assets and 2.7% of total investments.

- Branch Bank continues as a leader in its investment in LIHTCs that support affordable housing projects throughout the assessment areas, as they enable developers to gain access to capital markets to complete a project that would not otherwise be financially feasible. During the Evaluation Period, the bank invested in 264 tax credit projects via nonprofit and for-profit syndicators, totaling $924.6 million and exceeding the level achieved in the previous CRA evaluation. The bank's investments resulted in the creation/rehabilitation of more than 23,000 affordable housing units, responding to one of the most pressing needs in most assessment areas.

- Branch Bank provided nearly $470 million in other affordable housing bonds and securities that support affordable housing in its assessment areas. This initiative was created to increase investment opportunities in areas where the bank's traditional LIHTC-qualified investments were unavailable. The majority of these investments are in the form of mortgage-backed securities, which are typically secured by affordable multifamily housing in the respective assessment area. These investments provide market liquidity for new construction and permanent financing for new and rehabilitated affordable housing projects.

- Through its subsidiary SBICs, which are managed by a third party, Five Points Capital, Inc., Branch Bank invests resources to fund expansion, growth, acquisition and consolidations of small businesses. During the Evaluation Period, Branch Bank funded seven investments totaling $11.9 million which benefitted the assessment areas. These investments were considered responsive to community needs, as the programs support small and micro businesses perceived to be too risky to qualify for conventional bank financing.

- In a new initiative, Branch Bank provided financial support totaling $13.3 million to economic development efforts in five different assessment areas through SBA Participation Certificates, which provide additional liquidity for entrepreneurs.

- Branch Bank invested, during the Evaluation Period, $2.9 million in the CRA Fund, which provides banks with fixed-income securities, the proceeds of which are designed to positively impact LMI communities.

- During the Evaluation Period, Branch Bank invested over $4 million in Community Development Financial Institutions ("CDFIs"), which operate in markets underserved by traditional financial institutions.

- Branch Bank invested nearly $1 million in local statewide programs that support school improvements, financial literacy, tuition assistance and scholarships for LMI students. This investment involves Branch Bank's continued support of programs from earlier-acquired legacy banks, which receive a state tax credit for a percentage of contributions made to qualifying organizations.

- Branch Bank provided more than 5,000 qualifying community development grants and donations totaling $30.8 million over the Evaluation Period, which is significantly higher than in the prior CRA performance evaluation. The institution's community development grant activity supports financial literacy, revitalization and stabilization of distressed communities, special needs populations (including homeless and disabled persons), affordable housing and a broad range of activities identified as community development under the CRA regulations. Many of these qualifying grants and donations are made through programs implemented in response to particular needs of the local communities where Branch Bank maintains branches.

- In addition, Branch Bank made significant use of innovative and/or complex investments to support community development initiatives, which do not necessarily translate into quantifiable dollars:

- Branch Bank contributed over $475,000 in an effort, in partnership with the Opportunity Finance Network ("OFN"), to bring CDFI training opportunities and business technical assistance into the Southeast to assist established organizations with growing their staff and programs, while also fostering an environment for the formation of new CDFIs.

- Branch Bank made investments which exceeded $1 million in providing classroom-based training, one-on-one technical assistance and other business development services to entrepreneurs.

- Branch Bank created a three-year term community development-focused grant program supporting the bank's expansion into new and existing markets, which provided more than $5.5 million in charitable support to nearly 350 nonprofit organizations serving a range of community development initiatives.

- Branch Bank provided community development education to nonprofit practitioners through four different strategies: (1) a partnership with the National Development Council (the "NDC") and several state nonprofit agencies to offer housing and economic development certification programs, in which Branch Bank contributed over $375,000 in classroom space and instructional materials; (2) scholarships totaling $244,000 to 89 community development professionals to attend the NeighborWorks Training Institutes; (3) scholarships totaling $97,000 to 72 staff members from microenterprise development organizations, which provided training to further their skills; and (4) $366,000 in grants provided to support technical assistance programs and local training development across the footprint.

- Branch Bank contributed over $2.8 million to address homelessness through a number of initiatives, such as: (1) the "Winston-Salem Ten Year Plan to End Homelessness," which is chaired by the bank's Chief Operating Officer and to which Branch Bank made annual contributions of $100,000; (2) the "Homelessness Outreach" initiative, to which Branch Bank contributed $1.9 million to help 40,000 homeless school children and their families by providing emergency housing, food, transportation, medical care, and other basic services; and (3) the Corporation for Supportive Housing, which develops solutions for local homelessness and health issues.

- Branch Bank continued its Lighthouse Project, a company-wide community service project designed to exemplify a mission of improving the communities where its employees live and work, to which Branch Bank provided over $5.2 million in CRA qualified grants or donations in 122 assessment areas.

- During the Evaluation Period, Branch Bank also provided $687,000 in operational support of its Bank Bus, which was retro-fitted as a self-contained production and education center that travels throughout the bank's footprint to provide financial literacy training.

Service Test

- Branch Bank offers a wide array of financial services throughout its assessment areas to ensure that the needs of the communities are met through several delivery methods and Branch Bank's delivery systems are accessible to essentially all portions of its assessment areas.

- To the extent changes have been made, Branch Bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals, as additional branch offices were located in close proximity, thus minimizing concerns regarding accessibility to banking services.

- Branch Bank's services are tailored to the convenience and needs of the assessment areas, particularly LMI geographies and individuals.

- Branch Bank offers a full range of consumer and commercial loan and deposit products, including numerous affordable home mortgage programs, government-sponsored loan programs for home mortgage borrowers and small businesses, affordable deposit products for small businesses and nonprofit organizations, and low-cost deposit products for consumers.

- Branch Bank's website, which is available in both Spanish and English, provides free financial literacy resources regarding savings, credit, debt management and homeownership.

- Branch Bank's website also includes a small business resource center with online workshops for small business owners and entrepreneurs, financial calculators, basic business advice and financing information.

- Branch Bank offers its customers information about identity theft on its webpage and brochures, and hosted during the Evaluation Period 14 events at 11 branches located in LMI census tracts, which were designed to provide awareness and prevention of identity theft and fraud.

- Branch Bank officers serve in many capacities for local and statewide organizations dedicated to affordable housing, economic development, community services and revitalization activities, and Branch Bank employees provide financial expertise to numerous organizations, including nonprofit organizations that provide financial and technical assistance to LMI individuals, areas and small businesses.

- Branch Bank is a leader in providing community development services, and its activities exhibit responsiveness and innovation.

- Branch Bank provided approximately 5,728 community development services during the Evaluation Period, which represents a 36.4% increase compared to the prior evaluation, and a substantial majority of the services directly benefited LMI areas or individuals as well as small businesses. Examples of these services included:

- Branch Bank's partnership with EverFi to teach high school students the core concepts of financial literacy through its BB&T Financial Foundations program, which had 1,181 participating schools as of December 31, 2016. Branch Bank also uses EverFi to provide web-based financial education to college students attending historically Black colleges and universities ("HBCUs").

- Branch Bank employees also locally volunteer to teach homeownership education, credit management, basic banking information, and money/savings management classes through local government and nonprofit organizations with which the bank is a partner, such as Money Smart (FDIC), Credit Smart (Freddie Mac), and three programs through the Cemark financial literacy program. Branch Bank also provided adults with basic financial education in their faith- based institutions through its "Bank on Your Success" program and senior citizens with education on the risks of financial fraud through the "Safe Banking for Seniors" program.

- Branch Bank has provided financial resources to 11 CDFIs which provide technical assistance to small businesses that do not qualify for traditional bank financing. In 2015 and 2016, these initiatives with CDFIs resulted in 187 workshops of technical assistance to over 1,900 small businesses and entrepreneurs.

- Branch Bank underwrote the cost to bring to Durham, NC the OFN and the University of New Hampshire Carsey School of Public Policy's Certificate in Community Development Finance course, designed for talent development in the CDFI industry, to build the capacity of current CDFI practitioners, and to attract new talent to the industry. The bank provided scholarships for 13 of the 45 attendees.

- Branch Bank continued certifying community economic development practitioners through its partnership with the NDC, through which Branch Bank helps community-based organizations stimulate investment, redevelop neighborhoods and create jobs and affordable housing. During the Evaluation Period, the training was attended by 80 CDFI professionals.

- Branch Bank provided scholarships for 89 community development professionals to participate in training through NeighborWorks Training Institutes, which addressed current and emerging trends, improving the affordability of neighborhood housing, and building strong, safe and vibrant low-income communities.

- From 2014 to 2016, Branch Bank provided scholarships for 72 professionals from nonprofit organizations to attend training conferences through the Association for

Enterprise Opportunity, which assists underserved entrepreneurs in starting, stabilizing and expanding businesses.

- In 2015 and 2016, Branch Bank provided branch space to Hope Inside Model, an Operation Hope financial empowerment program that provides credit and money management, homeownership and small business counseling. Counselors and Branch Bank employees completed 234 small business workshops and 93 individuals graduated from the Entrepreneurial Training Program, with 90% of participants being identified as LMI individuals.

- From 2014 through 2016, the Bank Bus participated in 112 events to assist Volunteer Income Tax Assistance ("VITA") sites with free tax preparation and 149 financial education, affordable housing and employer-based events, and 40 multicultural events.

- Branch Bank developed the Lunch-N-Learn Series to provide technical assistance and highlight resources for small business owners in rural and suburban markets, in which Branch Bank partnered with small business development centers, women business development centers, chambers of commerce and the SBA, and held 17 sessions during the Evaluation Period.

- During the Evaluation Period, Branch Bank expanded its participation in Bank On campaigns, which are developed through the collaboration of nonprofit organizations and are primarily geared to providing access to financial education and products for the un-banked or under-banked population, which are predominately LMI individuals.

- Branch Bank partnered with community development organizations in seven states to offer and service Individual Development Account ("IDA") programs, which provide eligible, low-income depositors with options to save money, buy a home, start a business or pay for educational expenses. During the Evaluation Period, these programs resulted in opening 873 accounts for IDA participants.

- Branch Bank introduced in four cities Community Business Development Officers, who are responsible for the referral of loans to small businesses with annual revenues of $1 million or less and small businesses located in LMI census tracts.

- Branch Bank expanded the number of its multicultural banking centers from 344 to 488 during the Evaluation Period. At these branches, brochures and signage are bilingual, mobile alerts and the bank website are available in Spanish and newspaper and radio advertising are provided in Spanish. Some of the branches also offer marketing and pricing materials in Korean and Mandarin.

- Branch Bank continues to accept the employment authorization document as a form of identification, allowing DACA recipients to open a checking account.

- As a member of Federal Home Loan Bank of Atlanta (the "FHLB Atlanta"), Branch Bank participates in the Affordable Housing Program ("AHP") competitive program, which is a flexible source of loans designed to help member financial institutions and their community partners develop affordable owner-occupied and rental housing for LMI families and individuals.
  - During the Evaluation Period, Branch Bank sponsored 77 applications for AHP loans, of which 34 were approved and resulted in the funding of $12.6 million in projects.
  - Branch Bank also participates in the AHP set-aside program, which provides grants directly to LMI families for down-payment assistance for the purchase of affordable housing. During the evaluation, Branch Bank sponsored 30 grant recipients.
  - During the Evaluation Period, Branch Bank also started offering other FHLB Atlanta products designed to meet specialized demands, such as affordable home ownership for local government workforce with moderate incomes, veterans and returning veterans. Branch Bank sponsored through these products 31 grants totaling $246,000.

Branch Bank's CRA Activities Since the 2017 CRA Evaluation

Since the 2017 CRA Evaluation, Branch Bank continued its excellent overall CRA performance in its assessment areas. Across its footprint during 2017 and 2018, Branch Bank: (a) originated approximately 21,000 home mortgage loans, totaling $2.0 billion to LMI borrowers; (b) originated or purchased approximately 24,000 home mortgage loans, totaling $6.2 billion, in LMI census tracts; (c) made approximately 208,000 business and farm loans in a loan amount of less than $100,000, totaling $3.3 billion; (d) made approximately 50,000 small business and farm loans, totaling $2.8 billion, in LMI census tracts; (e) made nearly 1,100 community development loans totaling $3.9 billion; and (f) made approximately 4,100 community development investments totaling $1.4 billion. In addition, Branch Bank associates engaged in approximately 5,300 community development service activities within their local communities.

Branch Bank is in the process of opening *de novo* branches in LMI and/or majority-minority census tracts across its footprint. In 2018, Branch Bank opened a *de novo* branch in Houston, Texas, in a census tract that is both an LMI and majority-minority census tract. In 2019, Branch Bank plans to open seven additional de novo branches in LMI and/or majority-minority census tracts, including one in each of Miami and Tampa, Florida; one in each of Baltimore, Hanover and Dundalk, Maryland; and one in each of Denton and Houston, Texas.

Branch Bank employs a team of Community Development Specialists, associates dedicated to ascertaining community needs and delivering or developing programs to address those identified needs. The Community Development Specialists primarily partner with community-based organizations and government agencies. Branch Bank also has a Community Development Lending Coordinator, as mentioned in the 2017 CRA Evaluation, to provide leadership on community development needs. This position supports other lending associates with prospecting, analyzing, and underwriting tax credit and other complex transactions.

As demonstrated below, Branch Bank continued to support affordable housing through its community development lending, investments, grants and services activities. As a leader in flexible and innovative lending, Branch Bank participates in various Housing Finance Agency mortgage loan programs. Housing Finance Agency loan programs target first-time homebuyers and LMI borrowers and provide lower-than-market interest rates. Mortgage lenders are trained in the preparation of paperwork.

Consistent with the 2017 CRA Evaluation, Branch Bank has continued as a significant participant in the AHP offered by the FHLB Atlanta. The AHP is a source of grants and/or loans designed to assist member institutions and their clients in developing affordable, owner-occupied and rental housing for the LMI community. BB&T has a dedicated FHLB Project Specialist to assist organizations in the grant and loan application process. The FHLB Project Specialist provides technical assistance during the application stage, funds the grant or loan upon approval, as well as provides ongoing monitoring to ensure program compliance.

