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**Resolution Plan**  
**Public Executive Summary**  
**2018**  
**IDI**

**Forward Looking Information**

This document contains “forward-looking statements”, within the meaning of the Private Securities Litigation Reform Act of 1995, with respect to the financial condition, results of operations and businesses of BB&T that are based on the beliefs and assumptions of the management of BB&T and the information available to management at the time these disclosures were prepared. Words such as “anticipates,” “believes,” “estimates,” “expects,” “forecasts,” “intends,” “plans,” “projects,” “may,” “will,” “should,” “could,” and other similar expressions are intended to identify these forward-looking statements. Such statements are subject to factors that could cause actual results to differ materially from anticipated results. Forward-looking statements involve certain risks and uncertainties and are based on the beliefs and assumptions of the management of BB&T, and the information available to management at the time that this document was prepared. Factors that may cause actual results to differ materially from those contemplated by such forward looking statements are described more fully in BB&T’s Annual Report on Form 10-K for the year ended December 31, 2017 and BB&T’s Quarterly Reports on Form 10-Q under the section titled Item 1A “Risk Factors”, and from time to time, in other filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. Actual results may differ materially from those expressed in, or implied by, any forward-looking statements. Except to the extent required by applicable law or regulation, BB&T undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

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## Section 1: Introduction

To promote financial stability, the Federal Deposit Insurance Corporation (“FDIC”) has adopted a rule (“IDI Rule”) for insured depository institutions (“IDI”) requiring each IDI with \$50 billion or more in total assets,<sup>1</sup> a covered IDI (“CIDI”) to periodically submit a resolution plan (“IDI Resolution Plan”) to the FDIC. The IDI Rule is designed to ensure depositors receive prompt access to their insured deposits in the event of an IDI’s failure and to enable the FDIC to perform its resolution functions efficiently. Branch Banking and Trust Company, with more than \$50 billion in total assets, is considered a CIDI and, therefore, has developed an IDI Resolution Plan to meet the requirements of the IDI Rule.

In the unlikely event of material financial distress or failure, BB&T’s<sup>2</sup> IDI Resolution Plan provides for the resolution of Branch Banking and Trust Company and its Material Entity (listed in Section 2) in a rapid and orderly way, without posing systemic risk to the larger financial system and without the need for extraordinary government support. The IDI Resolution Plan includes resolution strategies involving receivership under the Federal Deposit Insurance Act (“FDIA”), as amended, and reorganization or liquidation under the United States Bankruptcy Code (the “Bankruptcy Code”).

In conformance with the IDI Rule and guidance provided by the FDIC, BB&T’s IDI Resolution Plan includes a series of hypothetical material financial events that specifically affect specific Core Business Lines<sup>3</sup> of BB&T (*i.e.*, idiosyncratic events) and occur at a time when general macroeconomic conditions are consistent with the severely adverse economic scenario,<sup>4</sup> and assumes BB&T has not taken steps to enhance its capital or liquidity position. In addition, BB&T qualitatively considers the impact of the idiosyncratic events on BB&T during baseline and adverse economic scenarios.

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<sup>1</sup> An insured depository institution with \$50 billion or more in total assets, as determined based upon the average of the institution’s four most recent Reports of Condition and Income (Call Reports) or Thrift Financial Reports (TFR), as applicable to the insured depository institution.

<sup>2</sup> BB&T refers to BB&T Corporation and its subsidiaries collectively.

<sup>3</sup> As defined by the IDI Rule, Core Business Line means “those business lines of the CIDI, including associated operations, services, functions, and support that, in the view of the CIDI, upon failure would result in material loss of revenue, profit, or franchise value.”

<sup>4</sup> Supervisory Scenarios for Annual Stress Tests Required under the Dodd-Frank Act Stress Testing Rules and the Capital Plan Rule published by the Board of Governors of the Federal Reserve System.

Unless otherwise indicated, information provided in this Public Section<sup>5</sup> is as of December 31, 2017.

