

BB&T Corporation
Request for Additional Information
March 29, 2019

In connection with the application submitted by BB&T Corporation (“BB&T”), Winston-Salem, North Carolina, to merge with SunTrust Banks, Inc. (“SunTrust”) and thereby indirectly acquire SunTrust Bank, both of Atlanta, Georgia, pursuant to section 3 of the Bank Holding Company Act of 1956 (“BHC Act”), the information below is requested, including the information in the Confidential Appendix. Supporting documentation, as appropriate, should be provided.

To the extent the information requested below is not yet available, provide a date by which the requested information is expected to be made available to the Board of Governors of the Federal Reserve System (“Board”).¹

1. Provide a detailed workplan for integration planning activities. The workplan should identify workstreams, participants, inputs, milestones and decision points. Where appropriate, highlight the involvement of risk and compliance professionals in the integration planning process.
2. On page 77 of the BHC Act application (the “Application”), BB&T states that the combined institution does not intend to discontinue any products or services offered by either BB&T or SunTrust. Please indicate whether there will be any changes in the terms or provision of the products and services currently provided, including fees.
3. On page 94 of the Application, BB&T states that it expects that the combined bank will consolidate or close some branches due to branch network overlap, but that neither bank anticipates being in a position to make decisions about consolidations or closures until after consummation. Understanding that no decisions have been made about closures or consolidations, provide the following information:
 - a. to the extent branches have been identified for possible closure or consolidation:²
 - i. the location of each such branch;
 - ii. in the case of consolidations, the distance between the associated receiving branch and the closed branch; and

¹ This is Board staff’s first additional information request for this application. Board staff anticipates the need for additional information requests as it continues to review the application.

² When identifying any branch being considered for “closure” or “consolidation”, please use these terms in accordance with the guidance provided in the revised joint policy statement by the banking agencies regarding branch closings. Joint Policy Statement on Branch Closings, 64 Fed. Reg. 34,844 (June 29, 1999).

- iii. for each such branch located in low- and moderate-income (“LMI”) or minority tracts, a description of efforts contemplated to mitigate the potential impact of these closures and/or consolidations;
 - b. explanations of the criteria being considered in branch closure/consolidation deliberations and the anticipated effects of the changes in branch structure on LMI and minority communities; and
 - c. a copy of the branch closure and consolidation policy that would govern any closures or consolidations for the combined bank.
4. As provided in BB&T’s Form of Divestiture Commitments in Public Exhibit 16 to the Application (“Divestiture Commitments”), BB&T has indicated that it will seek to exclude from the proposed divestitures certain items that will be listed in Appendix B. When available, provide a copy of Appendix B. In addition, provide a detailed rationale explaining why BB&T is seeking to exclude these items.
5. BB&T’s draft Divestiture Commitments do not require BB&T to consult with the Federal Reserve System prior to divestiture of the branches if the aggregate amount of the deposits at the branches it is seeking to divest has decreased or is reasonably likely to decrease by more than 10 percent at the time of divestiture from the amount set forth in Appendix A. Explain why BB&T has not included this consultation requirement in its proposed draft Divestiture Commitments, or provide a revised copy of the Divestiture Commitments that includes such a consultation requirement.
6. Provide an update on BB&T’s community meetings, as discussed on page 6 of the Application. Discuss any specific requests made by members of the community or community organizations, as well as any commitments made by BB&T. Describe how BB&T will consider information gathered in these meetings when developing community development goals.
7. Please explain BB&T’s anticipated actions in relation to section 6.13 of the Agreement and Plan of Merger in Public Exhibit 2 to the Application (the “Merger Agreement”). To the extent potential actions have not yet been identified, please explain the considerations that will inform BB&T’s additional philanthropic and community investment activity in Atlanta, Georgia, and Winston-Salem, North Carolina.
8. On March 6, 2019, the Georgia Court of Appeals affirmed the decision by the Superior Court of Fulton County to certify a class action challenging SunTrust Bank’s overdraft fee policy. See SunTrust Bank v. Bickerstaff, 2019 BL 76596, Ga. Ct. App., No. A18A1519, Mar. 6, 2019. With respect to this legal action, provide the following additional information:
 - a. the number of consumers alleged to have been harmed; and
 - b. the relief sought.

