

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

NORTH CAROLINA OFFICE OF THE COMMISSIONER OF BANKS
RALEIGH, NORTH CAROLINA

In the Matter of

BB&T CORPORATION
Winston-Salem, North Carolina

Docket No. 17-004-B-HC

Cease and Desist Order Issued
Upon Consent Pursuant to the
Federal Deposit Insurance Act, as
amended

WHEREAS, BB&T Corporation, Winston-Salem, North Carolina (“BB&T”), a registered bank holding company, owns and controls Branch Banking and Trust Company, Winston-Salem, North Carolina (the “Bank”), a state-chartered bank that is regulated by the Federal Deposit Insurance Corporation (the “FDIC”) and the North Carolina Office of the Commissioner of Banks (“Commissioner”), and various nonbank subsidiaries;

WHEREAS, BB&T has adopted a firmwide compliance risk management program designed to ensure compliance with all applicable laws, rules, and regulations relating to anti-money laundering (“AML”), including compliance with the Bank Secrecy Act (the “BSA”) (31 U.S.C. § 5311 *et seq.*); the rules and regulations issued thereunder by the U.S. Department of Treasury (31 C.F.R. Chapter X); and the AML regulations issued by the appropriate federal supervisors for BB&T, the Bank, and other subsidiaries of BB&T (collectively, the “BSA/AML Requirements”);

WHEREAS, the Bank has consented to the issuance of a Consent Order by the FDIC and the Commissioner designed to remedy deficiencies in the Bank's BSA/AML compliance program (the "FDIC Consent Order");

WHEREAS, the most recent inspection of BB&T conducted by the Federal Reserve Bank of Richmond (the "Reserve Bank") identified significant deficiencies in BB&T's firmwide compliance program with respect to compliance with the BSA/AML Requirements;

WHEREAS, BB&T, the Board of Governors of the Federal Reserve System (the "Board of Governors"), the Commissioner, and the Reserve Bank have the common goals that BB&T, on a firmwide basis, operates in compliance with all applicable federal and state laws, rules, and regulations regarding the BSA/AML Requirements, and that BB&T implements an effective firmwide compliance risk management program that is commensurate with BB&T's compliance risk profile;

WHEREAS, BB&T, the Board of Governors and the Commissioner have mutually agreed to enter into this consent Cease and Desist Order (the "Order"); and

WHEREAS, on January 24, 2017, the boards of directors of BB&T adopted a resolution authorizing Kelly S. King, to enter into this Order on behalf of BB&T and consent to compliance with each and every provision of this Order by BB&T and to waive any and all rights that BB&T may have pursuant to section 8 of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. § 1818), including, but not limited to: (i) the issuance of a notice of charges on any matters set forth in this Order; (ii) a hearing for the purpose of taking evidence on any matters set forth in this Order; (iii) judicial review of this Order; and (iv) challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of the Order or any provision hereof.

NOW, THEREFORE, it is hereby ordered that, before the filing of any notices, or taking of any testimony or adjudication of or finding on any issues of fact or law herein, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for protracted or extended hearings or testimony, pursuant to sections 8(b)(1) and (3) of the FDI Act (12 U.S.C. §§1818(b)(1) and 1818(b)(3)), BB&T shall cease and desist and take affirmative action as follows:

Source of Strength

1. The board of directors of BB&T shall take appropriate steps to fully utilize BB&T's financial and managerial resources, pursuant to section 38A of the FDI Act (12 U.S.C. § 1831o-1) and section 225.4(a) of Regulation Y of the Board of Governors (12 C.F.R. § 225.4(a)), to serve as a source of strength to the Bank, including, but not limited to, taking steps to ensure that the Bank complies with the FDIC Consent Order and any other supervisory action taken by the FDIC or the Commissioner.

Board Oversight

2. Within 60 days of this Order, BB&T's board of directors shall submit a written plan to strengthen board oversight of BB&T's firmwide compliance risk management program with regard to compliance with the BSA/AML Requirements acceptable to the Reserve Bank and Commissioner. The plan shall describe the actions that the board of directors will take to improve BB&T's compliance risk management with regard to the BSA/AML Requirements, including, but not limited to, measures to ensure that compliance risk is effectively managed across BB&T, including within and across business lines, support units, and legal entities. The plan shall, at a minimum, address, consider, and include:

(a) funding for qualified and trained personnel, systems, and other resources needed to operate a compliance risk management program with regard to the BSA/AML Requirements that is commensurate with the compliance risk profile of the organization and that fully addresses the organization's compliance risks on a timely and effective basis;

(b) measures to ensure adherence to approved BSA/AML compliance policies, procedures, and standards;

(c) improvements to internal controls, policies, procedures, and processes with respect to the organization's programs for customer identification, customer due diligence, enhanced due diligence, as applicable, and, suspicious activity monitoring and reporting; and

(d) steps to improve the information and reports that will be regularly reviewed by the board of directors regarding compliance with the BSA/AML Requirements, and the status and results of measures taken, or to be taken, by senior officers to remediate outstanding compliance issues and to comply with this Order.