## **Business Overview**

BB&T, one of the largest financial services holding companies in the U.S., had approximately \$221.6 billion in assets and a market capitalization of \$39.0 billion as of December 31, 2017. Branch Banking and Trust Company, BB&T's primary banking subsidiary and its largest subsidiary, was chartered in 1872 and is the oldest bank headquartered in North Carolina. Branch Banking and Trust Company provides a wide range of banking and trust services for retail and commercial clients in its geographic markets, including businesses, public agencies, local governments, and individuals, through approximately 2,000 financial centers. Branch Banking and Trust Company is organized as a group of community banking regions, each with a regional president that provides for local decision making in close proximity to the client.

BB&T operates its business through four reportable operating segments, (as identified in its 2017 Annual Report on Form 10-K:

- **Community Banking – Retail and Consumer Finance** serves retail clients by offering a variety of loan and deposit products, payment services, bankcard products and other financial services by connecting clients to a wide range of financial products and services;
- **Community Banking – Commercial** serves large, medium and small business clients by offering a variety of loan and deposit products and connecting the client with the combined organization's broad array of financial services. Community Banking - Commercial includes commercial real estate lending, commercial and industrial lending, corporate banking, asset based-lending, dealer inventory financing, tax exempt financing, cash management and treasury services, and commercial deposit products;

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<sup>5</sup> The Public Section refers to the respective public executive summary required under the Rules.

- **Insurance Holdings and Premium Finance** includes BB&T's insurance agency / brokerage network - the fifth largest in the world. Insurance Holdings provides property and casualty, employee benefits and life insurance to businesses and individuals. It also provides small business and corporate services, such as workers compensation and professional liability, as well as surety coverage and title insurance. Insurance Holdings and Premium Finance also includes Prime Rate Premium Finance Corporation, which includes AFCO and CAFO, insurance premium finance subsidiaries that provide financing to individuals and businesses in the United States and Canada; and
- **Financial Services and Commercial Finance** provides personal trust administration, estate planning, investment counseling, wealth management, asset management, corporate retirement services, capital markets and corporate banking services, corporate trust services, and specialty finance products to businesses.

A fifth segment, Other, Treasury & Corporate is the combination of 1) operating entities that do not meet the quantitative or qualitative thresholds for disclosure; 2) BB&T's Treasury function, which is responsible for the management of the securities portfolios, overall balance sheet funding and liquidity, and overall management of interest rate risk; 3) the corporate support functions that have not been allocated to the business segments; and 4) certain merger-related charges or credits that are incurred as part of the acquisition and conversion of acquired entities; certain charges that are considered to be unusual in nature and not reflective of the normal operations of the segments; and intercompany eliminations including intersegment net referral fees in noninterest income and net intersegment interest income (expense).

Under the IDI Rule, Branch Banking and Trust Company is required to have a comprehensive plan that provides for resolution under receivership of the FDIA, and the applicable insolvency regimes for other Material Entities, in a rapid and orderly manner that BB&T believes would not pose systemic risk to the U.S. financial system. BB&T has submitted its IDI Resolution Plan in accordance with the requirements of the IDI Rule. In the unlikely event that Branch Banking and Trust Company were to default on its obligations, or be in danger of default, and neither its recovery plan nor another private sector alternative was available to prevent the default, the IDI Resolution Plan provides for the continuation of Branch Banking and Trust Company's business operations and the orderly transfer of Branch Banking and Trust Company and its subsidiaries'

clients, client accounts, client securities, and other property to other providers with minimal disruption. The IDI Resolution Plan allows for Branch Banking and Trust Company to be resolved without requiring extraordinary government support and in a manner that would minimize losses to the Deposit Insurance Fund.<sup>6</sup>

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<sup>6</sup> The FDIC's Deposit Insurance Fund is funded by insurance payments made by FDIC-covered banks. The Deposit Insurance Fund is set aside to protect insured depositors in the event of failure of an insured depository institution.

