



SunTrust Banks, Inc.
Liquidity Coverage Ratio Disclosure

For the Quarter Ended

March 31, 2019

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Company Overview

SunTrust Banks, Inc. (“we,” “us,” “our,” “SunTrust,” or “the Company”) is a leading provider of financial services, with its headquarters located in Atlanta, Georgia. We are an organization driven by our Company purpose of *Lighting the Way to Financial Well-Being* – helping instill a sense of confidence in the financial circumstances of clients, communities, teammates, and owners is at the center of everything we do. Our principal subsidiary is SunTrust Bank (“the Bank”). The Company was incorporated in the State of Georgia in 1984 and offers a full line of financial services for consumers, businesses, corporations, institutions, and not-for-profit entities, both through branches (located primarily in Florida, Georgia, Virginia, North Carolina, Tennessee, Maryland, South Carolina, and the District of Columbia) and through other digital and national delivery channels. The Bank offers deposit, credit, mortgage banking, and trust and investment services to its clients through a selection of full-, self-, and assisted-service channels, including branch, call center, Teller Connect™ machines, ATMs, online, mobile, and tablet. Other subsidiaries provide capital markets, securities brokerage, investment banking, and wealth management services.

The Bank is a member of the Federal Reserve System, and the Company and the Bank are regulated and supervised by the Federal Reserve Board (FRB) and the Georgia Department of Banking and Finance. The Federal Deposit Insurance Corporation (FDIC) also has jurisdiction over certain activities of the Bank as an insured depository institution. The Company's non-bank subsidiaries are regulated and supervised by various other regulatory bodies, including the Securities and Exchange Commission and the Financial Industry Regulatory Authority.

Liquidity Coverage Ratio Overview

In September 2014, the Federal Reserve Board, Office of the Comptroller of the Currency, and the FDIC approved rulemaking that established a minimum Liquidity Coverage Ratio (LCR) for large, internationally active banking organizations, and a less stringent LCR (“modified LCR”) for bank holding companies with less than \$250 billion in total assets, such as the Company.

The LCR requires a banking entity to maintain sufficient liquidity to withstand an acute 30-day liquidity stress scenario and is measured as high-quality liquid assets (HQLA) to total net cash outflows (TNCO). The LCR became effective for the Company on January 1, 2016, and full compliance of 100% was required beginning January 1, 2017. Since implementation, the Company has met compliance with the regulatory standards and, on March 31, 2019, its LCR was above the 100% regulatory requirement.

On December 19, 2016, the FRB published the final rule, Regulation WW, which requires the Company to publicly disclose certain components of its LCR calculation in a standardized tabular format in order to facilitate an understanding of its liquidity profile. On October 31, 2018, the FRB released a draft proposal designed to tailor the application of the enhanced prudential standards. Under the proposal, four categories of standards would be applied to U.S. banking organizations based on size, complexity and other risk-based factors. If the proposal is enacted as is, the Company, on a standalone basis, would be classified as Category IV and would no longer be subject to the mandatory LCR. However, on February 7, 2019, SunTrust and BB&T Corporation announced a merger of equals. If approved, the combined company would be classified as a Category III institution under the current proposal and remain subject to the proposed tailored LCR.

Liquidity Coverage Ratio Results

Period⁽¹⁾: 01/31/2019 to 03/31/2019

In millions of U.S. Dollars

	Average Unweighted Amount ⁽²⁾	Average Weighted Amount
High-Quality Liquid Assets		
1 Total eligible high-quality liquid assets (HQLA), of which:	29,886	27,908
2 Eligible level 1 liquid assets	16,698	16,698
3 Eligible level 2A liquid assets	13,188	11,210
4 Eligible level 2B liquid assets	-	-
Cash Outflow Amounts		
5 Deposit outflow from retail customers and counterparties, of which:	105,482	7,405
6 Stable retail deposit outflow	64,372	1,931
7 Other retail funding outflow	31,145	3,114
8 Brokered deposit outflow	9,965	2,359
9 Unsecured wholesale funding outflow, of which:	50,467	17,320
10 Operational deposit outflow	25,565	6,321
11 Non-operational funding outflow	24,901	10,999
12 Unsecured debt outflow	-	-
13 Secured wholesale funding and asset exchange outflow	7,943	2,189
14 Additional outflow requirements, of which:	71,570	9,990
15 Outflow related to derivative exposures and other collateral requirements	832	832
16 Outflow related to credit and liquidity facilities including unconsolidated structured transactions and mortgage commitments	70,738	9,158
17 Other contractual funding obligation outflow	115	115
18 Other contingent funding obligations outflow	12,724	384
19 Total Cash Outflow	248,300	37,403
Cash Inflow Amounts		
20 Secured lending and asset exchange cash inflow	1,272	96
21 Retail cash inflow	804	402
22 Unsecured wholesale cash inflow	536	270
23 Other cash inflows, of which:	568	568
24 Net derivative cash inflow	283	283
25 Securities cash inflow	285	285
26 Broker-dealer segregated account inflow	-	-
27 Other cash inflow	-	-
28 Total Cash Inflow	3,180	1,336
29 HQLA Amount		Average Amount⁽³⁾ 27,908
30 Total Net Cash Outflow Amount Excluding the Maturity Mismatch Add-On		25,247
31 Maturity Mismatch Add-On		-
32 Total Net Cash Outflow Amount⁽⁴⁾		25,247
33 Liquidity Coverage Ratio (%)		111%

⁽¹⁾ The values shown reflect the average of the month-end value for each month of the quarter reported.