9. Other than those matters discussed in Note 21 to Item 8 of SunTrust's 2018 10-K, describe any additional class action litigation matters that are currently pending or were resolved within the last two years involving BB&T, SunTrust, or subsidiaries of either of the foregoing.
10. Public Exhibits 8 and 9 to the Application include a brief overview of BB&T's and SunTrust's enterprise-wide risk management programs. Provide an overview of the enterprise-wide risk management program at the combined institution reflecting key integration decisions. Include details regarding:
 - a. the structure of independent risk management, including key positions, committees, and reporting lines;
 - b. the responsibilities of the first and second lines of defense with respect to risk management;
 - c. coverage of all material risks facing the combined institution; and
 - d. other significant aspects of the risk management framework, including programs and frameworks relating to risk tolerance, risk identification, and escalation.
11. Public Exhibits 12 and 13 to the Application include a brief overview of BB&T's and SunTrust's compliance risk management programs. Provide an overview of the compliance risk management program at the combined institution reflecting key integration decisions. Include details regarding:
 - a. the structure of the compliance function, including key positions, committees, and reporting lines;
 - b. the responsibilities of the first and second lines of defense with respect to compliance; and
 - c. other significant aspects of the compliance risk management framework, including compliance monitoring, compliance testing, training, risk assessments, regulatory change processes, reporting compliance results, and staffing.
12. Indicate to what extent BB&T's Community Reinvestment Act ("CRA") and consumer compliance (including fair lending) programs would be implemented at the combined bank. In addition, indicate the key individuals who would be responsible for these programs, as well as their qualifications and experience.
13. Provide an overview of the combined institution's approach to consumer complaint management, including with respect to its policy framework, staffing, and oversight.

14. Provide an update on the status of the proposed sale of ST Management Services India Private Limited and the proposed dissolution of SunTrust International Banking Company.
15. Provide an estimated aggregate deposit amount for the combined organization in the State of Georgia as of March 2019.
16. Please provide the SunTrust Disclosure Schedule and BB&T Disclosure Schedule to the Merger Agreement (as defined in Articles III and IV of the Merger Agreement, respectively).
17. On page 56 of the Form S-4 that BB&T filed with the Securities and Exchange Commission on March 8, 2019, BB&T indicates that due diligence review for the merger commenced on February 1, 2019, and that the Merger Agreement was signed on February 7, 2019.
 - a. Describe in detail the scope and depth of the due diligence review, including the scope of topics and types of documents and individuals included in such review.
 - b. Explain the decisions of management and the board of directors to limit due diligence to this time period.
 - c. Provide documentation submitted by management to the board in support of the proposal.
18. To the extent not already provided in the Application, identify whether either BB&T or SunTrust is involved in each of the following activities, discuss the nature of this involvement, and provide a list of significant competitors to both BB&T and SunTrust that engage in the same activity in the United States. For both BB&T and SunTrust, provide measures of the scale of each activity specified, for both the most recent quarter and the most recently completed year. Measures should be stated both in U.S. dollars and as a share of overall U.S. activity; derivatives should be stated as notional dollar amounts. Responses may be confined to information maintained in the regular course of business.
 - a. Short-term loan provision
 - i. Reverse bilateral repurchase agreements (volume)
 - ii. Reverse tri-party repurchase agreements (volume)
 - iii. Fed funds (volume)
 - iv. Tri-party repo dealing (volume)
 - b. Underwriting services
 - i. Issuance of new equities (volume)
 - ii. Corporate bonds (volume)
 - iii. Commercial paper (volume)

- iv. Asset backed securities (volume)
 - v. Other debt securities (volume)
- c. Trading activity in the following markets
- i. Equities and equity derivatives (volume)
 - ii. Corporate bonds (volume)
 - iii. Credit derivatives (volume)
 - iv. Treasuries and interest rate contracts (volume)
 - v. FX and FX derivatives (volume)
 - vi. Commodities and commodity derivatives (volume)
- d. Total provisions of services in the following sectors.
- i. Prime brokerage (number of funds and fund sponsors, and total assets under management)
 - ii. Insurance commission and premiums (by segment, including reinsurance)
19. Provide a list of activities and products in which the pro forma institution plans to initiate new operations, or expand existing operations. Describe how these new or expanded operations would enhance the financial stability of the United States economy.
20. Provide a list of financial instruments for which either BB&T or SunTrust acts as a market maker.³
21. Report the five largest counterparties and the corresponding amounts of each component of intra-financial system assets and liabilities of both BB&T and SunTrust reported in the most recent FR Y-15.
- a. For intra-financial system assets, there are five components as follows:
- i. Funds deposited with or lent to other financial institution (M351)
 - ii. Unused portion of committed lines extended to other financial institution (J458)
 - iii. Holdings of securities issued by other financial institution (M352 + M353 + M354 + M345 + M356 – M357)
 - iv. Net positive current exposure of securities financing transactions (SFTs) with other financial institution (M358)
 - v. Over-the-counter (OTC) derivative contracts with other financial institutions that have a net positive fair value (M359 + M360)
- b. For intra-financial system liabilities, there are five components as follows:

³ For questions 20-23, provide answers as of the most recent quarter for which data are available.