## Section 2: The Names of Material Entities

As defined by the IDI Rule, a Material Entity means “a company that is significant to a Critical Service<sup>7</sup> or Core Business Line.” BB&T has identified the following Material Entities for the IDI Resolution Plan:

- **BB&T Corporation** is the financial holding company and parent company for BB&T, and is considered a Material Entity under the IDI Rule. BB&T Corporation is incorporated under North Carolina law, and is subject to supervision by the Board of Governors of the Federal Reserve (“Federal Reserve Board”).
- **Branch Banking and Trust Company** is a wholly owned, state-chartered banking subsidiary of BB&T Corporation and, for purposes of the IDI Rule, is the CIDI. Branch Banking and Trust Company is a commercial bank that provides a wide range of products and services including traditional banking, specialized lending, insurance, and investment and trust services for retail and commercial clients primarily through branches within its traditional bank footprint. Branch Banking and Trust Company is subject to supervision by the FDIC, the Office of the NC Commissioner of Banks (“NCCOB”), and the Consumer Financial Protection Bureau (“CFPB”).
- **BB&T Insurance Holdings, Inc.** is a wholly owned subsidiary of Branch Banking and Trust Company and offers a wide variety of insurance products nationwide through BB&T Insurance Holdings’ various subsidiaries. BB&T Insurance Holdings serves as the holding company for most of the insurance operations within BB&T. BB&T Insurance Holdings is subject to supervision by various state insurance commissioners.

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<sup>7</sup> As defined by the IDI Rule, Critical Services means “services and operations of the CIDI, such as servicing, information technology support and operations, human resources, and personnel that are necessary to continue the day-to-day operation of the CIDI.”



## **Section 3: Description of Core Business Lines**

BB&T is a values-driven, highly profitable growth organization offering a full range of consumer and commercial banking, securities brokerage, asset management, mortgage, and insurance products and services. BB&T provides these products and services through various operating segments. BB&T determined that its four reportable operating segments meet the definition of a Core Business Line for the IDI Resolution Plan. Descriptions of these Core Business Lines are as follows:

### **Community Banking – Retail and Consumer Finance**

Community Banking – Retail and Consumer Finance includes Residential Mortgage Banking, which retains and services mortgage loans originated by BB&T as well as those purchased from various correspondent originators. Mortgage loan products include fixed and adjustable rate government and conventional loans used for the purpose of constructing, purchasing or refinancing residential properties. Substantially all of the properties are owner occupied. BB&T generally retains the servicing rights to loans sold. Residential Mortgage Banking earns interest on loans held in the warehouse and portfolio, earns fee income from the origination and servicing of mortgage loans and recognizes gains or losses from the sale of mortgage loans. Residential Mortgage Banking also includes Mortgage Warehouse Lending, which provides short-term lending solutions to finance first-lien residential mortgage loans held for sale by independent mortgage companies.

Community Banking - Retail and Consumer Finance also includes Dealer Retail Services which originates loans to consumers on a prime and nonprime basis for the purchase of automobiles. Such loans are originated on an indirect basis through approved franchised and independent automobile dealers throughout the BB&T market area and surrounding areas, and nationally through Regional Acceptance Corporation. Additionally, Community Banking - Retail and Consumer Finance originates loans for the purchase of boats and recreational vehicles originated through dealers in BB&T's market area.

Community Banking - Retail and Consumer Finance also includes Sheffield Financial, which is a business unit that provides specialty finance products to consumers; as well as BB&T

Commercial Equipment Capital, which is an operating subsidiary that provides mid-market equipment leasing primarily within BB&T's banking footprint.

Community Banking - Retail and Consumer Finance is primarily responsible for serving individual client relationships and, therefore, is credited with certain revenue from the Insurance Holdings and Premium Finance Core Business Line, and the Financial Services and Commercial Finance Core Business Line, which is reflected in noninterest income.

## **Community Banking – Commercial**

Community Banking – Commercial serves large, medium and small business clients by offering a variety of loan and deposit products and connecting the client with the organization's broad array of financial services. Community Banking - Commercial includes commercial real estate lending, commercial and industrial lending, corporate banking, asset based-lending, dealer inventory financing, tax exempt financing, cash management and treasury services, and commercial deposit products.