⁽²⁾ The Average Unweighted Amount represents the balance before regulatory HQLA haircuts and cash outflow and inflow rates are applied.

⁽³⁾ The amounts reported in this column may not equal the calculation of those amounts using component amounts reported in rows 1-28 due to technical factors such as the application of the level 2 liquid asset caps, the total inflow cap, and for depository institution holding companies subject to subpart G, the application of the modification to total net cash outflows.

⁽⁴⁾ Total Net Cash Flow Amount of 25,247 is calculated as Total Cash Outflow (37,403) minus Total Cash Inflow (1,336) multiplied by 70%. The 70% modifier is applied per subpart G.

Liquidity Coverage Ratio Components

Composition of HQLA

High-quality liquid assets, the numerator of the LCR, include excess reserves and unencumbered highly liquid and readily marketable assets issued or guaranteed by an entity whose obligations have a proven record as a reliable source of liquidity, as defined by Regulation WW. These assets can be quickly converted into cash to meet liquidity demands during a stress scenario.

Per the regulation, Level 1 liquid assets are included in the Company's HQLA total without a cap and without haircuts. The Company's Level 2A liquid assets are included with a haircut of 15% applied to the fair value amount, and are limited to 40% of HQLA.

The Company's average month-end weighted HQLA amount, which takes into consideration the above-mentioned haircuts for Level 2 assets, was approximately \$28 billion in the first quarter of 2019. Of this amount, 60% consisted of Level 1 liquid assets, which includes excess cash deposited at the Federal Reserve Bank (12%), U.S. Treasury debt (22%), and Level 1 agency mortgage backed securities (66%). The remaining 40% of the Company's HQLA consisted entirely of Level 2A liquid assets, the majority of which were comprised of Level 2A agency mortgage backed securities. The Company did not hold any Level 2B HQLA assets for the first quarter of 2019.

Composition of TNCO

Total net cash outflows, the denominator of the LCR, represent the amount of cash that the Company, per standardized regulatory inflow and outflow rates, expects to flow in and out over a 30-day stress period.

Key contributors to TNCO are non-operational funding, credit and liquidity facilities, and operational deposits. Non-operational funding and operational deposits originate primarily from wholesale deposit clients and consist of funds deposited to meet operating needs and those funds deposited above operating levels. Credit and liquidity facilities represent the undrawn/unfunded portion of lending commitments including lines and letters of credit. The Company's weighted total cash outflow amount was approximately \$37 billion in the first quarter of 2019. Of this amount, 29% consisted of non-operational funding outflow, 24% consisted of outflow related to credit and liquidity facilities including unconsolidated structured transactions and mortgage commitments and 17% consisted of operational deposit outflow. The weighted total cash inflow amount was approximately \$1 billion, with the majority comprised of retail cash inflow and securities cash inflow.

Derivatives Exposure and Potential Collateral Calls

As part of its asset-liability management strategy and as a market maker, the Company uses derivative instruments to help manage market risk exposures. The Company's outflow related to derivative exposures and other collateral requirements amounted to 2% of total cash outflows in the first quarter of 2019.

Refer to the "Liquidity Risk Management" section of the Company's Form 10-K and Form 10-Q for additional information regarding its liquidity profile.

Main Drivers of and Changes in LCR

The Company's LCR is principally driven by the amount and mix of HQLA and TNCO. These components

are, in turn, impacted by market volatility, such as an increase or decrease in interest rates which affects the market valuation of HQLA, and by changes in balance sheet composition, including large corporate client withdrawals or deposits which can affect cash balances and TNCO.

The LCR value as shown on page 2 reflects the average month-end value of HQLA and TNCO amounts during the quarter. For the quarterly period ending March 31, 2019, the Company's average month-end LCR was 111%. The average month-end LCR for the prior quarter was 110%. The increase was primarily driven by changes in TNCO related to decreases in deposits, which were largely offset by increases in short-term borrowings.

The Company's average month-end value of HQLA decreased since the quarterly period ending December 31, 2018, driven primarily by a reduction in cash held on deposit with the Federal Reserve Bank and offset by an increase in the market value of its securities resulting from declining interest rates.