As for small business and farm loans, Branch Bank offers several solutions for individuals, businesses and farmers who would not qualify or are not suited for a standard commercial loan. Branch Bank participates in the FSA Guaranteed Loan Program. Branch Bank is an active participant in the lending programs of the SBA, consistently ranked in the Nation's Top 100 SBA Lenders, for the 7(a) program. Branch Bank also offers the SBA's 504 and Patriot Express loan programs and has several proprietary loan products for small businesses.

Branch Bank offers a variety of resources for small businesses, such as its online Small Business Resource Center, mentioned in the 2017 CRA Evaluation. The Small Business Resource Center offers tools and tutorials for starting a business, such as *Developing a Business Plan*, *Choosing a Lawyer* and *Guidelines for Borrowing Money*. The Center also offers similar tools for growing a business (Create a P&L Statement, Employee Recognition, Calculate the Value of Your Business).

Branch Bank also offers a Financial Insights program, which provides business customers with a review of operating performance and assistance in developing a dynamic plan to identify and execute on future business growth. Finally, Branch Bank offers BB&T @Work, a premium package of financial services for the employees of participating companies.

Community Development Lending Since the 2017 CRA Evaluation. Branch Bank is consistently recognized as a leader in community development lending, providing a wide range of loans to support affordable housing, economic development, revitalization of communities and the provision of community services for the LMI community. Branch Bank uses a variety of sources, partners and funding structures to meet the community needs. In addition to participating in community development lending through the more traditional avenues of partnering with community-based organizations or for-profit developers, Branch Bank also takes part in several regional and statewide lending consortiums and provides loans to CDFIs. Notable examples of Branch Bank's community development lending activity since the 2017 CRA Evaluation include:

- $2.3 million in financing to bring a new farmer's market and grocery store to Manatee County, Florida. The new store, located in a moderate-income neighborhood, will revitalize a former grocery store that was closed for over 10 years and has remained vacant. The new, locally-owned and operated store will provide an estimated 130 new jobs and offer reasonably priced groceries and healthy food choices to residents, purchasing local products when available, with an emphasis on fresh and organic foods.

- $11.6 million loan to support the construction of a youth development and social responsibility organization in downtown Atlanta, Georgia, part of a New Market Tax Credit ("NMTC")project with additional funding from Atlanta foundations and Westside TAD, a program designed to nurture a vibrant downtown and reduce socio-economic distress in the surrounding neighborhoods. The new $20-million headquarters for the organization in Atlanta will include a Leadership and Learning Center. Branch Bank's Regional President participated in project oversight as a member of this organization's Finance Committee and Board of Directors.

- $9.25 million loan for the purchase of one of the largest sports facilities between Washington D.C. and Greensboro, North Carolina. The local Economic Development Authority already owned the land and purchased the building from the original investors in order to assure continued benefit of the economic growth activities generated by the sports complex, estimated at $9.3 million annually in direct spending.

- $4.25 million loan for current tenants to acquire a multi-unit residential property in Washington DC for the development of 88 new affordable apartments using low-income housing tax credits and funding from the District of Columbia Department of Housing and Community Development's Housing Production Trust Fund. Construction is scheduled to begin once all funding has been secured. Residents will be temporarily relocated but will return to their existing apartments once renovations have been completed.

- $5.5 million loan to a nonprofit in the Charleston, South Carolina MSA to construct two new retail stores. The nonprofit offers a variety of programs and services that help individuals with barriers and disabilities find employment. The organization relies on store sales to support their workforce development programs and employment services. Store revenues are projected to increase as a result of the new stores' superior location.

- $15.9 million in financing for the creation or preservation of over 450 affordable, low-income apartments in seven rural/non-metropolitan communities throughout North Carolina. One loan supported the construction of a 56-unit, low-income housing tax credit community to provide workforce housing in a county where an average wait staff, daycare, retail sales, nurse or construction salary cannot afford a modest two-bedroom apartment. Another loan supported the preservation of 57-units of affordable housing for senior citizens in the eastern part of the state.

- $15.7 million in financing provided to nine rural North Carolina communities to make necessary repairs and upgrades to aging water and wastewater infrastructure, offer better and less costly service to residents and meet today's health and environmental standards. This funding supports improvements which are underway to modernize and upgrade the state's water utilities through infrastructure technology, ranging from advancements in construction materials and methods to automated meter reading.

- $5.4 million in financing to support the operations of seven Federal Qualified Health Centers and Free Clinics serving the medical needs of low-income and uninsured residents in rural West Virginia. In particular, these centers are being charged with expanding access to substance abuse treatment services. In 2018, three Health Centers joined together to develop an initiative to increase Medication Assisted Therapy access for Rural Appalachians as a result of a $1.5 million grant from the Substance Abuse Mental Health Services Administration.

- $37.8 million in financing for the construction of a 208-unit apartment community in Monroe County, Florida to help meet the demand for housing that is affordable to persons working in the Keys, to address an affordable housing crisis that was exacerbated by Hurricane Irma. Income restrictions will assure that rents are affordable so that the workforce, such as hospitality workers, teachers, police officers, firefighters and nurses, can afford to live in the communities they serve.

- $27.9 million loan to complete the expansion of an aquarium in Clearwater, Florida. This is part of a $66 million expansion project that also received funding through the county's Tourist Development Council and the Industrial Revenue Bond program. Anticipated to be complete by 2020, the expansion adds exhibit space as well as a new building for guest and educational space. In addition to the physical expansion, the aquarium's staff is expected to increase by 12 to 22 new full-time positions.

- $10 million loan to construct a 144-unit multifamily low-income housing tax credit community in Savannah, Georgia. Part of a $25 million complex, the Housing Authority of Savannah's Board of Commissioners approved the adoption of a supplemental bond resolution for $13.5 million to support the development of additional, needed affordable rental housing. The new community is in an area of both industrial and commercial growth, putting the new residents in close proximity to jobs.

- $7.0 million loan to develop the retail phase of a mixed use redevelopment project east of Georgia State University's Turner Field expansion. Located in a once-thriving but long-shuttered commercial area, the project received support from Invest Atlanta, the city's economic development agency, which provides incentives to bring in private capital investments that will result in new job creation.

- $4.9 million loan to construct 66 units of affordable, low-income tax credit assisted family apartments in Davie County, North Carolina. Twenty-five percent of the new apartments will be reserved for families earning less than 30% of the area's median income. Financing strategies for the new community include funding through the Workforce Housing Loan Program which is offered in conjunction with low-income housing tax credit projects to encourage development of housing that is affordable to lower-income families.

- $1.5 million loan to construct 26 new homes in Baltimore City, Maryland, supported in part by Project CORE, Creating Opportunities for Renewal and Enterprise, a four-year partnership to remove blight and serve as the catalyst for redevelopment and stabilization in Baltimore's distressed neighborhoods. BB&T provided a $10,000 grant in support of the project and associates are working with the organization on marketing strategies to attract interested buyers.

- $3.8 million loan to complete Phase III of a 35,000 square-foot apartment, retail and office building that is part of an innovative redevelopment project in a moderate-income area of Harrisonburg, Virginia. The impetus for the project was a $500,000 grant to the city of Harrisonburg from the Virginia Department of Housing and Community Development's Industrial Revitalization Fund. Phase III will consist of 33 apartments with room for additional stores and new businesses.

- $1.5 million to finance the acquisition and renovation of a property in Washington, D.C. within the Columbia Heights neighborhood for the new D.C. location of a nonprofit missioned to drive the economic and social advancement of LMI Latinos and other underserved communities in the Washington, D.C. and Baltimore metro areas.

Community Development Investments Since the 2017 CRA Evaluation. Branch Bank helps address the credit needs of the communities that it serves through making qualified investments. Branch Bank's excellent level of investments reflects true commitment to its community's well-being. This is evident by the considerable amount of qualified investments and charitable contributions in the bank's assessment areas. These investments and contributions directly benefit the service area community and the broader statewide or regional area.

Branch Bank strives to maintain an exceptional level of qualified community investments and contributions by taking the initiative to identify and respond to community needs and by using innovative methods to impact LMI areas within the community. Consequently, Branch Bank has established the means to make investments throughout its entire footprint. Examples of Branch Bank's community development investments across its CRA assessment areas since the 2017 CRA Evaluation include:

- $2.5 million investment commitment to GROWTH, National Community Reinvestment Coalition's (the "NCRC") housing rehabilitation fund addressing the homeownership needs of LMI families and communities with distressed housing. The $80 million fund will buy and renovate homes across the United States, create jobs and provide pre- and post-purchase counseling to homeowners. The fund has agreed to use best efforts in allocating Branch Bank's support to the Washington, D.C. and Baltimore, Maryland metro areas.

- $2.95 million investment in the CRA Qualified Investment Fund (CRAIX). The fund invests in securities which include single-family, multifamily and economic development loan-backed securities and securities issued by the government sponsored enterprises and the SBA; municipal bonds or securities; or certificates of deposit issued by CDFIs. For 2017 and 2018, Branch Bank reallocated funding to support projects in Alabama, Pennsylvania, Tennessee, Virginia and West Virginia.

- The SBA's 504 Certified Development Company loan guaranty program is administered through nonprofit Certified Development Companies ("CDCs"). The loan program provides borrowers with long-term, fixed rate financing for major assets, such as land, buildings, equipment, and machinery. Branch Bank provides liquidity to SBA lenders by investing in SBA bonds. By creating this secondary market, lenders are better able to manage lending limits, industry exposure and liquidity. During 2018, Branch Bank's $24.4 million investment provided support to 26 businesses located in one of three states: Pennsylvania, Virginia and West Virginia.

Community Development Grants Since the 2017 CRA Evaluation. Branch Bank's charitable contributions have consistently increased with each CRA exam. The types of recipients vary, and include support for financial education (credit awareness, homeownership and basic banking) and assistance to nonprofit organizations providing these community services to the LMI population. Many of these contributions are decided through a process in which the Community Development Specialists work with local leaders to ascertain community needs. If an identified solution can assist multiple communities across a larger, regional area, Branch Bank will provide a greater level of funding to support the effort. Since the 2017 CRA Evaluation, Branch Bank made qualified grants totaling nearly $20 million. Notable examples of such community development grants include:

- $100,000 grant that launched a rural expansion by Local Initiatives Support Corporation ("LISC") into low-income communities in southern and southwestern Virginia. LISC launched Rural LISC to expand reach beyond urban areas, providing training, technical assistance and financial support to help community developers address the unique problems rural communities face. Four new community-based partners joined the network in 2017.

- $3.8 million grant to fund initiatives that positively impacted lower-income people or helped to revitalize neighborhoods within the Branch Bank Lighthouse Project, an annual program that provides associates with an opportunity to make a difference in their communities through company-supported service projects. All across Branch Bank's footprint, associates identify community needs and work with local nonprofits to organize volunteer projects to tackle them. In addition to volunteer time, BB&T also provides funding to support these initiatives.

- $1.0 million grant as part of Branch Banks's "Homelessness Outreach" initiative to school districts in Florida, North Carolina, South Carolina, DC, Texas and West Virginia to support homeless children and their families.

- $5.0 million contribution to support the establishment of the WV Drug Intervention Institute. BB&T convened a leadership team comprised of several current and former corporate board members to tackle the growing opioid crisis in West Virginia. The epidemic reaches every corner of the country but is particularly ravaging more rural areas, as in West Virginia. This results in rural citizens struggling with opioid abuse having a more difficult time getting the help and services they need, and the available medical services are not always covered by Medicaid or insurers, which disproportionately affects low-income individuals. The goal of the organization is to supplement federal, state and local efforts in reducing opioid drug use and deaths in West Virginia.

- $500,000 grant to Habitat for Humanity of Forsyth County, which represents the second and third years of a $750,000 multi-year commitment to build 30 houses in Winston-Salem's Boston-Thurmond neighborhood. Branch Bank's Director of Corporate Social Responsibility and Community Development serves as President of the organization's Board of Directors.

- $100,000 grant representing two years of a four-year commitment to provide funds in conjunction with the Reinvestment Partners application to the Food Insecurity Nutrition Incentive grant program to establish a SuperSNAP program in 19 counties across North Carolina. SuperSNAP is a partnership among the Reinvestment Partners, Food Lion, eight Federally Qualified Health Centers and the county health departments. Through the community health centers, SNAP recipients will enroll in the program which offers up to $40 per month in matching funds for the purchase of fruits and vegetables.

- $3.0 million grant to Step Up for Students, Florida's nonprofit scholarship funding organization that provides lower-income families more choices in education options available for their children. Branch Bank's contribution provided assistance to families in eight metro areas through the Florida Tax Credit Scholarship Program. In the 2017-2018 school-year, the average income of a scholarship family was merely 8% above the federal poverty line.

- $119,000 grant to underwrite the cost of bringing the National Development Council's Housing Development Finance Professional training to Virginia in partnership with The Housing Association of Nonprofit Developers and the Virginia Housing Alliance. The certification is a four-course training program that provides the skills needed to successfully develop and finance affordable homeownership and rental housing development. Completed in 2018, the series attracted approximately 60 participants from across Virginia and the Greater Washington, D.C. Region, representing all levels of leadership.

- $100,000 grant representing the first year of a multi-year $500,000 commitment to the capital campaign to expand a nonprofit middle school located in Southeast Atlanta. The academy is a demonstration school, where visiting educators observe best practices in action before participating in hands-on workshops. Branch Bank's grant made an inaugural "Training Day" available for up to 100 teachers from North

Carolina to participate in professional development programs. On Branch Bank's 2018 sponsored training day, 63 educators, representing eight rural North Carolina counties having majority free- and reduced-cost-lunch students, attended the event.

- $50,000 grant representing the first year of a three-year commitment to provide a workforce development program in six rural Georgia counties, which will focus on unemployed and underemployed individuals through short-term education and training programs designed to move participants toward securing and sustaining a job paying a livable wage. Branch Bank associates lead ongoing financial literacy classes at key phases of the program and oversight will continue to be provided by Branch Bank's representation on the community college's Adult Literacy Advisory Board.