Community Banking - Commercial is primarily responsible for serving commercial client relationships and, therefore, is credited with certain revenue from the Community Banking – Retail and Consumer Finance Core Business Line, the Insurance Holdings and Premium Finance Core Business Line, and the Financial Services and Commercial Finance Core Business Line, which is reflected in noninterest income.

## **Insurance Holdings and Premium Finance**

Insurance Holdings and Premium Finance includes BB&T's insurance agency / brokerage network, the fifth largest in the world. Its insurance agency / brokerage network provides property and casualty, employee benefits and life insurance to businesses and individuals. It also provides small business and corporate services, such as workers compensation and professional liability, as well as surety coverage and title insurance.

Insurance Holdings and Premium Finance also includes Prime Rate Premium Finance Corporation, which includes AFCO and CAFO, insurance premium finance subsidiaries that provide financing to individuals and businesses in the United States and Canada.

The Community Banking - Retail and Consumer Finance Core Business Line, the Community Banking – Commercial Core Business Line, and the Financial Services and Commercial Finance Core Business Line receive credit for insurance commissions and referrals to the Insurance Holdings and Premium Finance Core Business Line with the corresponding charge retained as part of the Other, Treasury and Corporate segment.

## **Financial Services and Commercial Finance**

Financial Services and Commercial Finance provides personal trust administration, estate planning, investment advisory, wealth management, asset management, corporate retirement services, capital markets and corporate banking services, corporate trust services, commercial real estate lending and government finance to individuals, corporations, nonprofit organizations, and governmental entities.

Financial Services and Commercial Finance includes BB&T Securities, a full-service brokerage and investment banking firm that provides services in retail brokerage, equity and debt underwriting and investment advice and facilitates the origination, trading and distribution of fixed-income securities and equity products in both the public and private capital markets.<sup>8</sup> BB&T Securities also has a public finance department that provides investment banking services, financial advisory services and municipal bond financing to a variety of regional taxable and tax-exempt issuers. Financial Services and Commercial Finance also offers clients a broad array of investment options, including discount brokerage services, equities, fixed income annuities, mutual funds, and taxable and tax exempt securities.

Additionally, through Sterling Capital Management, L.L.C., Financial Services and Commercial Finance provides investment management services to a diverse group of clients including mutual funds, corporate, public, healthcare, endowment and foundations, insurance, high net worth, and other managed investment accounts.

Financial Services and Commercial Finance also includes specialty finance offered through two operating subsidiaries and a business unit. Operating subsidiaries include Grandbridge Real

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<sup>8</sup> BB&T Securities, LLC is a subsidiary of BB&T Corporation.

Estate Capital, LLC, a full-service commercial mortgage banking lender providing loans on a national basis, and BB&T Equipment Finance Corporation, which provides equipment leasing for large and middle market clients. The business unit, Governmental Finance, provides tax-exempt financing to meet the capital project needs of local governments. Branch Banking and Trust Company clients as well as nonbank clients within and outside BB&T's primary geographic market area are served by these subsidiaries and the business unit.

In addition, Financial Services and Commercial Finance includes the Capital Markets Corporate Banking Division that originates and services large corporate relationships, syndicated lending relationships and client derivatives.

The Community Banking - Retail and Consumer Finance Core Business Line, and the Community Banking - Commercial Core Business Line receive an interoffice credit for referrals to the Financial Services and Commercial Finance Core Business Line, with the corresponding charge retained as part of the Other, Treasury and Corporate segment. Also captured within the net intersegment interest income for the Financial Services and Commercial Finance Core Business Line is the net interest margin for the loans and deposits associated with client relationships assigned to the Wealth Division that are housed in the Community Banking - Retail and Consumer Finance Core Business Line.

## Section 4: Summary Financial Information

Table 1 presents BB&T Corporation's Summarized Consolidated Balance Sheets as of December 31, 2017 and 2016. The amounts were derived from the consolidated balance sheets included in BB&T Corporation's Annual Report on Form 10-K, and include certain reclassifications to conform to BB&T's current presentation. For additional information, please refer to BB&T Corporation's 2017 Annual Report on Form 10-K and other BB&T reports filed pursuant to the Securities Exchange Act of 1934.