Compliance Risk Management Program

3. Within 60 days of this Order, BB&T shall submit a written plan to improve BB&T's firmwide compliance risk management program with regard to the BSA/AML Requirements acceptable to the Reserve Bank and Commissioner. The plan shall, at a minimum, address, consider, and include:

(a) the scope and frequency of BSA/AML compliance risk assessments;

(b) comprehensive BSA/AML risk assessment processes, including clearly defined parameters regarding acceptable risks associated with specific types of customers or businesses;

- (c) identification of all business lines, activities, and products to ensure that such business lines, activities, and products are appropriately risk-rated and included in the firmwide BSA/AML risk assessments;
- (d) enhanced written policies, procedures, and compliance risk management standards;
- (e) the duties and responsibilities of compliance personnel for each business line, program, and legal entity regarding the BSA/AML compliance function, including the reporting lines within BB&T, and between BB&T and its business lines and legal entities;
- (f) a process for periodically reevaluating staffing needs in relation to the organization's compliance risk profile;
- (g) measures to ensure compliance and improve accountability within all business lines and legal entities and their respective compliance functions;
- (h) measures to ensure BSA/AML issues are appropriately tracked, escalated, and reviewed by appropriate senior management;
- (i) procedures for the periodic testing of the effectiveness of the compliance risk management program; and
- (j) consistency with the Board of Governors' guidance regarding Compliance Risk Management Programs and Oversight at Large Banking Organizations with Complex Compliance Profiles, dated October 16, 2008 (SR 08-8).

Progress Reports

4. Within 30 days after the end of each calendar quarter following the date of this Order, BB&T's board of directors, or an authorized committee thereof, shall submit to the Reserve Bank and Commissioner written progress reports detailing the form and manner of all

actions taken to secure compliance with this Order, a timetable and schedule to implement specific remedial actions to be taken, and the results thereof. The Reserve Bank and Commissioner may, in writing, discontinue the requirement for progress reports or modify the reporting schedule.

Approval and Implementation of Plans

5. (a) BB&T shall submit written plans that are acceptable to the Reserve Bank and Commissioner within the applicable time periods set forth in paragraphs 2,3,4, and 5 of this Order. Each plan shall contain a timeline for full implementation of the plan or program with specific deadlines for the completion of each component of the plan or program.

(b) Within 10 days of approval by the Reserve Bank and Commissioner, BB&T shall adopt the approved plans. Upon adoption, BB&T shall promptly implement the approved plans, and thereafter fully comply with them.

(c) During the term of this Order, the approved plans shall not be amended or rescinded without the prior written approval of the Reserve Bank and Commissioner.

Communications

6. All communications regarding this Order shall be sent to:

(a) Kelly S. King
Chairman and Chief Executive Officer
BB&T Corporation
P.O. Box 1250
Winston-Salem, North Carolina 27102

(b) Phillip C. Watts
LFI CPC
Federal Reserve Bank of Richmond
P.O. Box 30248
Charlotte, North Carolina 28230

(c) Ray Grace
Commissioner of Banks
North Carolina Commissioner of Banks
4309 Mail Service Center
Raleigh, North Carolina 27699

Miscellaneous

7. Notwithstanding any provision of this Order to the contrary, the Reserve Bank and Commissioner may, in their discretion, grant written extensions of time to BB&T to comply with any provision of this Order.

8. The provisions of this Order shall be binding on BB&T and each of its institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the FDI Act (12 U.S.C. §§ 1813(u) and 1818(b)(3)), in their capacities as such, and their successors and assigns.

9. Each provision of this Order shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank and Commissioner.

10. The provisions of this Order shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any other action affecting BB&T or any of its current or former institution-affiliated parties and their successors and assigns.

By order of the Board of Governors of the Federal Reserve System effective this 25 day of January, 2017.

BB&T CORPORATION

By: /s/ Kelly S. King
Kelly S. King
Chairman and Chief Executive Officer

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By: /s/ Robert deV. Frierson
Robert deV. Frierson
Secretary of the Board

NORTH CAROLINA COMMISSIONER
OF BANKS

By: /s/ Ray Grace
Ray Grace
Commissioner of Banks