- $50,000 grant to launch a partnership initiative with Florida's Black Business Investment Fund ("BBIF"), a CDFI based in Orlando, to build the capacity and strengthen African American and other minority and underserved small businesses throughout the state. Specifically, BBIF will use grant funds to open two new regional offices in Jacksonville and Miami, both staffed with experienced professionals using a grass-roots approach to engage and connect with small business owners. Branch Bank's Community Development Specialist provides leadership oversight as a member of the organization's Community Development Committee.

- $40,000 grant to the Alabama Asset Building Coalition ("AABC"), which works to promote financial stability by encouraging savings, financial education and other wealth building programs to build an economic foundation for underserved residents to reach their highest potential and strengthen their financial future. Branch Bank's grant assistance provides funding to support the VITA program for free income tax preparation and financial education. Branch Bank's Community Development Specialist provides oversight as a member of the organization's Board of Directors, developing strategies for long-term sustainability and increased program outreach. For the 2018-2019 period, AABC intends to increase the number of tax preparation sites, ensuring that access to this service is available to 75% of Alabama's population.

Community Development Services since the 2017 CRA Evaluation. Branch Bank has continued its high level of community development services since the 2017 CRA Evaluation. Its management and employees have dedicated numerous volunteer hours in a variety of community service endeavors through its CRA assessment areas. As mentioned in the 2017 CRA Evaluation, Branch Bank is a leader in offering responsive, innovative and complex community development services. Branch Bank has a clear understanding of community development needs and develops programs to meet those needs. Notable examples include:

- Under Branch Bank's "Bank On Your Success" program, it has partnered with the Clayton County Library system in Georgia to provide educational events on financial topics of interest and value for families as well as small business owners. The curriculum is centered on financial planning, managing cash flow, tax planning, recordkeeping and succession planning. From 2017 through 2018, Branch Bank associates hosted 24 educational events through this outreach effort, which reached more than 400 persons in Georgia.

- Branch Bank has partnered with Catholic Charities in nine states within Branch Bank's footprint to support their efforts in educating and empowering families to make wise money management decisions. Branch Bank associates regularly participate in financial education sessions, providing information on topics from basic banking and family budgeting to becoming a homeowner. In some areas, Branch Bank associates participate in cultural orientation classes for refugee customers, designed to help newcomers learn necessary life skills to navigate in their new homeland. In 2017, Branch Bank received the Community Partner Award from Catholic Charities, Diocese of Covington, Kentucky, for support that helped 119 persons become mortgage ready after receiving homebuyer education and 141 families whose homes were saved from foreclosure.

- A Branch Bank Market Leader and @Work Officer have partnered with a Georgia meat processing plant to offer financial education as part of the plant's new hire program. Over 2017 and 2018, rotating generally in every third week of the month, Branch Bank associates have provided sessions on banking basics to each group of new front-line employees. Participants are encouraged to schedule one-on-one financial wellness consultations and results have shown that participating employees are better able to make wiser financial decisions, which result in longer term financial success.

- More than 40 Bank Bus VITA events have been conducted in partnership with community based organizations, assisting more than 800 lower-income, working families with free income tax preparation and financial education.

- The BB&T Charitable Fund awarded grants totaling $1.5 million to help support disaster relief efforts following Hurricane Florence, and Branch Bank and sent 14 truckloads of water and nonperishable items to Lumberton, Whiteville, New Bern, and Morehead City, North Carolina.

- Branch Bank increased its support to the Hope Inside Model by expanding into two additional assessment areas for 2017. Branch Bank also contributed $325,000 to support Operation Hope.

- Branch Bank expanded its Financial Foundations program by increasing the number of participating schools to 1,429 as of June 2018. Branch Bank also committed $6.3 million over a three-year period to create another game that will address childhood illiteracy. According to the National Assessment of Educational Progress, nearly two-thirds of all U.S. 4th graders are not proficient readers. Reading proficiency is critical to overall education success and is correlated to high school drop-our rates and often lifetime economic success.

- Branch Bank has a long standing relationship with United Way chapters across our footprint. Branch Bank associates have made donations to support United Way totaling over $1.8 million in 2017 and $1.3 million from January to September 2018.

- Kelly S. King, Chairman and CEO of Branch Bank, serves as a Board Member of BEST NC, which directly advocates for North Carolina education policies and investments by fostering relationships with policymakers and informing legislative committees and debates with data and facts. In 2015, BEST NC proposed a comprehensive Educator Innovation Plan to transform the talent pipeline for North Carolina public schools, resulting in the creation of the Transforming Principal Preparation program which raised the caliber and rigor of principal's leadership training. In 2018, principal graduates began entering positions across the state, with a particular focus on high-need schools, many of which serve communities of higher poverty where classrooms are influenced by the difficulties of their students' lives. Another member of Branch Bank's Executive Management has served on the Advisory Board for Project Impact, an initiative that targets early childhood education opportunities for children in the Winston Salem/Forsyth County Schools.

- A Branch Bank Community Development Manager has served on the Affordable Housing Action Team of the Washington Regional Association of Grantmakers, which works to educate the philanthropic community about the region's housing needs and solutions and to advocate for improved public policy.

- Branch Bank has partnered with Telamon, a partner of National Farmworker Jobs Program ("NFJP"). In Virginia, Branch Bank associates conducted a "Bank On Your Success" workshop series for persons enrolled in the Telamon NFJP program. In West Virginia, Branch Bank associates partnered with Telamon, the Eastern West Virginia Panhandle EITC Coalition, West Virginia Community Action and Catholic Charities for a two-day Bank Bus financial education event, which included techniques for setting financial goals, budgeting and developing a savings plan. Utilizing the Bank Bus internet capability, participants were also provided the opportunity to obtain free credit reports.

- Branch Bank has partnered with the Fire Department in Wilson, North Carolina, to offer a pilot financial education component as part of their cadet training program. Branch Bank associates offered the "Bank On Your Success" series as a training program component. Working with all five of Wilson's fire stations, associates conducted 43 sessions resulting in 69 new fire department cadets learning the basics of banking, establishing a family budget and understanding credit.

SunTrust Bank CRA Performance Record

SunTrust Bank's Most Recent CRA Performance Evaluation

SunTrust Bank received an overall CRA rating of "Satisfactory" on its most recent performance evaluation from the Federal Reserve Bank of Atlanta (the "FRB Atlanta"), dated September 16, 2016 (the "2016 SB Evaluation") and made public on October 17, 2018. SunTrust Bank received a "High Satisfactory" rating on each of the Lending and Investment tests and received a "Low Satisfactory" on the Service test. The evaluation period was January 1, 2014 through December 31, 2015 for HMDA-reportable and CRA small business loans; for all other aspects of the evaluation, the review period was January 1, 2013 through January 31, 2015 (the "SB Evaluation Period"). The FRB Atlanta reviewed 107 assessment areas during the evaluation (18 full scope markets and 89 limited scope markets). The full report is available at https://www.suntrust.com/content/dam/suntrust/us/en/about-us/2017/documents/crape-community-reinvestment-act-performance-evaluation.pdf.

In the 2016 SB Evaluation, the FRB Atlanta noted that SunTrust Bank's distribution of HMDA-reportable lending reflected adequate penetration in LMI areas, and the distribution of small business lending reflected good penetration in LMI areas. Examiners reported that SunTrust Bank makes a relatively high level of community development loans and provides a relatively high level of community development services. The examiners also found that SunTrust Bank's retail delivery systems are reasonably accessible to the geographies and individuals of different income levels in SunTrust Bank's assessment areas. The examiners also reported that SunTrust Bank makes a significant level of qualified community development investments in response to assessment area community development needs.

Examiners also noted that, during the SB Evaluation Period, SunTrust instituted a formal Inclusive Lending Program through a wholly owned affiliate, and SunTrust Bank offers a home improvement loan with flexible and innovative features tailored to fit the needs of LMI borrowers. SunTrust Bank also sponsors the FHLB Atlanta's AHP program, which enables organizations to obtain loans to develop affordable homes and multifamily housing, and offers numerous state Housing Finance Authority programs to qualified borrowers. Examiners also noted that SunTrust Bank is an active SBA lender, ranked the ninth highest volume lender nationwide by dollar volume for its 7(a) loan program through the fourth quarter of 2016.

In the 2016 SB Evaluation, the FRB Atlanta noted SunTrust Bank's relatively high level of community development loans in its assessment areas, commending the lending volume and the responsiveness of SunTrust Bank to community development needs. During the Evaluation Period, SunTrust Bank originated 673 community development loans totaling $4.6 billion. SunTrust Bank's community development dollars had a variety of purposes, including affordable housing for LMI individuals, community services targeted to LMI individuals, promotion of economic development by financing small businesses that resulted in permanent job creation and/or retention, and revitalization/stabilization of targeted LMI census tracts or other qualified geographies.

The 2016 SB Evaluation stated that SunTrust Bank's investment test performance was rated "High Satisfactory" based on the level of qualified community development investments and contributions throughout its assessment areas during the SB Evaluation Period. SunTrust Bank's qualified investments totaled $2.2 billion during the SB Evaluation Period and primarily supported affordable housing and community revitalization initiatives in SunTrust Bank's assessment areas. The examiners noted that SunTrust is a national leader in utilizing the NMTC program, having established a wholly owned affiliate to manage SunTrust Bank's involvement in the NMTC Program, which was awarded seven allocations of NMTCs totaling $428 million, including two awards during the review period, for a total of $88 million. SunTrust Bank has deployed all of its allocations, financing the development or redevelopment of more than 6.5 million square feet of commercial property and creating more than 17,300 jobs, almost 2,500 new student spaces, approximately 460 housing units and providing services to more than 190,000 health care patients (including actual and projected impacts).

The 2016 SB Evaluation also concluded that SunTrust's delivery systems were reasonably accessible to all portions of its assessment areas, including LMI census tracts. In addition, the FRB Atlanta reported that SunTrust Bank provides a relatively high level of community development SB services, noting in particular that the qualified community development service hours provided during the Evaluation Period by SunTrust employees increased by more than 300% over qualified service hours provided during the last evaluation. SunTrust Bank's employees are active in a number of community development programs, particularly those that promote community services targeted to LMI individuals, and numerous bank officers and employees serve on boards and committees of community development organizations across SunTrust Bank's assessment areas.

<u>SunTrust Bank's CRA Activities Since the 2016 CRA Evaluation</u>

Since the 2016 SB Evaluation, SunTrust Bank has continued to demonstrate strong overall CRA performance, with significantly improved performance in several of the most critical categories of CRA activity. For the three years following the 2016 SB Evaluation, SunTrust's current CRA program forecasts it will report the following for the next three-year examination period ending December 31, 2018:

- Lending performance for home mortgage and other HMDA-reportable lending for LMI borrowers and geographies that exceeds benchmarks of peer bank and aggregate lender performance across SunTrust's markets;

- Small business lending performance for qualifying small business loan sizes and geographies that exceeds benchmarks of peer bank and aggregate lender performance across SunTrust's markets;

- Community development lending performance of approximately $2.3 billion, $3.2 billion and $4.0 billion for 2016, 2017 and 2018, respectively, with the three-year approximately $9.6 billion community development lending total nearly doubling the community development ending performance for the prior 3-year CRA performance evaluation period;

- Community development investment performance representing new investment commitments of approximately $492 million, $604 million and $588 million for

2016, 2017 and 2018, respectively, with the three-year approximately $1.6 billion exceeding the community development investment performance for the prior three-year CRA performance evaluation period;

- Community development services performance representing SunTrust employee volunteer service of approximately 47,000, 46,000 and 50,000 CRA-qualifying volunteer services hours for 2016, 2017 and 2018, respectively, with the three-year approximately 143,000 community development service hours nearly doubling the community development services performance for the prior three-year CRA performance evaluation period; and

- Retail services maintaining geographic presence of branches and other retail services in parity with the distribution of LMI customers and geographies in SunTrust Bank's branch footprint, notwithstanding significant closures of branches in the overall SunTrust Bank branch network during the three-year period of 2016 through 2018, achieved through close coordination of the branch management team with the CRA program team and SunTrust's commitment to opening *de novo* LMI branches in critical geographies across the footprint. SunTrust Bank is in the process of opening *de novo* branches or relocating branches in LMI and/or majority-minority census tracts across its footprint.

    - In 2018, SunTrust Bank opened 10 branches in LMI and/or majority-minority census tracts, including four *de novo* branches (two in Georgia, one in Florida and one in Baltimore, Maryland) and six relocation branches in Florida, Tennessee and Virginia.

    - In 2019, SunTrust Bank plans to open three additional *de novo* branches in LMI and/or majority-minority census tracts, including one in each of Miami and Fort Lauderdale, Florida, and to relocate LMI branches to remain in LMI census tracts in the states of Maryland (Frederick), North Carolina (Asheville) and Florida (4 LMI branches).

    - SunTrust has developed innovative strategies to reach LMI geographies and populations with retail financial services. SunTrust has designed and manufactured two mobile branches that are fully equipped with all required capabilities to provide a full-service branch. These "SunTruck" branches are in the process of being deployed in low-income locations that currently are not able to support a permanent branch location. The SunTruck branches will alternate between two locations within the Miami metropolitan area and the Raleigh-Durham metropolitan area that are underserved, providing full branch services on a reliable schedule. SunTrust has applied for a branch charter for each of these deployments, which are expected in 2019.

    - SunTrust has contracted with several major national mobile phone carriers to enable clients to access SunTrust's mobile banking digital services without incurring data charges. This innovative service ensures that low-income clients who may have exceeded data plan availability are nonetheless provided access to digital banking services.