**Table 1: BB&T Corporation Summarized Consolidated Balance Sheets**  
(Dollars in millions)

	December 31,	
	2017	2016
<b>Assets</b>		
Cash and due from banks	\$ 2,243	\$ 1,897
Interest-bearing deposits with banks	343	1,895
Cash equivalents	127	144
Restricted cash	370	488
AFS securities at fair value	24,547	26,926
HTM securities (fair value of \$22,837 and \$16,546 at December 31, 2017 and 2016 respectively)	23,027	16,680
LHFS at fair value	1,099	1,716
Loans and leases	143,701	143,322
ALLL	(1,490)	(1,489)
Loans and leases, net of ALLL	<u>142,211</u>	<u>141,833</u>
Premises and equipment	2,055	2,107
Goodwill	9,618	9,638
CDI and other intangible assets	711	854
MSRs at fair value	1,056	1,052
Other assets	<u>14,235</u>	<u>14,046</u>
Total assets	<u>\$ 221,642</u>	<u>\$ 219,276</u>
<b>Liabilities</b>		
<b>Deposits:</b>		
Noninterest-bearing deposits	\$ 53,767	\$ 50,697
Interest-bearing deposits	103,604	109,537
Total deposits	<u>157,371</u>	<u>160,234</u>
Short-term borrowings	4,938	1,406
Long-term debt	23,648	21,965
Accounts payable and other liabilities	5,990	5,745
Total liabilities	<u>191,947</u>	<u>189,350</u>
<b>Shareholders' equity</b>	<u>29,695</u>	<u>29,926</u>
Total liabilities and shareholders' equity	<u>\$ 221,642</u>	<u>\$ 219,276</u>

**BB&T Capital Ratios**

The regulatory capital ratios of BB&T Corporation for December 31, 2017 and 2016 are provided in Table 2.

**Table 2: BB&T Corporation Capital Ratios**

	December 31,	
	2017	2016
Risk-based:		
Common equity Tier 1 to risk-weighted assets	10.2%	10.2%
Tier 1 Capital to risk-weighted assets	11.9%	12.0%
Total Capital to risk-weighted assets	13.9%	14.1%
Leverage Capital	9.9%	10.0%

Table 3 presents Branch Banking and Trust Company's Summarized Consolidated Balance Sheets as of December 31, 2017 and 2016. This summarized information has been presented on the same basis as BB&T's financial information in Table 1. For additional information, please refer to Branch Banking and Trust Company's 2017 FFIEC-031 Annual Consolidated Reports of Condition and Income.<sup>9</sup>

**Table 3: Branch Banking and Trust Company Summarized Consolidated Balance Sheets**

(Unaudited, dollars in millions)

	December 31,	
	2017	2016
<b>Assets</b>		
Cash and due from banks	\$ 2,169	1,882
Interest-bearing deposits with banks	297	1,880
Restricted cash	306	464
Securities available for sale at fair value	24,413	26,790
Securities held to maturity	23,026	16,678
Loans held for sale	1,099	1,716
Allowance for loan and lease losses	(1,218)	(1,243)
Loans and leases, net of allowance	<u>137,965</u>	<u>138,389</u>
Premises and equipment	2,040	2,091
Goodwill	9,405	9,425
Core deposit and other intangible assets	671	811
Mortgage servicing rights at fair value	1,056	1,052
Other assets	<u>13,630</u>	<u>13,255</u>
Total assets	<u>\$ 216,077</u>	<u>\$ 214,433</u>
<b>Liabilities</b>		
<b>Deposits:</b>		
Noninterest-bearing deposits	\$ 53,843	\$ 50,875
Interest-bearing deposits	<u>110,101</u>	<u>116,774</u>
Total deposits	<u>163,944</u>	<u>167,649</u>
Short-term borrowings	4,662	1,039
Long-term debt	14,055	11,979
Accounts payable and other liabilities	<u>5,571</u>	<u>5,322</u>
Total liabilities	<u>188,232</u>	<u>185,989</u>
<b>Shareholders' equity</b>	<u>27,845</u>	<u>28,445</u>
Total liabilities and shareholders' equity	<u>\$ 216,077</u>	<u>\$ 214,433</u>

<sup>9</sup> Further detail is available at [www.FFIEC.gov](http://www.FFIEC.gov).

