

BB&T Corporation
Request for Additional Information
May 17, 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. Provide an updated workplan for integration planning activities, as well as an overall summary of the status of integration planning. 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. In connection with the additional information response letter dated April 16, 2019 (“April 16 Letter”), BB&T and SunTrust indicated that they are considering engaging an experienced consulting firm to conduct an analysis of the banks’ branch networks to make initial recommendations for closures and consolidations. Provide an update on the banks’ efforts to identify potential branch closures and consolidations, including an update on discussions surrounding engaging a consulting firm to conduct this initial analysis. In addition, provide a copy of the overlap analysis performed by RBC Capital Markets, LLC and BB&T.
3. In the April 16 Letter, BB&T provided a high-level overview of plans for the combined institution’s approach to risk management. BB&T indicated that a more detailed enterprise risk management blueprint for the combined company would likely be available by the end of April. Provide this blueprint or indicate the date by which it will be made available to the Board.
4. In the April 16 Letter, BB&T noted that “management is considering whether to recommend to the combined company’s board of directors that . . . specific components of the overall compliance program, namely compliance with Bank Secrecy Act and Anti-Money Laundering [(“BSA/AML”)] legal requirements . . . should be managed as a stand-alone risk program with direct reporting and accountability to the [Chief Risk Officer (“CRO”)] and [board risk committee].” Provide an update on management’s views on this issue and explain how the BSA/AML compliance infrastructure will be

organized at the combined institution. In your response, specifically address the following considerations:

- a. In its BHC Act application, BB&T noted that it has established a financial crimes function that centralizes BSA/AML and Office of Foreign Assets Control (“OFAC”) compliance activities, and that the roles of Chief Compliance Officer and BSA/AML/OFAC Officer were separated with each reporting to the CRO. Will the combined institution maintain such a structure? If not, provide detail regarding reporting lines among management with respect to such activities.
 - b. In its BHC Act application, BB&T noted that its board of directors has a special purpose BSA/AML Oversight Committee to provide board-level oversight of BB&T’s AML program. Will the board of the combined institution retain such a committee? If not, explain which board committee will provide oversight of the combined institution’s BSA/AML/OFAC program. In addition, discuss planned reporting lines and escalation paths to the combined institution’s board of directors with respect to BSA/AML/OFAC compliance activities.
5. In the April 16 Letter, BB&T indicates that the combined company will adopt a comprehensive written statement that articulates its risk appetite and serves as the basis for the risk governance framework immediately upon consummation. When available, provide a draft of such statement to the Board.
6. In the April 16 Letter, BB&T indicates that a high-level blueprint of the compliance risk management of the combined institution would likely be available by the end of April. Provide this blueprint or indicate the date by which it will be made available to the Board.
7. Provide an overview of the planned governance structure of the combined institution’s board of directors, including board committees and their respective mandates. Describe reporting lines and escalation paths from management and management committees to the board and board committees.
8. BB&T noted that it expected to announce a high-level framework and the key individuals who would be responsible for the CRA and consumer compliance programs at the combined institution on April 30, 2019. Provide additional details regarding this framework and the key individuals who will be part of the CRA and consumer compliance programs or indicate the date by which this information will be made available to the Board.
9. In its BHC Act application, BB&T provided a high-level discussion of how the combined organization would prepare to meet additional regulatory requirements and expectations

applying to bank holding companies with consolidated assets in excess of \$250 billion, including the requirements of SR 15-18 (Federal Reserve Supervisory Assessment of Capital Planning and Positions for LISC Firms and Large and Complex Firms). Items noted included the organization's CCAR Enhancements Project, and the internal audit function's SR 15-18 preparation efforts. In view of proposed merger's immediate effect of increasing the organization's consolidated assets to more than \$400 billion, please provide a more detailed and up-to-date discussion of the organization's planning and preparedness efforts, including with respect to the allocation of resources. Provide supporting documentation as appropriate.

10. Provide the following information for insurance premium financing activities by BB&T and SunTrust:
 - a. Total commissions and premiums, for property and casualty policies (differentiating between commercial and personal lines) and life insurance policies;
 - b. Five largest customers, for property and casualty policies (differentiating between commercial and personal lines) and life insurance policies;
 - c. Three largest competitors, for property and casualty policies (differentiating between commercial and personal lines) and life insurance policies.
11. You indicated that you were developing a community benefits plan in connection with the proposed merger. Please confirm that any such community benefits plan will be made publicly available when finalized.
12. To the extent not already addressed in your letter submitted to the Federal Reserve Bank of Richmond dated April 23, 2019, please respond to the concerns raised at each of the public meetings held on April 25, 2019, at the Charlotte Branch of the Federal Reserve Bank of Richmond and on May 3, 2019, at the Federal Reserve Bank of Atlanta and to the concerns raised in written comments to the Board with respect to the proposed transaction.
13. Confirm that SunTrust has provided, or intends to provide, prior notice for voluntary liquidation of SunTrust International Banking Company pursuant to 12 CFR 211.7.
14. Provide a detailed update on the status of technology integration planning, including additional information on data center and end-state application selection activities, and plans going forward. Describe BB&T's efforts to ensure a smooth technological transition for existing customers.
15. Discuss BB&T's plan to integrate SunTrust's merchant banking activities into its business, as well as BB&T's plans to ensure compliance with applicable merchant banking regulations.

16. Actual and pro forma financial information and capital calculations were provided as of December 31, 2018. Please provide the same financial information and capital calculations updated to reflect March 31, 2019 data, on parent company-only, consolidated holding company, and bank level bases. The financial statements submitted in response to this request should reflect the same level of detail as the financial statements provided in the original application, including relevant adjustments and explanatory footnotes.
17. For BB&T, provide actual and pro forma internally classified asset information (in dollar amount totals), as of March 31, 2019, on both a consolidated and bank level basis, comprised of the separate categories of substandard, doubtful, and loss (with relevant components of OREO, separately identified in each category).
18. For SunTrust, provide the same internally classified asset information as of March 31, 2019, as requested for BB&T above (pro forma information is not necessary).

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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.