Since the 2016 SB Evaluation, for the three years 2016 through 2018, SunTrust Bank estimates it has made: (a) 74,110 HMDA loans, totaling approximately $10.1 billion, to LMI borrowers; (b) 54,564 HMDA loans totaling approximately $11.35 billion in LMI census tracts; (c) 125,447 small business loans with a loan amount less than $100,000, totaling approximately $1.1 billion; (d) 38,173 small business loans in LMI census tracts, totaling approximately $1.4 billion; (e) 759 community development loans, totaling approximately $9.6 billion; (f) 576 qualified community development equity or securities investments, totaling approximately $1.6 billion; and (g) 2,192 qualified nonprofit grants, totaling approximately $24.5 million.[63]

Community Development Lending and Investments Since the 2016 SB Evaluation. SunTrust continues to provide significant community development loans and investments through its commercial real estate and other lending activities, including through its affiliate SunTrust Community Capital ("STCC"), which provides innovative debt and equity financing solutions creating transformative community change. Notable examples of community development loans from the past three years include:

2016

- $150 million loan provided to a national athletic equipment manufacturer and distributor, which will revitalize and stabilize an LMI geography—Baltimore's Tide Point Enterprise Zone. Once complete, the 600,000 square foot expansion will provide new office and retail space as well as create 617 new jobs (Baltimore Development Corp). SunTrust is currently contemplating a Foundation grant to support a Junior Achievement center on the site.

- $85 million loan made to a major league sports team, which revitalized and stabilized an LMI geography—the Cumberland Community Improvement District (CID) in the Atlanta metropolitan area. The completion of the sports stadium provided more than 4,000 jobs needed to operate the venue. Additionally, the Cobb County Police Department (CCPD) created 40 new positions in order to direct and manage the increased traffic to the stadium.

- $10.7 million loan provided to a residential developer of affordable housing. Proceeds were used to construct a 138-unit LIHTC family apartment community in a low-income census tract in Athens, Georgia.

- $25.7 million loan provided to a special-purpose limited liability company, which revitalized and stabilized an LMI geography—Fort McPherson, which is a closed Army base four miles south of downtown Atlanta.

[63] Year-end 2018 totals remain in final validation prior to regulatory filing, but are not expected to experience material change.

- Participation in a $13 million expansion for a nonprofit food bank in the Charlotte, North Carolina area, which serves over 1.8 million people a year in a one-county service area. SunTrust Bank, through wholly owned subsidiaries, invested $2.98 million of equity through a third-party community development entity ("CDE") and provided another $4 million of NMTC allocation. SunTrust Bank's commercial lending provided more than $2 million in debt financing to the project.

- Participation in a $25 million expansion for a rural safety equipment manufacturer, which created additional jobs in a low-income community of the metropolitan area of Charleston, South Carolina. SunTrust Bank, through a wholly owned subsidiary, invested $6.96 million of equity through two third-party CDEs. The SunTrust Bank commercial lending team in Charleston also provided another $13.5 million in debt financing.

2017

- $7 million construction loan to a low-income housing developer for the construction of affordable rental housing in Morristown, Tennessee. The loan is a LIHTC transaction.

- $60 million loan made to a nonprofit developer, which revitalized and stabilized an LMI geography in metropolitan Atlanta. SunTrust Bank used NMTC equity and debt financing for the project in a planned area, which created approximately 3,000 jobs in Atlanta. The project restored 1.1 million square feet of a historic Sears, Roebuck & Company department store building and includes retail, restaurants, office space and 259 residential units.

- $73.6 million loan to a limited liability company to finance the development and construction of a five story, mixed-use project in Northeast Washington, D.C., which has a community development purpose of providing revitalization and stabilization of an LMI geography.

- Participation in a $36 million renovation/upgrade a healthcare facility, which serves over 50,000 patients per year in Atlanta, most of whom are low-income persons. SunTrust Bank, through wholly owned subsidiaries, invested $6.7 million of equity through two third-party CDEs, and provided another $2 million of NMTC allocation. SunTrust also provided a $13.2 million short-term bridge loan.

- Participation in a $23 million renovation of a downtown Atlanta office building to be the new home of a high school serving low-income children, permitting the school to relocate and increase its enrollment to as many as 600 students. SunTrust, through wholly owned subsidiaries, invested $6.3 million of equity through two third-party CDEs and provided another $4 million of NMTC allocation. SunTrust also provided a $9 million short-term bridge loan.

2018

- $160 million loan to an aviation authority in the greater Orlando area, which helped to revitalize and stabilize the Orlando MSA. Proceeds were used to finance ground transportation projects which include: expansion of the garage, pedestrian bridge, energy plant, rental car facility (cleaning, fueling and staging cars) and rental car storage lot.

- $21.2 million construction loan to build a 133-unit housing complex in Jacksonville's downtown Urban Core and LaVilla revitalization district, which has a community development purpose of providing affordable housing and which is a LIHTC transaction closed by SunTrust Community Capital.

- Participation in the construction of a new $41 million recreation center and school located in southeast Raleigh, North Carolina. SunTrust Bank, through wholly owned subsidiaries, is investing $4.97 million of equity through a third-party CDE, and providing another $6 million of NMTC allocation. The SunTrust Bank commercial lending team also provided a $20 million construction loan.

- $7.995 million investment to be used for the construction of a new K-8 charter school operated by a metropolitan-sponsored special-purpose entity in Nashville that will provide 800 quality education slots in a low-income community. SunTrust, through wholly owned subsidiaries, is investing through two third party CDEs and providing another $4 million of NMTC allocation.

In addition, SunTrust Bank has made significant community development investments since the 2016 SB Evaluation, enabling local communities to benefit from specialized tax credit financings of projects that bring jobs, high-quality affordable housing and community services to low-income geographies. In addition to the equity investments described in the community lending section, notable examples of community development investments include:

2016

- $25 million investment in an Atlanta affordable housing preservation fund, which allocated credits from the investment into targeted areas approved by SunTrust

- $15.4 million investment in a limited partnership that provides affordable housing benefiting LMI individuals. Funding enabled new construction of a 94-unit multifamily, senior (ages 55+) affordable housing facility located in Stone Mountain, DeKalb County, Georgia. The developer is a fully integrated development, construction and investment company focused on multifamily development, primarily LIHTC projects.

2017

- $25.3 million investment in National Equity Fund, the loans from which provide affordable housing benefiting LMI individuals. This investment is for new construction of a family facility consisting of four buildings with 150 total units located in Miami, Florida. National Equity Fund is a national syndicator of LIHTC tax credits.

- $22.8 million investment in a limited partnership that provides affordable housing benefiting LMI individuals. This is a LIHTC investment for new construction of a senior facility in Orlando, consisting of 13 buildings with a total of 200 units and special set asides for disabled individuals.

- $20.8 million investment in a limited liability company that provides affordable housing benefiting LMI individuals. This is a LIHTC investment for a new family facility consisting of three buildings with 120 total units located in Orlando. These units are pre-qualified for low-income residents and are priced below market rate.

2018

- $15.9 million investment in special-purpose entity that provides affordable housing benefiting LMI individuals. This investment is for new construction of a single family facility with 150 total units located in Jacksonville, Florida. Special set asides includes seven units accommodating special needs individuals.

Community Development Grants/Contributions Since the 2016 SB Evaluation. Since the 2016 SB evaluation period (following 2015), SunTrust Bank has provided significant contributions and grants to nonprofit entities delivering affordable housing, community services, economic development and revitalization and stabilization to LMI customers and communities, both through the bank's own contributions and in its role as the sole contributor to the SunTrust Foundation, a tax exempt foundation. Representative grant and contribution activity includes:

- Through SunTrust's Home for Heroes program, SunTrust Bank has donated more than $2.5 million in residential property to former service members disabled while on active combat duty. Working with the Military Warriors Support Foundation ("MWSF"), SunTrust Bank donates repossessed single-family homes, with SunTrust teammates donating time and materials for home improvement to enable the disabled veteran and family to obtain a high-quality home in a good neighborhood. The MWSF provides three years of financial counseling, job training and support to assist the veteran in this transition. In 2016, SunTrust Bank donated a home in Fredericksburg, Virginia, and in 2017, it donated homes in Raleigh, North Carolina, Richmond, Virginia, and Locust Grove, Georgia.

- In 2016, SunTrust donated $1.7 million through the SunTrust Foundation to launch Junior Achievement ("JA") Finance Park in Tampa, Florida, a financial literacy and career readiness center. The park educates more than 15,000 middle school students per year in the Tampa area, many from Title I low-income schools. In 2018, SunTrust donated $750,000 through the Foundation to support a JA Finance Park in Nashville serving the Middle Tennessee community. SunTrust employees serve Title I schoolchildren as volunteer instructors for JA at numerous locations throughout the bank's footprint.

- SunTrust donated $2 million in 2016 through the SunTrust Foundation to Georgia State University to create a student financial management center to study ways to enable financially challenged students to overcome obstacles to earning a college degree.

- Through a multi-year $10 million grant from SunTrust to NeighborWorks America ("NeighborWorks"), SunTrust in 2016 funded 50 scholarships for employees of non-profit housing counseling and community development non-profits to attend Neighborhood Training Institutes in Atlanta and Nashville. In addition, the multi-year grant funded NeighborWorks delivery of inclusive lending training to more than 60 SunTrust mortgage loan officers, and financial capability grants to a dozen homeownership counseling centers.

- SunTrust donated $200,000 in 2016 through the SunTrust Foundation to Virginia Union University, a Historically Black College in Richmond, Virginia, to establish a financial literacy program for students, parents and residents in the Richmond area.

- SunTrust donated more than $1 million to a group of non-profit grantees focusing on promoting homeownership for LMI customers and communities served through SunTrust's mortgage business. The annual grants range between $10,000 and $50,000 and include organizations such as LISC (Washington, D.C. and Richmond); Neighborhood Housing Services (South Florida and Baltimore); Charlotte Mecklenburg Housing Partnership, North Carolina; and the UpCenter in Norfolk, Virginia. Grants exceeded an aggregate of $400,000 in each of 2017 and 2018.

- SunTrust also continued its support of real-estate lending trade associations focused on LMI customers serving specific entities, including providing grant contributions to the National Association of Hispanic Real Estate Profession, the Asian Real Estate Association of America, the National Association of Real Estate Brokers and the National Association of Gay and Lesbian Real Estate Professionals.

- SunTrust continued its support of the NCRC, supporting its annual meeting through a $40,000 contribution in each of 2016, 2017 and 2018.

- SunTrust continued its support of Operation Hope, providing more than $3 million from 2016 through 2018 in corporate and Foundation grant funding to support Operation Hope's digital small business technology platform and expanding its "Hope Inside" program – an innovative model providing for a non-profit counselor to be available inside SunTrust branches to provide counseling for LMI customers. SunTrust has committed an additional $2.5 million in total funding for 2019.

- SunTrust in 2018 provided a $250,000 grant through the Foundation for the National Foundation for Credit Counseling ("NFCC") to build NFCC member agency capacity to provide bilingual and culturally sensitive financial counseling and education for Hispanic/Latino consumers in Florida, Georgia, North Carolina and the Houston, Texas metropolitan area.

- SunTrust in 2018 provided a $1.2 million grant through the Foundation to LIFT Orlando to establish a financial education center at the purpose-built Communities of West Lake. The multi-year grant will provide through Goodwill Industries of Central Florida two full-time financial counselors offering age-appropriate financial education and financial counseling services such as budgeting, saving, credit repair and homeownership, as well as employment services, to the low-income residents of the community.

- SunTrust in 2018 provided a $1 million grant through the Foundation to Boys and Girls Clubs of America to equip Clubs with the tools, resources and competencies necessary to enhance and sustain workforce effectiveness programs at their Clubs, which employ low-income residents in their geographies.

- SunTrust in 2018 provided a $950,000 grant through the Foundation to NCGrowth, an affiliated center of the Frank Hawkins Kenan Institute of Private Enterprise, to help create new jobs and scalable entrepreneurialism for transformative economic development in Elizabeth City, North Carolina; North Charleston, South Carolina and the Piedmont Triad region, North Carolina.

- SunTrust in 2018 provided a $118,000 grant through the Foundation to Chapman Partnership in Miami, Florida, to fund a workforce orientation and job readiness training program to help homeless job seekers obtain employment.

- SunTrust continues to be a leading corporate participant in United Way corporate giving campaigns, with SunTrust teammates contributing more than $6 million annually. United Way distributes its grants throughout the geographies SunTrust serves to promote financial literacy, and employment and health improvements for LMI communities.

- SunTrust continued to provide assistance to victims of natural disasters, including providing $300,000 in grants in the wake of both Hurricane Florence and Hurricane Michael. Each grant provided $150,000 to the American Red Cross and another $150,000 to local non-profits assisting individuals and families displaced or impacted by the disaster. SunTrust employees provided volunteer services, caravanning water and other supplies to affected areas. SunTrust deployed its mobile branch to impacted areas, including Wilmington, North Carolina. SunTrust also provided consumer relief, suspending ATM and other banking fees in impacted areas and providing extraordinary loan forbearance and repayment terms for mortgage and consumer loan customers impacted by the events.

Community Development Services Since the 2016 SB Evaluation. As noted above, since the period reviewed in the 2016 SB Evaluation, SunTrust has made significant strides in the provision of Services qualifying under the CRA, continuing to maintain branch network parity with the underlying LMI household distribution through opening *de novo* branches in LMI geographies and introducing innovative mobile branching pilots, and roughly doubling the number of qualifying volunteer community development service hours donated annually by SunTrust teammates.

In addition, SunTrust Bank's employees provided an increasing number of qualified community development volunteer services in recent years. SunTrust has been giving back to communities in ways that support financial education and well-being for more than a century, and SunTrust Bank continues to build on that commitment. For SunTrust, its purpose has included guiding, advising, and leading people along their road to financial security and wellness, and was the motivation for community development service commitments and community engagements. SunTrust met needs primarily by providing services that utilized bank employees' technical and financial expertise. Most of the community development services provided by SunTrust Bank employees focused on affordable housing, financial education, professional development, and other community services that aided LMI geographies and individuals. Qualified development services provided by SunTrust employees included approximately 143,000 CRA volunteer hours from 2016 through 2018. Notable examples with top national partners include:

- 45,788 qualified community service hours by SunTrust employees in support of Junior Achievement programs and services. Junior Achievement aims to inspire and prepare young people to succeed in a global economy, focusing on high impact programs that drive long-term outcomes in areas of financial literacy, career readiness and fostering the entrepreneurial spirit.