Table 4 presents capital information for Branch Banking and Trust Company as of December 31, 2017 and 2016.

**Table 4: Branch Banking and Trust Company Capital Ratios**

	December 31,	
	2017	2016
Risk-based:		
Common Equity Tier 1 to risk-weighted assets	11.3%	11.5%
Tier 1 capital to risk-weighted assets	11.3%	11.5%
Total capital to risk-weighted assets	13.3%	13.6%
Leverage Ratio	9.4%	9.6%

### Capital Management

BB&T is strongly committed to maintaining a robust capital adequacy assessment process and operating in a safe and sound manner. Historically, BB&T has operated well in excess of minimum capital requirements. BB&T had the second highest average debt rating among regional banks as of December 31, 2017.

BB&T has a comprehensive capital planning process that is capable of evaluating BB&T's capital needs in normal and stressed conditions, as well as evaluating the impact that strategic acquisitions would have on its current and forecasted capital position. BB&T's capital planning process is fully integrated into its corporate risk governance process including active board and executive management participation, a dedicated capital planning function, visibility in senior risk committees, and integration with BB&T's risk appetite, risk inventory, and risk identification process.

BB&T performs stress testing on its capital levels semi-annually, at a minimum, and is required to submit its capital plans to the banking regulators. BB&T's capital deployment plan, in order of preference, is to focus on organic growth, dividends, strategic opportunities, and share repurchases.



In connection with BB&T's 2017 Comprehensive Capital Analysis and Review ("CCAR"),<sup>10</sup> the Federal Reserve Board projected BB&T Corporation's Common Equity Tier 1 and Tier 1 capital ratios to be at the middle of BB&T's peer group<sup>11</sup> under the Supervisory Severely Adverse scenario<sup>12</sup> with capital actions. BB&T Corporation had the fourth-highest projected pre-tax, pre-provision net revenue as a percentage of average assets and the fourth-highest profitability ratio among BB&T's peer group in the test.

The maintenance of appropriate levels of capital is a management priority and the level of capital is monitored and evaluated on a regular basis. BB&T's principal goals related to the maintenance of capital are to provide adequate capital to support BB&T's risk profile consistent with the Board-approved risk appetite; provide financial flexibility to support future growth and client needs; comply with relevant laws, regulations, and supervisory guidance; achieve optimal credit ratings for BB&T Corporation and its subsidiaries; and provide a competitive return to shareholders.

Management regularly monitors the capital position of both BB&T Corporation and Branch Banking and Trust Company, using operating forecasts and plans, as well as stressed scenarios. Management's overriding policy is to maintain capital levels in excess of the operating capital guidelines and the regulatory "well capitalized" levels.<sup>13</sup> Additionally, it is management's intent to maintain Branch Banking and Trust Company's capital levels commensurate with BB&T's risk appetite and risk profile, and the expectations of stakeholders. Management has implemented stressed capital ratio minimum guidelines to evaluate whether capital levels are sufficient to withstand the impact of plausible, severe economic downturns, or bank-specific events. Table 5 presents BB&T's internal capital guidelines.

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<sup>10</sup> Results of the 2018 Dodd-Frank Act Stress Test are published by the Board of Governors of the Federal Reserve System on its webpage at [www.federalreserve.gov](http://www.federalreserve.gov).

<sup>11</sup> For the 2017 Dodd-Frank Act Stress Test, BB&T's peer group included CFG, CMA, FITB, HBAN, KEY, MTB, PNC, RF, STI, USB, WFC, and ZION.

<sup>12</sup> The Supervisory Severely Adverse scenario as defined by the Federal Reserve. Further detail is available on the Federal Reserve's webpage at [www.federalreserve.gov](http://www.federalreserve.gov).