Changes in the Company's TNCO amounts during the quarter were driven primarily by unsecured wholesale funding, which constituted 46% of the weighted cash outflow amount, a 2% reduction since the quarterly period ending December 31, 2018. Non-operational deposit funding contributes to the majority of unsecured wholesale funding outflows and was the primary driver of change over the quarter.

Liquidity Management

Overview

The Company's Corporate Treasury function assesses liquidity needs that may occur in both the normal course of business and during times of unusual, adverse events, considering both on and off-balance sheet arrangements and commitments that may impact liquidity in certain business environments.

Corporate Treasury primarily monitors and manages liquidity risk at the Company and Bank levels. For SunTrust, liquidity requirements at the non-bank subsidiaries are relatively immaterial and as such, they ultimately rely upon the Company as a source of liquidity. Corporate Treasury also monitors liquidity developments of, and maintains a regular dialogue with the Company's broker-dealer, SunTrust Robinson Humphrey.

Concentration of Funding Sources

The Company's primary source of funds is a large client deposit base which provides relatively stable and low-cost funding. Client deposits are predominantly comprised of consumer and commercial deposits originated primarily from the Bank's retail and wholesale client base.

As part of its funding strategies, the Company also maintains access to diversified sources for both secured and unsecured short-term wholesale funding, including money market instruments such as Fed Funds, Eurodollars, and repurchase agreements. Term funding consists primarily of Federal Home Loan Bank (FHLB) advances and Global Bank Notes. Under its Global Bank Note program, the Bank may issue senior or subordinated debt with various terms.

Governance

The Company maintains a comprehensive liquidity risk governance structure in keeping with regulatory guidance and industry best practices. The Company's Board of Directors, through the Board Risk Committee (BRC), oversees liquidity risk management and establishes liquidity risk appetite. The BRC reviews and approves risk policies to establish limits in line with the risk appetite and regularly reviews reports prepared by senior management to monitor compliance with these policies and limits. The Board charges the CEO with determining corporate strategies in accordance with its established risk appetite, and the CEO is a member of the Company's Asset-Liability Committee (ALCO), which is the executive level committee with oversight of liquidity risk management. The ALCO monitors the Company's liquidity and compliance with liquidity risk limits and reviews and approves liquidity management strategies. Market Risk Management (MRM) conducts independent oversight and governance of liquidity risk management activities. Further, the internal audit function conducts an independent assessment of the adequacy of internal controls, including procedural documentation, approval processes, reconciliations, and other mechanisms employed by liquidity risk management and MRM to ensure that liquidity risk is consistent with applicable policies, procedures, laws, and regulations.

Stress Testing

Per regulatory guidance and Regulation YY, the Corporate Treasury function conducts liquidity stress tests that assess liquidity needs that may arise from one or more stress events such as severe economic recessions, short-term financial market disruptions, and credit rating downgrades. In particular, a ratings downgrade could adversely impact the cost and availability of some of the Company's funding sources. Factors that may affect the Company's credit ratings include, but are not limited to, the credit risk profile of its assets, the level and stability of its earnings, the liquidity profile of the Bank and the Company, the economic environment, and the adequacy of the Company's capital base.

Risk Mitigation

The Company mitigates liquidity risk by maintaining diverse borrowing resources to fund projected cash needs and structuring its liabilities to avoid maturity concentrations. The Company also maintains a liquidity buffer to ensure it can meet its obligations in a timely manner, even under adverse contingency liquidity events. The amount of this buffer is informed by the Company's liquidity stress testing that covers a range of potential adverse circumstances.

Refer to the "Liquidity Risk Management" section of the Company's Form 10-K and Form 10-Q for additional information regarding its liquidity risk management framework.

Forward-Looking Statements

These disclosures contain forward-looking statements. Statements regarding projected capital levels, liquidity composition, cash outflows and inflows, macroeconomic conditions, the Company's proposed merger with BB&T, and the classification of the combined company after the closing of the merger with respect to the tailoring of the enhanced prudential standards are forward-looking statements. Also any statement that does not describe historical or current facts is a forward-looking statement. These statements often include the words "believes," "expects," "anticipates," "estimates," "intends," "plans," "goals," "targets," "initiatives," "potential" or "potentially," "probably," "projects," "outlook" or similar expressions or future conditional verbs such as "may," "will," "should," "would," and "could." Such statements are based upon the current beliefs and expectations of management and on information currently available to management. Such statements speak as of the date hereof, and the Company does not assume any obligation to update these statements or to update the reasons why actual results could differ from those contained in such statements in light of new information or future events. Forward-looking statements are subject to significant risks and uncertainties. Investors are cautioned against placing undue reliance on such statements. Actual results may differ materially from those set forth in the forward-looking statements. We list some of the factors that could cause actual results to differ materially from those described in the forward-looking statements in Item 1A of Part I of our 10-K and in other periodic reports that we file with the SEC.