- 13,411 qualified community service hours by SunTrust employees in support of United Way programs and services. United Way is helping to lead a community effort during the next five years that will create both stronger and more holistic support systems in the priority areas of education, income, health and homelessness.

- 3,011 qualified community service hours by SunTrust employees to the Boys & Girls Clubs in support of their programs and services. For more than 70 years, Boys & Girls Clubs has been in the forefront of youth development, working with young people from disadvantaged economic, social and family circumstances.

In addition, SunTrust continues to provide innovative financial education services through its "OnUp" financial education and commitment program, reaching more than 4 million participants through on-line tools designed to increase financial confidence and well-being, as well as its MomentumOnUp program, a proprietary multi-modal financial education course that SunTrust offers to its corporate customers to provide a financial well-being employee benefit. The program has provided thousands of employees with a comprehensive, eight-part program including budgeting, financial planning and training assistance. SunTrust provides the MomentumOnUp program free of charge to its own employees, who are eligible to earn $1,000 in incentive payments upon successful completion.

Diversity and Inclusion

BB&T and SunTrust are mutually committed to promoting an inclusive culture that respects and encourages diversity in the broadest sense of the term. This commitment goes well beyond the fundamental requirement that is at the core of both institutions of providing working conditions that ensure fair treatment and respect for everyone, without regard to race, color, religion, national origin, age, sex, sexual orientation, gender identity or expression, genetic information, veteran status, disability, bankruptcy or any other legally protected status. Rather, the two companies' shared values treat the principle of diversity and inclusion as a strategic business imperative that creates better business results, more productive employees and an exciting environment of opportunity for the consumers and businesses they seek to support and the communities they serve.

The commitment to diversity and inclusion begins at the top of each organization, reflected in the composition of the two boards of directors and executive teams, and comes to life through proactive human resources and employee programs and deliberate external business commitments and relationships.

Each company has a broad set of diversity and inclusion initiatives and programs. Upon consummation of the Proposed Transaction, the combined board and management teams will be committed to identifying and adopting the best practices that each company brings to the combined organization, and becoming recognized as the industry leader in making inclusive talent management, diverse supplier management and multi-cultural community engagement practices central to the identity and actions of the combined company.

BB&T

- **Recognition**. BB&T has been recognized as one of the "Best Places to Work for LGBT Equality" by the Human Rights Campaign by scoring 100 out of 100 on the Corporate Equality Index in both 2017 and 2018, a "Winning Company" by 2020 Women on Boards for its board diversity, a "Corporate Champion" by the Women's Forum of New York and a "Top 125 Organization for Excellent Training" by Training Magazine for 18 consecutive years for its training programs, which include diversity training classes.

- **Sharing Business Opportunities**. The vision of the BB&T Supplier Diversity Program is to be the "Best of the Best," perpetuating and enhancing BB&T core values through leadership in supplier diversity. BB&T provides opportunities for certified diverse suppliers to participate in the supplier selection process, tracking and monitoring spending among our diverse supplier base, and supporting the community through participation in diverse supplier events at the local, regional and national levels. The BB&T Supplier Diversity Program recognizes a broad range of minority- and women-owned suppliers, as well as small and disadvantaged business entities. In 2018, 45 diverse suppliers, including 23 BB&T customers, attended BB&T's Supplier Diversity Forum held at BB&T's Leadership Institute in Greensboro, North Carolina. BB&T's diverse supplier spending was $173 million in 2018.

- **Training/External Commitments.** BB&T is fairly unique in owning a leadership development consulting firm, the BB&T Leadership Institute. In addition to providing leadership development programs for its own leaders, the BB&T Leadership Institute offers leadership development programs for corporate clients, educators (school system principals) and student leaders (college students), with the latter two programs being offered completely free-of-charge. In this way, BB&T is able to give back to the communities it serves. The Education Leadership Programs are active in North Carolina, South Carolina, Kentucky and Virginia. The Student Leadership Programs are active on more than 60 college campuses, including a number of HBCUs. The BB&T Leadership Institute also oversees BB&T's Financial Foundations program which offers financial literacy training to high school students throughout BB&T's banking footprint. The goal for the 2018-2019 school year is to cover 1,480 schools and reach 148,000 high school students. BB&T spends more than $2 million per year on this program alone. In addition, BB&T offers internal diversity training to all employees. BB&T's "Valuing Diversity" class was completed by more than 24,000 associates, and the "Leading Diversity" class was completed by more than 700 leaders. Among others, the class topics include "Bias and Unconscious Bias," "Johari Window," "Stereotypes" and "Micro-messaging."

- **Leading by Example.** All 13 members of BB&T's executive management team participate in the Executive Diversity & Inclusion Council. This Council is chaired by BB&T's Senior Executive Vice President and General Counsel. In addition, each of the company's seven Business Resource Groups is sponsored by a member of BB&T's executive team.

- **Keeping Focus.** "Diversity Central" is BB&T's internal website that provides a visual statement to employees of how important diversity is to its business success. This website illustrates how integrating principles of diversity, equality and inclusion foster a more inclusive work environment. Diversity Central includes a veterans' tribute wall, reading recommendations, images of underrepresented diverse groups in leadership roles, celebrations of diverse heritages and articles leveraged to increase cultural competence. Through this site, BB&T recognizes the National Heritage months such as African American (February), Women (March), Asian Pacific Islander (May), PRIDE Month (June), Hispanic (September), Disabled Persons (October), Native American (November), and Veterans (November).

- **Broad Commitment.** Business Resource Groups ("BRGs") are one of the many ways BB&T encourages collaboration and cooperation so our associates can learn, grow and be fulfilled. BB&T has seven BRGs of diverse employee volunteers who are focused on increasing engagement with specific segments of BB&T's workforce and client base (African-Americans; Asian Pacific Islanders; Disabled Persons; Hispanics; Lesbian, Gay, Bisexual, Transgender Associates and Allies ("LGBTA"); Military and Veterans; and Women). These groups represent an overwhelming majority of BB&T's workforce and client base and serve as communication and cultural conduits between management, associates and external stakeholders. They work together to support the organization's vision, mission and business objectives, as they relate to specific diversity demographics and characteristics. In addition, Diversity and Inclusion Business Councils are sponsored by various lines of business within BB&T, and their members are employee volunteers who advise and influence management on achieving business goals through diversity and inclusion. BB&T operates more than 600 Multicultural Banking Centers throughout its Community Banking footprint, with highly trained and culturally conversant teams.

- **Senior Leadership.** BB&T's executive management team includes among its 13 members two women and one person of color, including the Chief Information Officer, the Treasurer and the Chief Digital and Client Experience Officer. BB&T's Chief Diversity Officer is an African-American woman who serves as Vice Chair of BB&T's Executive Diversity & Inclusion Council, which includes all 13 members of BB&T's executive management team. BB&T's Chief Diversity Officer drives all corporate strategy and programs supporting diversity and inclusion. BB&T's 15-member Board of Directors includes five women (33%), and approximately 47% of the Board is represented by directors with diverse backgrounds.

SunTrust

- **Recognition.** SunTrust's diversity and inclusion efforts have garnered significant recognition for the company and individuals, including "Best of the Best Corporations for Inclusion," from the National Gay & Lesbian Chamber of Commerce, "Best of the Best Financial & Banking Companies," from Hispanic Network Magazine, Corporation of the Year from the U.S. Pan Asian Chamber of Commerce, Top Corporation of the Year from the Women's Business Council and numerous individual awards recognizing the Chief Inclusion Officer's work at SunTrust. In addition, in employee surveys, the view that, "SunTrust has an inclusive culture," is among industry-leading results.

- **Sharing Business Opportunities.** SunTrust is a leader in using its third-party contracting process to promote minority- and women-owned businesses. SunTrust maintains a Supplier Diversity Program with a full-time officer dedicated to supplier diversity. Working with national and local diverse supplier advocacy organizations (*e.g.*, National Minority Supplier Development Council), SunTrust conducts outreach to the networks of certified and/or qualified diverse suppliers for procurement, revenue generation, community development and reputational enhancement opportunities. In the past two years, SunTrust's diverse business spend averaged more than $200 million a year. SunTrust has been recognized as "Corporation of the Year and Crystal Award" winner by the Georgia Minority Supplier Development Council's Spirit of Alliance Awards.

- **Leading by Example.** SunTrust is a signatory to the "CEO Action for Diversity & Inclusion" initiative led by PwC, the largest CEO-driven initiative for inclusion and diversity in the workplace. As part of Bill Rogers' commitment to the initiative, SunTrust participated in a "Day of Understanding" in December 2018. More than 4,000 SunTrust teammates gathered across six locations to engage in two-hour sessions with thoughtful dialogue on inclusion and diversity. In addition, all members of SunTrust's Executive Council serve as Executive Sponsors on SunTrust's diversity and inclusion teammate networks.

- **Keeping Focus.** SunTrust has driven a series of training opportunities for leaders to gain better understanding of how to create a truly inclusive workplace. For example, SunTrust sponsored 87 "Unconscious Bias" workshops in 2018 alone, in which nearly 3,000 teammates, including 1,600 managers of people, participated in exercises revealing how well-intentioned leaders can nonetheless engage in unconscious bias inhibiting the performance of diverse teammates. These training workshops sponsored by SunTrust's inclusion office are in addition to the required compliance training that 100% of SunTrust managers complete on an annual basis, entitled "Foundations of Management: All Things Equal," and the annual training that all employees complete concerning SunTrust's Code of Conduct and Fair and Responsible Banking. SunTrust also maintains an "Inclusion at SunTrust" website available to all employees that provides information on employee networks, training, volunteer opportunities and other information.

- **Broad Commitment.** Eight "Teammate Inclusion Networks" operate across the bank's footprint, with both an enterprise-wide leadership team and local teams organized in geographies where SunTrust maintains larger groups of teammates (*e.g.*, Atlanta, Richmond, Orlando, Miami, Washington, D.C.). More than 3,900 employees participate in these eight networks: African-American; Asian American; generations (serving interests of emerging and tenured employees); Hispanic/Latino; LGBTA; people with disabilities; veterans and women. The networks provide opportunities for employees to affiliate around specific interests, engage in professional development programming, participate in community service projects targeted to specific interest (*e.g.*, tax preparation services for Spanish-speaking community members), and advocate for specific changes in SunTrust's work environment and benefits.

- **Senior Leadership.** SunTrust's executive management team includes among its nine members four women, including the Chief Financial Officer, the Chief Risk Officer, the General Counsel and the Chief Human Resources Executive and one individual of Hispanic descent; SunTrust's Chief Inclusion Officer, is an African-American woman with extensive financial services experience, who reports directly to the Chief Human Resources Executive and is responsible with her team for providing program strategy, support and insight to companywide diversity and inclusion programming and initiatives. SunTrust's 10-member Board of Directors includes two African-American directors, one director of Hispanic heritage and two women.

Convenience and Needs of the Proposed Transaction

This "merger of equals" will bring together two banking organizations with strong customer-oriented and ethical cultures, highly compatible business models and robust risk management systems. The Proposed Transaction will combine two banking organizations with strong foundations to create a premier financial institution and bring significant benefits to the customers of BB&T and SunTrust and to the communities they serve. Both BB&T and SunTrust prioritize customer service, community reinvestment and active community involvement, as demonstrated in the *Commitment to CRA* section above. As noted, the combined bank will continue the excellent level of community reinvestment by both Branch Bank and SunTrust Bank, including home mortgage lending, small business lending and community development lending, investment and services, taking into account the increased size and footprint of the combined bank.

BB&T and SunTrust are holding a series of meetings with community organizations in multiple cities in their footprint to gather input for the preparation of a community development plan that they will announce after the Application is filed. The first of these meetings was held on March 4, 2019, in Winston-Salem, with more than 30 participants representing nearly 20 community organizations. The other meetings will be held during March and April in Florida, Georgia, Maryland, Pennsylvania and Virginia.

In addition, to minimize any economic impact to Winston-Salem or Atlanta from the relocation of the headquarters office of the combined company and the main office of the combined bank to Charlotte, the combined company will maintain its consumer and community banking center in Winston-Salem and its wholesale banking center in Atlanta. This commitment to Winston-Salem and Atlanta is reinforced by the companies' agreement to increase the levels of philanthropic and community investment in both communities relative to their levels, in the aggregate, before consummation of the Proposed Transaction.

While both BB&T and SunTrust are individually strong companies dedicated to serving their customers' evolving needs through technological innovation, the Proposed Transaction will enable the combined company to deliver more transformational digital innovation to customers. Currently, each of BB&T and SunTrust offer a highly ranked mobile banking app. BB&T also has implemented a new commercial loan system with enhanced portfolio management tools, a financial insights tool for commercial customers and a new data center to enhance protection of customer information. SunTrust also offers a leading digital consumer lending platform, a fully digital home mortgage application process, a cloud-based loan origination platform for its Wholesale segment and a digital portal for private wealth management customers.

The Proposed Transaction will enable them as a combined company to:

- Leverage the increased scale to create capacity for further investment in innovation and technology to better compete with the largest banking organizations;

- Develop a new Innovation and Technology Center (in Charlotte) to drive digital transformation and focus on creating an industry-leading customer-centric digital experience;

- Transform technology platforms to lower costs and support more technology-enabled businesses;

- Gain incremental efficiencies through intelligent automation to provide faster, fuller scope and more secure means of conducting business; and

- Increase investments in cybersecurity and business resiliency to fortify defenses and further reduce operational risks.