<sup>13</sup> Minimum capital requirements, as defined by the Federal Reserve as of December 31, 2017 (12 CFR 217.10(a)), requires the following: Leverage Ratio  $\geq$  4.0%, Common Equity Tier 1 Capital Ratio  $\geq$  4.5%, Tier 1 Capital Ratio  $\geq$  6.0%, and Total Capital Ratio  $\geq$  8.0%.

**Table 5: BB&T’s Internal Capital Guidelines**

<b>BB&amp;T’s Internal Capital Guidelines</b>	<b>Operating</b>	<b>Stressed</b>
Common Equity Tier 1 to risk-weighted assets	8.5%	6.0%
Tier 1 capital to risk-weighted assets	10.0	7.5
Total capital to risk-weighted assets	12.0	9.5
Leverage ratio	8.0	5.5
Tangible common equity ratio	6.0	4.0

## **Liquidity Planning and Funding**

### Liquidity Planning

BB&T undertakes comprehensive liquidity planning to ensure the availability of liquidity to support its ongoing operations. BB&T uses the following approaches to ensure the availability of liquidity to meet client needs:

- Cash flow forecasts including inflows and outflows at Branch Banking and Trust Company and BB&T Corporation over a two-year horizon;
- A buffer of high quality liquid assets and cash sufficient to cover 30 days of net cash outflows under stressed conditions;
- Cash reserves at BB&T Corporation sufficient to cover one-year of cash outflow assuming no inflows (management’s target is 18 months);
- Simulations of its balance sheet growth and mix, including the potential for deposit clients to withdraw deposits in significant quantity, testing of its contingency funding plan using a simulation exercise, and an annual liquidity simulation exercise;
- Liquidity modeling integrated into the CCAR stress testing used to measure capital adequacy. This allows the firm to test liquidity vulnerability under extreme stress conditions; and
- Annual liquidity event simulation.

### Funding

BB&T considers deposits to be its primary source of funds for lending and investing activities. Scheduled payments, prepayments, and maturities from BB&T’s portfolios of loans and

investment securities also provide a stable source of funds. FHLB advances, other secured borrowings, Federal funds purchased and other short-term borrowed funds, as well as longer-term debt issued through the capital markets, all provide supplemental liquidity sources.

BB&T's funding activities are monitored and governed through BB&T's overall asset / liability management process.

BB&T prudently manages cash levels at BB&T Corporation to cover a minimum of one year of projected contractual cash outflows, which includes unfunded external commitments, debt service, preferred and common stock dividends and scheduled debt maturities without the benefit of new cash infusions. Generally, BB&T maintains a significant buffer above the projected one year of contractual cash outflows. In determining the buffer, BB&T also considers being a source of strength to its banking subsidiaries, and being able to withstand sustained market disruptions that could limit access to the capital markets. As of December 31, 2017 and 2016, BB&T Corporation had 29 months and 25 months, respectively, of cash on hand to satisfy projected contractual cash outflows and 23 and 19 months, respectively, taking into account common stock dividends.

The following is a brief description of the various sources of funds available to and used by BB&T.

## Deposits

Branch Banking and Trust Company attracts deposits primarily from clients within its branch network by offering a broad selection of deposit instruments to individuals and businesses, including noninterest-bearing checking accounts, interest-bearing checking accounts, savings accounts, money market deposit accounts, certificates of deposit, and individual retirement accounts.

BB&T's total deposits at December 31, 2017 were \$157.4 billion, a decrease of \$2.8 billion from the prior year. Noninterest-bearing deposits increased \$3.1 billion, interest checking decreased \$2.6 billion, and money market and savings decreased \$2.1 billion. Time deposits declined \$1.2 billion. The overall growth in lower-cost deposits is primarily due to increases in commercial and retail balances. The average cost of interest-bearing deposits for 2017 was 0.32%, up nine basis points compared to the prior year.