- iii. Deposits due to other financial institutions (M363 + M364)
 - iv. Borrowings obtained from other financial institutions (Y833)
 - v. Unused portion of committed lines obtained from other financial institutions (M365)
 - vi. Net negative current exposure of SFTs with other financial institution (M366)
 - vii. OTC derivative contracts with other financial institutions that have a net negative fair value (M367 + M368)
22. Report specific Level 3 Assets and the corresponding amounts held by both BB&T and SunTrust. For the definition of Level 3 Assets, refer to the Instructions to Schedule D of the FR Y-15.
23. Report total activity in the interdealer market for buying and selling Eurodollars of both BB&T and SunTrust, which was mentioned in the Financial Stability Risk portion of the public Y-3 application (page 40).
24. Provide a definition of middle market business customers used by both BB&T and SunTrust.
25. Submit a copy of the organization chart or personnel directory, currently in effect, for both BB&T and SunTrust's middle market business lending group(s). Please provide:
- a. the total amount of outstanding loan portfolio (as of June 30, 2018 and most recent month available), managed by each of the loan officers in the middle market business lending groups; and
 - b. a description of the geographic territory that each loan officer in the middle market business lending groups is responsible for.
26. For each commercial loan account associated with a commercial customer with annual revenues between (i) \$10 million and \$100 million, (ii) \$100 million and \$250 million, and located in an state of overlap, please provide for 2017, 2018 and 2019 YTD:
- a. the branch to which the account is booked;
 - b. the zip code of the customer;
 - c. the annual revenues of the customer;
 - d. the type of account (e.g., business line of credit, commercial real estate);
 - e. the date of origination;
 - f. the origination amount;
 - g. total amount of deposits associated with that commercial account; and
 - h. the identity of the relationship manager.
27. Identify all significant competitors of both BB&T and SunTrust for middle market banking products and services.

28. Submit a copy of all lost business or win-loss reports, separately, relating to any commercial customer with annual revenues between (i) \$10 million and \$100 million, and (ii) \$100 million and \$250 million, and located in the states of overlap for both BB&T and SunTrust.
29. Submit all market studies and customer surveys created or received by both BB&T and SunTrust (e.g., Greenwich Study) relating to (i) retail and small business banking in the geographic banking markets defined by the Federal Reserve, and (ii) middle market business banking in any geographic banking markets defined by the Federal Reserve in the states of overlap.
30. Provide a list of the pro forma board of directors for the combined company and the bank upon availability.
31. Describe BB&T's plans with respect to policies, procedures, staffing and oversight of the combined organization's technology and efforts underway to ensure a smooth technological transition for existing customers.
32. In the Application it is noted that the combined company and bank will have greater capacity for investments in technology and investment to meet evolving customer expectations, cybersecurity threats, and operating system resiliency. Discuss any identified shortcomings, or opportunities in these areas. Also discuss in more detail what the combined organization's plans are in this regard including software/application development and/or acquisition, investment in and/or acquisition of financial technology (FinTech) companies, or other significant undertakings in these areas.

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Please address your response to Adam Drimer, Federal Reserve Bank of Richmond. Please submit your responses within 10 business days to Kathy Eike at the Federal Reserve Bank of Richmond. Any information for which you desire confidential treatment should be so labeled and separately bound in accordance with section 261.15 of the Board's Rules Regarding Availability of Information.

If you have any questions regarding this letter, please contact Patrick Grant (202-452-5214) or Arthur White (202-728-5852) of the Board's Division of Supervision and Regulation; Daniel Hickman (202-973-7432), Kelley O'Mara (202-973-7497), or Brian Phillips (202-452-3321) of the Board's Legal Division; Charles Fleet (202-452-2776) or Lisa Joire (202-785-6036) of the Board's Division of Consumer and Community Affairs; or Madeline McCullers (202-475-7658), Cecilia Caglio (202-452-3084), or Ken Onishi (202-872-4943) of the Board's Division of Research and Statistics.