In addition, consummation of the Proposed Transaction will benefit the legacy customers of SunTrust and BB&T by providing them with more extensive branch and ATM branch networks. Branch Bank has bank branches in counties of Alabama, Florida, Georgia, Indiana, Kentucky, Maryland, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Virginia and West Virginia in which SunTrust Bank currently does not operate. SunTrust Bank operates in counties of Alabama, Arkansas, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee and Virginia in which Branch Bank does not operate.

At this time, the combined company does not intend to discontinue the products and services that either BB&T or SunTrust currently offers. Legacy BB&T and Branch Bank customers will gain access to SunTrust Bank's: digital consumer lending platform (LightStream®), which provides unsecured, consumer installment loans for debt consolidation, unsecured auto lending, home improvement and elective medical financing purposes; expanded FHA-guaranteed home mortgage lending activity; broader financing alternatives for affordable housing and commercial developments to revitalize targeted areas and provide for job creation for LMI communities; broader corporate and investment banking activities; and a broader range of medical practice-related lending solutions. Legacy SunTrust and SunTrust Bank customers will gain access to BB&T's more active small business lending and commercial real estate lending to smaller sized business; municipal advisory services; broader consumer and small business equipment financing opportunities; asset management services; wider scope of personal and commercial insurance agency products and services; and insurance premium financing and insurance advisory services. Corporate customers of legacy SunTrust Bank and legacy Branch Bank also will benefit from the combined bank's larger lending limit for individual corporate borrowers, which will attract a wider scope of commercial customers.

In addition, employees of the combined company will benefit from: (1) BB&T's Leadership Institute, which provides leadership programs internally to employees and externally to students, corporations, public school educators and principals, and others; (2) BB&T's @ Work Program, which offers participating employees financial education and specific money market, savings and checking products; and (3) SunTrust's MomentumOnUp employer-based financial education program, a proprietary financial well-being program that provides financial education, as well as other educational opportunities for employees, significantly benefits employees and promotes financial success.

The Proposed Transaction also will enhance the financial, managerial and future prospects and opportunities of BB&T and SunTrust, as a combined organization, including for the following reasons:

- The combined company and bank will take advantage of its enhanced scale and resources to select the leading systems and processes and make significant technological investments to further provide innovative customer-facing digital opportunities and create a sustainable competitive position in an increasingly digital-driven world. The increased technological investment also will enhance the combined company's and bank's cyber protections and information technology resiliency.

- The combined company and bank will preserve and maintain the strong customer-centric cultures of both BB&T and SunTrust to deliver superior customer service and preserve the community bank model to maintain close ties to the communities currently served by the two organizations.

- With its stronger financial and leadership positions, the combined company and bank also will deliver a collective set of training, leadership and development programs to attract and retain the industry's top talent across its operations, providing expanded career opportunities.

- The enhanced risk management programs at the combined company and bank will further protect customers, the combined organization and financial system.

- The increased financial strength of the combined company and bank will enable them to achieve industry-leading financial and operating metrics and generate the strongest internal rate of return among peers.

- The combined company and bank will leverage BB&T's and SunTrust's complementary businesses to generate additional revenue opportunities, particularly through BB&T's community banking and insurance operations and SunTrust's middle-market corporate, broader capital markets and investment banking capabilities and digital consumer lending platform.

- The combined company and bank will maintain a very low-risk profile, benefitting from increased diversification in business lines, customers and geographies.

Conclusion

The Proposed Transaction will bring together two banking organizations with highly compatible cultures, business models, risk management systems and dedication to customer service, resulting in a stronger bank holding company that is better able to serve the needs and interests of the combined organization's customers, communities and other constituents. All of the statutory factors that the Federal Reserve must consider in acting on the Application are consistent with approval. BB&T and SunTrust have ample financial and managerial resources to successfully consummate the Proposed Transaction and combine their operations in a safe and sound manner. Both bank holding companies and their respective subsidiary banks are well-capitalized and the combined company and bank will remain so upon consummation of the Proposed Transaction.

The combined company will have the necessary risk management systems, managerial resources and extensive experience to successfully integrate the two organizations. Both BB&T and SunTrust, and their respective subsidiary banks, have robust risk management programs, including for BSA/AML/OFAC and consumer compliance. During the integration planning process, BB&T and SunTrust will work together to select the best practices and systems of their different risk management programs to integrate and implement at the combined company. Further, the Proposed Transaction will enable the combined company and bank to increase investment in innovative customer-facing digital opportunities, cybersecurity enhancements and other technological advances for the security and resiliency of their information technology platforms.

In addition, the Proposed Transaction will not adversely impact competition, either nationally or in any banking market. Based on all the facts of record, including the parties' divestiture proposal with respect to a subset of overlapping banking markets, consummation of the Proposed Transaction would not have a substantial adverse effect on competition or the concentration of resources in any banking market under DOJ or Federal Reserve precedent. Moreover, in the banking markets that will include divestitures, the Proposed Transactions will enhance competition through the sale of the divestiture branches to one or more competitively suitable banking organizations.

The Proposed Transaction also will not result in any material risk to the United States banking or financial system. The enhanced scale and financial strength of the combined company will allow accelerated investment in innovation and technology to better serve customers, resulting in a systemically stabilizing impact by enabling the combined company to compete more effectively against the four largest U.S. banks, which are increasingly garnering higher market shares for deposits and other banking services throughout the U.S. Consumers today expect digital services from their banks and are increasingly choosing the largest banks—the banks with the resources to invest in technology and provide such digital services—over small community banks.[64] BB&T and SunTrust have expressly committed in connection with the Proposed Transaction to invest in technology and innovation and will have a meaningfully greater capacity to make such investments as a combined organization than either would on a standalone basis. The combined company will therefore be in a position to more effectively compete with the largest U.S. banks, and, as a result, the Proposed Transaction will have a systemically stabilizing effect.

The continuation of the strong CRA performance records and activities of Branch Bank and SunTrust Bank will benefit the customers and communities served by the combined company and bank. Branch Bank and SunTrust Bank will work together to select the best lending and community development features of their respective CRA programs to implement at the combined bank. Customers of both Branch Bank and SunTrust Bank also will benefit from the combined bank's larger branch and ATM networks, including in areas and states where their networks do not overlap and broader product and service offerings. Finally, the two companies' shared values treat the principle of diversity and inclusion as a strategic business imperative that creates better business results, more productive employees and an exciting environment of opportunity for the consumers and businesses the companies support and the communities they help build.

For all of the reasons discussed in this Application, the Proposed Transaction should be approved.

[64] *See* Rachel Louise Ensign and Coulter Jones, *The Problem for Small-Town Banks: People Want High-Tech Services*, THE WALL STREET JOURNAL (March 2, 2019).

RESPONSE TO THE FORM FR Y-3 INFORMATION REQUEST ITEMS

<u>Proposed Transaction</u>

1. Describe the transaction's purpose. Identify any changes to the business plan of the Bank/Bank Holding Company to be acquired or the Resultant Institution. Identify any new business lines.

The purpose of the transaction is to combine two highly compatible banking organizations with complementary business models, strong financials and capital ratios, rigorous risk management and dedication to the communities they serve to form a combined company and bank with enhanced ability to serve customers and communities, greater diversification, stronger financial and operating metrics, efficiency and capital generation, as well as greater capacity for investments in technology and investment to meet evolving customer expectations, cybersecurity threats and operating system resiliency. The enterprise risk management programs of the combined company will be enhanced by integrating the best practices from BB&T's and SunTrust's risk management programs.

Please see the discussion in the *Introductory Statement* for additional responsive information.

2. Provide the following with respect to the Bank/Bank Holding Company to be acquired:

a. Total number of shares of each class of stock outstanding;

The authorized capital stock of SunTrust consists of 750,000,000 shares of SunTrust Common Stock and 50,000,000 shares of Preferred Stock, no par value. As of February 5, 2019, there were (i) 442,341,518 shares of SunTrust Common Stock issued and outstanding, including 7,404 shares of SunTrust Common Stock granted in respect of outstanding SunTrust Restricted Stock Awards; (ii) 110,442,218 shares of SunTrust Common Stock held in treasury; (iii) 855,001 shares of SunTrust Common Stock reserved for issuance upon the exercise of outstanding SunTrust Stock Options; (iv) 844,433 shares of SunTrust Common Stock subject to outstanding SunTrust Phantom Stock Awards; (v) 4,749,661 shares of SunTrust Common Stock reserved for issuance upon the settlement of outstanding SunTrust RSU Awards; (vi) 1,221,976 shares of SunTrust Common Stock reserved for issuance upon the settlement of outstanding SunTrust PSU Awards (assuming performance goals are satisfied at the target level) or 1,710,766 shares of SunTrust Common Stock reserved for issuance upon the settlement of outstanding SunTrust PSU Awards (assuming performance goals are satisfied at the maximum level); and (vii) (A) 1,725 shares of SunTrust Series A Preferred Stock, no par value, issued and outstanding, (B) 1,025 shares of SunTrust Series B Preferred Stock, no par value, issued and outstanding, (C) 5,000 shares of SunTrust Series F Preferred Stock, no par value, issued and outstanding, (D) 7,500 shares of SunTrust Series G Preferred Stock, no par value, issued and outstanding and (E) 5,000 shares of SunTrust Series H Preferred Stock, no par value, issued and outstanding. As of February 5, 2019, there are no shares of capital stock or other voting securities or equity interests of SunTrust issued, reserved for issuance or outstanding, except as set forth above. All of the issued and outstanding shares of SunTrust Common Stock and SunTrust Preferred Stock have been duly authorized and validly issued and are fully paid, non-assessable and free of preemptive rights, with no personal liability attaching to the ownership thereof.

b. Number of shares of each class now owned or under option by the applicant, by subsidiaries of the applicant, by principals of the applicant,[65] **by trustees for the benefit of the applicant, its subsidiaries, shareholders, and employees as a class, or by an escrow arrangement instituted by the applicant;**

To the best of BB&T's knowledge, none of BB&T, its subsidiaries or principals, or any trustee for the benefit of any of the foregoing or employees of BB&T or its subsidiaries (as a class), own or hold an option to acquire any shares of SunTrust, except for a *de minimis* amount of shares held by a family member of one director (24 shares) and a family member of a second director (250 shares). Similarly, to the best of SunTrust's knowledge, none of SunTrust, its subsidiaries or principals, or any trustee for the benefit of any of the forgoing or employees of SunTrust or its subsidiaries (as a class), own or hold an option to acquire any shares of BB&T, except for a *de minimis* amount of shares held by a trust controlled by a director or his spouse (2,600 shares) and a spouse of a senior executive officer (1,500 shares).

c. Number of shares of each class to be acquired by cash purchase; the amount to be paid, per share and in total; and the source of funds to be applied to the purchase;

Not applicable. As discussed in the *Introductory Statement--Terms of the Transaction*, the Proposed Transaction is structured as a share exchange. The only cash payment will be in lieu of any fractional shares.

d. Number of shares of each class to be acquired by exchange of stock, the exchange ratio, and the number and description of each class of the applicant's shares to be exchanged; and

As discussed in the *Introductory Statement--Terms of the Transaction,* the Exchange Ratio will result in each outstanding share of SunTrust Common Stock being converted into the right to receive 1.295 shares of BB&T Common Stock.

Each outstanding share of SunTrust Preferred Stock will be converted into the right to receive one share of an applicable newly issued series of BB&T Preferred Stock. Specifically, (i) each share of SunTrust Series A Preferred Stock will be automatically

[65] The term "principal" as used herein means any individual, corporation, or other entity that (1) owns, or controls, directly or indirectly, individually or as a member of a group acting in concert, 10% or more of any class of voting securities or other voting equity interest of the entity; (2) is a director, trustee, partner, or executive officer; or (3) with or without ownership interest, participates, or has the authority to participate in major policy-making functions, whether or not the individual has an official title or is serving without compensation. If the applicant believes that any such individual should not be regarded as a principal, the applicant should so indicate and give reasons for such opinion.

converted into the right to receive a share of a newly created series of preferred stock of BB&T, par value $5.00 per share (all shares of such newly created series, collectively, the "BB&T Series I Preferred Stock"), (ii) each share of SunTrust Series B Preferred Stock will be automatically converted into the right to receive a share of a newly created series of preferred stock of BB&T, par value $5.00 per share (all shares of such newly created series, collectively, the "BB&T Series J Preferred Stock"), (iii) each share of SunTrust Series F Preferred Stock will be automatically converted into the right to receive a share of a newly created series of preferred stock of BB&T, par value $5.00 per share (all shares of such newly created series, collectively, the "BB&T Series K Preferred Stock"), (iv) each share of SunTrust Series G Preferred Stock will be automatically converted into the right to receive a share of a newly created series of preferred stock of BB&T, par value $5.00 per share (all shares of such newly created series, collectively, the "BB&T Series L Preferred Stock") and (v) each share of SunTrust Series H Preferred Stock will be automatically converted into the right to receive a share of a newly created series of preferred stock of BB&T, par value $5.00 per share (all shares of such newly created series, collectively, the "BB&T Series M Preferred Stock").

Each outstanding SunTrust equity award will be converted into a corresponding equity award with respect to BB&T Common Stock, with the number of shares (and, in the case of stock options, the exercise price) adjusted based on the Exchange Ratio. The converted BB&T equity awards will generally have the same terms and conditions (including vesting and exercisability) as applied to the corresponding SunTrust equity awards, except that the number of shares underlying SunTrust performance stock unit awards will be fixed at the time of the Holdco Merger (based on actual performance through the closing date and target performance for the balance of the applicable performance period) and such awards will continue to vest solely based on continued service following the Holdco Merger.

On consummation of the Proposed Transaction, BB&T will issue approximately 572.8 million shares of BB&T Common Stock to SunTrust shareholders (not including shares of BB&T Common Stock reserved for issuance in respect of converted BB&T equity awards described above), 1,725 shares of BB&T Series I Preferred Stock, 1,025 shares of BB&T Series J Preferred Stock, 5,000 shares of BB&T Series K Preferred Stock, 7,500 shares of BB&T Series L Preferred Stock and 5,000 shares of BB&T Series M Preferred Stock, based on information as of February 5, 2019.

The aggregate value of the Proposed Transaction is approximately $28.2 billion.[66]

e. A copy of the purchase, operating, shareholder, trust or other agreements associated with the proposed transaction. Also, provide the expiration dates of any contractual arrangement between the parties involved in this application and a brief description of any unusual contractual terms, especially those terms not disclosed elsewhere in the application. Note any

[66] This amount is based on a closing price of $48.53 per share of BB&T Common Stock on February 6, 2019.

other circumstances that might affect timing of the proposal. Note any other circumstances that might affect timing of the proposal.

A summary of the principal terms of the Proposed Transaction is provided in the *Introductory Statement—Terms of the Proposed Transaction* above. A copy of the executed Holdco Merger Agreement is provided in Exhibit 1. A copy of the form of Bank Merger Agreement is provided in Exhibit 2. A copy of the certified joint resolutions of BB&T's and Branch Bank's board of directors approving the Proposed Transaction is provided in Exhibit 4, and a copy of the certified joint resolutions of SunTrust's and SunTrust Bank's boards of directors approving the Proposed Transaction is provided in Exhibit 5.

The Holdco Merger Agreement may be terminated by either party if the Holdco Merger has not been consummated by February 7, 2020. However, BB&T and SunTrust are planning to consummate the Proposed Transaction as soon as practicable, in order to minimize the loss of employees and customers that results from a protracted period between announcing and closing a transaction.

3. If the proposed transaction is an acquisition of assets and assumption of liabilities, indicate the total price and the source of funds that the applicant intends to use for the proposed purchase, and discuss the effect of the transaction on the operations of the applicant.

Not applicable. The Proposed Transaction is not an acquisition of assets and assumption of liabilities.

4. If the proposed transaction involves the acquisition of an unaffiliated banking operation or otherwise represents a change in ownership of established banking operations, describe briefly the due diligence review conducted on the target operations by Applicant. Indicate the scope of and resources committed to the review, explain any significant adverse findings, and describe the corrective action(s) to be taken to address those weaknesses.

Please see Confidential Exhibit B for a summary of BB&T's due diligence review.

5. Provide a list of all regulatory approvals and filings required for the proposed transaction and the status of each filing.

Please see the *Introductory Statement—Required Approvals* above.

6. Provide a copy of any findings, orders, approvals, denials or other documentation regarding the proposed transaction issued by any regulatory authority.

Not applicable. There is no such documentation regarding the Proposed Transaction issued by any regulatory authority.

7. For applications filed pursuant to section 3(a)(1) of the BHC Act, if the proposed transaction would result in an organization other than a shell one-bank holding company, submit a pro forma organization chart showing the applicant's percentage of ownership of all banks and companies, both domestic and foreign, in which it directly or indirectly will own or control more than 5 percent of the outstanding voting shares.

Not applicable. This application is filed pursuant to sections 3(a)(3) and 3(a)(5) of the BHC Act.

Financial and Managerial Information

8. a. For an applicant that is not or would not be subject to consolidated capital standards following consummation of the proposed transaction,[67] provide parent company balance sheet as of the end of the most recent quarter, showing separately each principal group of assets, liabilities, and capital accounts; debit and credit adjustments (explained by detailed footnotes) reflecting the proposed transaction; and the resulting pro forma balance sheet. The pro forma balance sheet should reflect the adjustments required under business combination and fair value accounting standards;

Not applicable. BB&T is subject to consolidated capital standards, which will continue to be the case after consummation of the Proposed Transaction.

b. For an applicant that is or would be subject to consolidated capital standards following consummation of the proposed transaction,[68] provide parent company and consolidated balance sheets as of the end of the most recent quarter, showing separately each principal group of assets, liabilities, and capital accounts; debit and credit adjustments (explained by detailed footnotes) reflecting the proposed transaction; and the resulting pro forma balance sheets; and the financial information provided should be prepared in accordance with GAAP, and be in sufficient detail to reflect any:

- Common equity and preferred stock;
- Other qualifying capital;[69]
- Long- and short-term debt;
- Goodwill and all other types of intangible assets; and

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[67] **This type of applicant includes a company or similar organization that on a pro forma basis would be subject to the Board's Small Bank Holding Company Policy Statement.**
[68] **This type of applicant includes a company or similar organization that on a pro forma basis would not be subject to the Board's Small Bank Holding Company Policy Statement.**
[69] **Other qualifying capital includes, but is not limited to, trust preferred securities.**

- Material changes between the date of the balance sheet and the date of the application (explained by footnotes).

Please see <u>Confidential Exhibit A</u>, which includes, among other things, the requested balance sheet information, as of December 31, 2018.

c. Provide a broad discussion on the valuation of the target entity and any anticipated goodwill and other intangible assets. Also discuss the application of fair value and any election to apply push-down accounting adjustments, as appropriate.

Please see <u>Confidential Exhibit A</u>, which includes the requested information in the Notes or Assumptions to the financial charts provided.

9. For an applicant that is or would be subject to consolidated capital requirements under Regulation Q (12 CFR part 21) following consummation of the proposed transaction, provide a breakdown of the organization's existing and pro forma risk-weighted assets as of the end of the most recent quarter, showing each principal group of on and off-balance sheet assets and the relevant risk-weight. Also, identify the existing and pro forma components of common equity tier 1, additional tier 1 and tier 2 capital pursuant to the capital adequacy regulations as of the end of the most recent quarter, and provide calculations of applicant's existing and pro forma common equity tier 1 capital, tier 1 capital, total capital, and leverage ratios pursuant to the capital adequacy regulations. If applicable, also provide the applicant's existing and pro forma supplementary leverage ratio pursuant to the capital adequacy regulations.

Please see <u>Confidential Exhibit A</u>, which includes, among other things, the requested capital-related information for the Proposed Transaction.

10. Provide for the applicant and any other Bank(s)/Bank Holding Company(ies) that would result from the proposal:

a. A description of any plans (in connection with the proposed transaction, or otherwise) to issue, incur, or assume additional common equity, preferred stock, other qualifying capital, and/or debt. Specify the amount, purpose, name and location of the issuer and/or lender; provide a copy of any loan agreement, loan commitment letter from the lender, or other underlying agreement which provides the interest rate, maturity, collateral, and proposed amortization schedule; and discuss what resources would be used to service any debt or capital instruments arising from the proposed transaction; and

BB&T does not have any plans to issue, incur or assume additional common equity, preferred stock or other qualifying capital, or debt in connection with the Proposed Transaction, other than the following:

(1) As discussed in the *Introductory Statement—Terms of the Proposed Transaction* and the response to Item 1 above, on consummation of the Proposed Transaction, BB&T will issue approximately 572.8 million shares of BB&T Common Stock to SunTrust shareholders (not including shares of BB&T Common Stock reserved for issuance in respect of converted BB&T equity awards described above), 1,725 shares of BB&T Series I Preferred Stock, 1,025 shares of BB&T Series J Preferred Stock, 5,000 shares of BB&T Series K Preferred Stock, 7,500 shares of BB&T Series L Preferred Stock and 5,000 shares of BB&T Series M Preferred Stock, based on information as of February 5, 2019.

(2) As of December 31, 2018, SunTrust or its subsidiaries had debt outstanding, which is listed in Exhibit 22.

BB&T would examine if redemption of any long-term debt instrument is the prudent course of action based on current market conditions. The majority of the unsecured long-term senior/sub debt has a 30-day call option before final maturity. Those 30-day call options could be exercised if market conditions warrant.

b. Cash flow projections under the following limited circumstances:

(i) For an applicant that is or would be subject to consolidated capital standards following consummation of the proposed transaction and that would incur or assume any debt in the proposal such that parent company long-term debt would exceed 30 percent of parent company equity capital, provide cash flow projections for the parent company for each of the next three years, along with supporting schedules for each material cash receipt and disbursement. If an applicant projects that dividends or other payments from subsidiary banks will be used to service parent company debt and/or other obligations, provide projections of subsidiary bank(s) assets, earnings, and dividends, as well as common equity tier 1, additional tier 1, total capital, and leverage ratios (including the supplementary leverage ratio, if applicable) pursuant to the capital adequacy regulations. If the combined assets of the subsidiary banks exceed the asset threshold of the Board's Small Bank Holding Company Policy Statement, subsidiary bank data may be shown on an aggregate basis;

Please see Confidential Exhibit D for BB&T's cash flow projections for 2019 through 2021.

(ii) For an applicant that is not or would not be subject to consolidated capital standards following consummation of the proposed transaction and that would incur or assume any debt or other

obligations in the proposal such that parent company debt[70] **would exceed 30 percent of parent company equity capital, provide cash flow projections for the parent company for each of the next twelve years, along with supporting schedules for each material cash receipt and disbursement. These projections must clearly demonstrate the ability of the parent company to reduce the debt to equity ratio to 30 percent or less within twelve years of consummation and must take into account the schedule of principal reduction required by the parent company's creditor(s). Include projections of subsidiary bank(s) assets, earnings, dividends, and other payments to affiliates, as well as common equity tier 1 capital, tier 1 capital, total capital and leverage ratios. Explain the methods and assumptions utilized in the projections, and support all assumptions which deviate from historical performance.**

Not applicable. BB&T is subject to consolidated capital standards, which will continue to be the case after consummation of the Proposed Transaction.

c. If the proposed transaction results in a change in ownership of the company (e.g., due to an exchange of stock), provide a current and pro forma shareholders list.

For information about the shareholders that would own 5% or more of BB&T's stock on a pro forma basis, based on information as of December 31, 2018, please see the *Introductory Statement—Combined Company Shareholders* above.

d. If the subject transaction will be funded in whole, or in part, through the issuance of additional stock instruments, describe the current status of the stock raising efforts. Provide copies of the prospectus, private placement memorandum, and other documents associated with the capital raise. In addition, provide copies of any stock commitments, subscription agreements, or escrow account statements evidencing capital raised. Before submitting a final application, please contact the appropriate Federal Reserve Bank to discuss the timing considerations of the capital raising efforts with regard to submission of the application.

Please see the response to Item 1. and Item 10.a. above. We will supplement the Application with a copy of the S-4 registration statement that BB&T submits to the Securities and Exchange Commission in connection with the issuance of BB&T Common Stock and BB&T Preferred Stock in exchange for SunTrust Common Stock and SunTrust Preferred Stock.

[70] **Including any debt issued/incurred by nonbanking subsidiaries, such as trust preferred securities.**

11. For applications filed pursuant to section 3(a)(1) of the BHC Act, provide for the applicant and the Bank a list of principals (including changes or additions to this list to reflect consummation of the transaction), providing information with respect to each as follows:

a. Name and address (City and State/Country). If the principal's country of citizenship is different from his or her country of residence, then state the country of citizenship;

b. Title or positions with the applicant and the Bank;

c. Number and percentage of each class of shares of the applicant and the Bank owned, controlled, or held with power to vote by this individual;[71]

d. Principal occupation if other than with the applicant or the Bank;

e. Percentage of direct or indirect ownership, if such ownership represents 10 percent or more of any class of shares, or positions held in any other depository institution or depository institution holding company.[72] **Give the name and location of such other depository institution or depository institution holding company. (Information that has been collected or updated within the past 12 months may be submitted, unless the applicant has reason to believe that such information is incorrect.);**

f. Interagency Biographical and Financial Reports (IBFRs) are required for certain individuals. Consult with the appropriate Reserve Bank for guidance on who should provide an IBFR. See SR 15-8 Name Check Process for Domestic and International Applications for more details; and

g. If the principal is a corporation or partnership, provide financial statements (balance sheets and income statements) for the two most recent fiscal years and the most recent quarter end. Discuss any negative trends in the financial statements.

Not applicable. The Application is being filed under sections 3(a)(3) and 3(a)(5) of the BHC Act.

12. For applications filed pursuant to sections 3(a)(3) or 3(a)(5) of the BHC Act, list any changes in management or other principal relationships for the applicant and any other Bank(s)/Bank Holding Company(ies) that would result from the proposal. For any existing or proposed principal of the applicant or the Bank/Bank Holding

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[71] **Include shares owned, controlled or held with power to vote by principal's spouse, dependents and other immediate family members. Give record ownership and, to the extent information is available, beneficial ownership of shares held by trustees, nominees, or in street names.**

[72] **For purposes of this application, a "depository institution" is defined as a commercial bank (including a private bank), a savings bank, a trust company, a savings and loan association, a homestead association, a cooperative bank, an industrial bank, or a credit union.**

Company that is also a principal of any other depository institution or depository institution holding company, provide the following information:

a. **Name, address, and title or position with Applicant, Bank/Bank Holding Company, and any other depository institution or depository institution holding company (give the name and location of the other depository institution or depository institution holding company);**

b. **Number and percentage of each class of shares of the applicant and the Bank/Bank Holding Company owned, controlled, or held with power to vote by this individual;**[73]

c. **Principal occupation if other than with the applicant or the Bank/Bank Holding Company; and**

d. **Percentage of direct or indirect ownership held in the other depository institution or depository institution holding company if such ownership represents 10 percent of more of any class of shares. (Information that has been collected or updated within the past 12 months may be submitted, unless the applicant has reason to believe that such information is incorrect; and**

e. **For any new (to applicant) principal shareholders, directors, or senior executive officer, provide an IBFR including completion of all required financial information.**

Please see the *Introductory Statement—Managerial Resources* above for information on the pro forma directors and senior executive officers of BB&T and Branch Bank on consummation of the Proposed Transaction. As discussed therein, BB&T's and Branch Bank's boards of directors will be expanded to 22 members and 11 of the directors will be existing directors on BB&T's and the remaining 11 directors will be existing members on SunTrust's and SunTrust Bank's boards. There will be 14 senior executive officers of BB&T and Branch Bank, of which seven will be existing senior executive officers of BB&T and Branch Bank and the remaining seven will be existing officers of SunTrust Bank.

No principal of BB&T, Branch Bank, SunTrust or SunTrust Bank is a principal of any another insured depository institution or insured depository institution holding company.

13. **If the consolidated assets of the resulting organization are less than the asset threshold of the Board's Small Bank Holding Company Policy Statement for each principal of the applicant who either would retain personal indebtedness or act as guarantor for any debt that was incurred in the acquisition of shares of the applicant or the Bank/Bank Holding Company, provide the following:**

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[73] **As defined in footnote number 72.**

a. **Name of borrower and title, position, or other designation that makes the borrower a principal of the applicant;**

b. **Amount of personal indebtedness to be retained;**

c. **A description of the terms of the borrowing, the name and location of the lender, and a copy of any related loan agreement or loan commitment letter from the lender;**

d. **Statement of net worth as of a date within three months of the applicant's final filing of the application. The statement of net worth should be in sufficient detail to indicate each principal group of assets and liabilities of the reporting principal, and the basis for the valuation of assets (provide supporting documentation, as appropriate). In addition to debts and liabilities, the reporting principal should state on a separate schedule, any endorsed, guaranteed, or otherwise indirect or contingent liability for the obligation of others; and**

e. **Statement of most current year's income. In addition to indicating each principal source of annual income, the reporting principal should list annual fixed obligations arising from amortization and other debt servicing. (If the most current year's statement is not representative of the future, the reporting principal should submit a pro forma income statement and discuss the significant changes and the basis for those changes.)**

Not applicable. The total banking assets of the resulting organization will exceed the asset threshold of the Board's Small Bank Holding Company Policy Statement.

14. **Describe any litigation or investigation by local, state, or federal authorities involving the applicant or any of its subsidiaries or the target or any of its subsidiaries that is currently pending or was resolved within the last two years.**

Please see Exhibit 23 and Confidential Exhibit E for responsive information.

Competition

If the subject transaction is a bank holding company formation involving only one bank or an application filed pursuant to section 3(a)(3) or 3(a)(5) of the BHC Act to acquire a *de novo* bank, a response to items 14 and 15 is not required. Otherwise, the applicant should contact the appropriate Reserve Bank to determine whether a response to items 14 and 15 will be necessary. If a response is required, the applicant should obtain a preliminary definition of the relevant banking markets from the appropriate Reserve Bank. If the applicant disagrees with the Reserve Bank's preliminary definition of the banking market(s), it may in addition to supplying the information requested on the basis of the Reserve Bank's definition of the banking market(s), include its own definition of the banking market(s), with supportive data, and answer the questions based on its definition. If later analysis leads Federal Reserve staff to alter the preliminary definition provided, The applicant will be so informed.

15. Discuss the effects of the proposed transaction on competition considering the structural criteria specified in the Board's Rules Regarding Delegation of Authority (section 265.11c(11)(v)). The applicant may be required to provide additional information if Federal Reserve staff determines that the proposal exceeds existing competitive guidelines. Also, if divestiture of all or any portion of any bank or nonbanking company constitutes part of this proposal, discuss in detail the specifics and timing of such divestiture.

For a response to this Item, please refer to the *Introductory Statement—Competitive Effects*, the public and confidential Competitive Memorandum volumes and Exhibit 16.

16. If the proposal involves the acquisition of nonbank operations under sections 4(c)(8) and 4(j) of the Bank Holding Company Act, a Form FR Y-4 should be submitted in connection with FR Y-3 filing. At a minimum, the information related to the nonbank operations should include the following:

a. A description of the proposed activity(ies);

b. The name and location of the applicant's and the Bank's direct or indirect subsidiaries that engage in the proposed activity(ies);

c. Identification of the geographic and product markets in which competition would be affected by the proposal;

d. A description of the effect of the proposal on competition in the relevant markets; and

e. A list of major competitors in each affected market.

Not applicable. BB&T intends to acquire the nonbank operations of SunTrust under section 4(k) of the BHC Act and the Federal Reserve's implementing regulations.

In addition, the applicant should identify any other nonbank operations to be acquired, with brief descriptions of the activities provided.

Information on the nonbanking subsidiaries of SunTrust and the subsidiaries of SunTrust Bank are provided in Exhibit 24. A pro forma organization chart of BB&T and Branch Bank is provided in Exhibit 25.

17. In an application in which any principal of the applicant or the Bank/Bank Holding Company is also a principal of any other insured depository institution or depository institution holding company, give the name and location of each office of such other institution that is located within the relevant banking market of the Bank/Bank Holding Company, and give the approximate road miles by the most accessible and traveled route between those offices and each of the offices of Bank/Bank Holding Company.

Not applicable. Please see the response to Item 12 above.

<u>Convenience and Needs</u>

18. Describe how the proposal would assist in meeting the convenience and needs of the community(ies) to be served, including but not limited to the following:

a. Summarize efforts undertaken or contemplated by the applicant to ascertain and address the needs of the community(ies) to be served, including community outreach activities, as a result of the proposal.

b. For the combining institutions, list any significant anticipated changes in services or products offered by the depository subsidiary (ies) of the applicant or target that would result from the consummation of the transaction.

c. To the extent that any products or services of the depository subsidiary (ies) of the applicant or target would be offered in replacement of any products or services to be discontinued, indicate what these are and how they would assist in meeting the convenience and needs of the communities affected by the transaction.

d. Discuss any enhancements in products or services expected to result from the transaction.

Please see the *Introductory Statement—Commitment to CRA and Convenience and Needs Considerations* above for information on how the Proposed Transaction will meet the convenience and needs of the communities to be served by the combined company and bank.

19. Describe how the applicant and resultant institution, including its depository subsidiary (ies) would assist in meeting the existing and anticipated needs of its community(ies) under the applicable criteria of the Community Reinvestment Act (CRA) and its implementing regulations, including the needs of low and moderate income geographies and individuals. This discussion should include, but not necessarily be limited to, a description of the following:

a. The significant current and anticipated programs, products, and activities, including lending, investments, and services, as appropriate, of the depository subsidiary (ies) of the applicant and the resultant institution.

Please see the *Introductory Statement—Commitment to CRA* and *Convenience and Needs* above for information on the CRA performance records, including their products and programs that are designed to meet the needs of LMI communities and individuals, as well as information about the community development plan that Branch Bank and SunTrust Bank are developing, with input from national and local community organizations and community development practitioners, for implementation at the combined bank. As noted in Item 18.d. above, BB&T and SunTrust are carefully reviewing their respective CRA products and services, including those that are designed to help meet the needs of LMI or other underserved communities or individuals, with a view to select the appropriate elements to implement in an enhanced CRA program at the combined bank.

b. The anticipated CRA assessment areas of the depository subsidiary(ies) of the combined institution. If assessment areas of the depository subsidiary(ies) of the resultant institution would not include any portion of the current assessment area of that subsidiary, describe the excluded areas.

Please see Exhibit 26 for the changes that Branch Bank will make to its CRA assessment areas at Closing, as a result of the Proposed Transaction.

c. The plans for administering the CRA program for the depository subsidiary (ies) of the resultant institution following the transaction.

Please see the *Introductory Statement—Commitment to CRA* for a discussion of the plans for administering the CRA Program at Branch Bank after consummation of the Proposed Transaction.

d. The plans for administering the CRA program for the depository subsidiary (ies) of the resultant institution following the transaction. For a subsidiary of the applicant or target that has received a CRA composite rating of "needs to improve" or "substantial noncompliance" institution-wide or, where applicable, in a state or multi-state Metropolitan Statistical Area (MSA), or has received an evaluation of less than satisfactory performance in an MSA or in the non-MSA portion of a state in which the applicant is expanding as a result of the transaction, describe the specific actions, if any, that have been taken to address the deficiencies in the institution's CRA performance record since the rating.

Not applicable. Neither Branch Bank nor SunTrust Bank received such a "needs to improve" or "substantial noncompliance" in their most recent respective CRA performance evaluations.

20. List all offices of the depository subsidiary (ies) of the applicant or target that (a) will be established or retained as branches, including the main office, of the target's depository subsidiary (ies), (b) are approved but unopened branch(es) of the target's depository subsidiary (ies), including the date the current federal and state agencies granted approval(s), and (c) are existing branches that will be closed or consolidated as a result of the proposal (to the extent the information is available) and indicate the effect on the branch customers served. For each branch, list the popular name, street address, city, county, state, and zip code specifying any that are in low and moderate-income geographies.[74]

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[74] **Please designate branch consolidations as those terms are used in the Joint Policy Statement on Branch Closings, [64 FR 34844 (June 29, 1999)].**

Please see Exhibit 27 for a list of the current branch offices of SunTrust Bank that will be retained as offices of Branch Bank. Please also see Confidential Exhibit F for certain nonpublic SunTrust Bank actions that are unrelated to the Proposed Transaction.

Branch Bank and SunTrust Bank believe that customers will be well served by the combined bank's resulting branch network following consummation of the Proposed Transaction. Because there is some overlap in the legacy branch networks of Branch Bank and SunTrust Bank and in order to reduce redundancy and make the delivery of customer services more efficient, BB&T and SunTrust expects the combined bank will consolidate or close some branch locations, either legacy Branch Bank or legacy SunTrust Bank locations, in connection with the Proposed Transaction. However, at this time, Branch Bank and SunTrust Bank do not know which branches will be consolidated or closed as a result of the Proposed Transaction, and they do not anticipate being in a position to make decisions about consolidations or closures until after consummation of the Proposed Transaction. Substantial additional time is necessary to conduct the extensive analysis and site visits that are required for the branch consolidation/close decision-making process. The combined bank will follow its branch closure and consolidation policy and abide by all regulatory requirements and guidance in connection with any future branch consolidations or closures.

Interstate Banking

21. If the transaction involves the acquisition of a bank located in a State other than the home State of the applicant, please provide the following information, as applicable:

a. Identify any host state(s) involved with this transaction that require the target to be in operation for a minimum number of years and discuss compliance with this age requirement.

b. Discuss compliance with nationwide and statewide deposit concentration limits to the transaction.

c. Discuss compliance with state-imposed deposit caps.

d. Discuss compliance with community reinvestment laws.

e. Discuss any other restrictions that the host state(s) seek to apply (including state antitrust restrictions).

Please see the *Introductory Statement—Compliance with Interstate Banking Requirements* for an analysis of the Proposed Transaction's compliance with the BHC Act's Section 3(d).

Financial Stability

If either the acquirer or the target's total assets exceeds $10 billion as of the most recent quarter for which data is available, address the following questions: If either the acquirer or the target conducts any cross-border activities, please describe the nature of these

activities and the amounts of cross-border assets and liabilities as of the most recent quarter for which data is available.

22. For each financial service below, if the dollar volume related to the service provided either by the acquirer or the target exceeds $1 billion, please report the annual volume over the past 12 months (otherwise, do not report).

Financial Service	**Acquirer**	**Target**
Short-term funding (e.g., in repos, fed funds)		
Underwriting services (e.g., equity, corporate bonds, commercial paper, ABS)		
Trading activities (e.g., equity, corporate bonds, derivatives)		
Payments, clearing, settlement, and custody services		
Prime brokerage		
Securities lending		
Corporate trust		
Correspondent banking		
Wealth management		
Insurance (including reinsurance)		

Please also see Exhibit 18 for responsive information to this Item. In addition, please see the *Introductory Statement-Financial Stability Risk* above for a discussion of why the Proposed Transaction would not result in greater or more concentrated risks to the stability of the U.S. banking or financial system.

EXHIBIT VOLUME INDEXES

PUBLIC EXHIBITS VOLUME INDEX

Exhibit 1	Agreement and Plan of Merger Between BB&T and SunTrust
Exhibit2	Form of Bank Merger Agreement Between Branch Bank and SunTrust Bank
Exhibit 3	Form 8-K Filed by BB&T and SunTrust with the Securities and Exchange Commission Announcing the Proposed Transaction
Exhibit 4	Joint Resolutions of the Boards of Directors of BB&T and Branch Bank
Exhibit 5	Joint Resolutions of the Boards of Directors of SunTrust and SunTrust Bank
Exhibit 6	Form of Public Notice
Exhibit 7	Pro Forma and Projected Balance Sheet, Income Statement, Capital Ratio, Asset Quality and Deposits and Loans (Redacted)
Exhibit 8	BB&T Enterprise Risk Management Program Overview
Exhibit 9	SunTrust Enterprise Risk Management Program Overview
Exhibit 10	Enhancements to BB&T’s Enterprise Risk Management Program
Exhibit 11	Preparation for Becoming a Bank Holding Company with Assets of More Than $250 Billion
Exhibit 12	Overview of BB&T’s Compliance Risk Management Program
Exhibit 13	Overview of SunTrust’s Compliance Risk Management Program
Exhibit 14	Enhancements to BB&T’s BSA/AML/OFAC Compliance Program
Exhibit 15	Financial Crimes Program Framework
Exhibit 16	Form of Divestiture Commitment

Exhibit 17	Bank Holding Company Size and Exposure Chart
Exhibit 18	Additional Information on Financial Stability Risk
Exhibit 19	Branch Bank's CRA Statement and CRA Program Overview
Exhibit 20	BB&T's Fair Lending and Consumer Compliance Program Overview
Exhibit 21	SunTrust's Fair Lending Compliance Program Overview
Exhibit 22	SunTrust Outstanding Debt Issuances
Exhibit 23	Litigation Chart
Exhibit 24	Subsidiaries of SunTrust and SunTrust Bank
Exhibit 25	Pro Forma Organization Chart of BB&T and Branch Bank
Exhibit 26	Pro Forma Changes to Branch Bank's CRA Assessment Areas
Exhibit 27	List of SunTrust Branches

CONFIDENTIAL EXHIBITS VOLUME INDEX

Exhibit A	Pro Forma and Projected Balance Sheet, Income Statement, Capital Ratio, Asset Quality and Deposits and Loans
Exhibit B	Due Diligence Summary
Exhibit C	Integration Approach and Timeline
Exhibit D	BB&T Cash Flow Projections
Exhibit E	Additional Information on Litigation
Exhibit F	Additional Information on SunTrust Bank Branch Actions