## Short-term Borrowings

BB&T uses various types of short-term borrowings to meet funding needs. While deposits remain the primary source for funding loan originations, BB&T uses short-term borrowings as a supplementary funding source for loan growth and other balance sheet management purposes. Short-term borrowings were 2.0% of total funding on average in 2017, as compared to 1.2% in 2016. The types of short-term borrowings that have been used, or may be used, include federal funds purchased, securities sold under repurchase agreements, master notes, commercial paper, short-term bank notes and short-term FHLB advances. Short-term borrowings at the end of 2017 were \$4.9 billion, compared to \$1.4 billion at year-end 2016. Average short-term borrowings in 2017 were \$4.3 billion compared to \$2.6 billion in 2016.

## Long-term Debt

BB&T uses long-term debt to provide both funding and, to a lesser extent, regulatory capital. At December 31, 2017, long-term debt totaled \$23.6 billion, an increase of \$1.7 billion compared to year-end 2016. The increase in long-term debt reflects new senior debt issuances of \$7.3 billion and \$1.5 billion in new FHLB advances, partially offset by the early extinguishment of \$2.9 billion of FHLB advances and other repayments totaling \$4.2 billion of long-term debt. BB&T's average cost of long-term debt was 2.10% in 2017, compared to 2.13% in 2016.

FHLB advances represented 10.5% of total outstanding long-term debt at December 31, 2017. The remainder of long-term debt is primarily issuances of senior and subordinated notes by BB&T Corporation and Branch Bank.

**Section 5: Description of Derivatives and Hedging Activities****Derivative Financial Instruments**

A derivative is a financial instrument that derives its cash flows, and therefore its value, by reference to an underlying instrument, index, or referenced interest rate. These instruments include interest rate swaps, caps, floors, collars, financial forwards and futures contracts, swaptions, when-issued securities, foreign exchange contracts, and options written and purchased. BB&T uses derivative activities for hedging purposes. BB&T does not make markets (but does provide derivative execution for loan clients, for which it hedges each transaction and maintains no residual interest rate risk after executing the offsetting hedge), and does not take its own position in derivatives.<sup>14</sup> BB&T uses derivatives primarily to manage economic risk related to securities, commercial loans, mortgage servicing rights (“MSRs”) and mortgage banking operations, long-term debt, and other funding sources. Additionally, BB&T uses derivatives to facilitate transactions on behalf of its clients. The fair value of derivatives in a gain or loss position is included in other assets or liabilities, respectively, on BB&T Corporation’s Consolidated Balance Sheets.

BB&T classifies its derivative financial instruments as either (1) a hedge of an exposure to changes in the cash flows of a recognized asset, liability, or forecasted transaction (“cash flow hedge”), (2) a hedge of an exposure to changes in the fair value of a recorded asset or liability (“fair value hedge”), or (3) derivatives not designated as hedges. BB&T has master netting agreements with the derivatives dealers with which it does business, but reflects derivatives on a gross basis on BB&T Corporation’s Consolidated Balance Sheets.

Table 6 provides information concerning BB&T’s derivative financial instruments as of the dates indicated.

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<sup>14</sup> Trades that pre-date 2009 were macro hedged (*i.e.*, are not directly offset by a dealer trade).

**Table 6: BB&T's Derivative Financial Instruments (Dollars in millions)**

	Hedged Item or Transaction	December 31, 2017			December 31, 2017		
		Notional Amount	Fair Value		Notional Amount	Fair Value	
			Gain	Loss		Gain	Loss
<b>Cash Flow Hedges</b>							
Interest rate contracts:							
	3 month LIBOR funding	\$ 6,500	—	\$ (126)	\$ 7,050	—	\$ (187)
<b>Fair Value Hedges:</b>							
Interest rate contracts:							
	Receive fixed swaps	15,538	118	(166)	12,099	202	(100)
	Options	6,087	—	(1)	2,790	—	(1)
	Pay fixed swaps	416	5	(1)	346	4	(2)
	Pay fixed swaps	231	—	(76)	231	—	(83)
	<b>Total</b>	<b>22,272</b>	<b>123</b>	<b>(244)</b>	<b>15,466</b>	<b>206</b>	<b>(186)</b>
<b>Not Designated as Hedges:</b>							
Client-related and other risk management:							
Interest rate contracts:							
	Receive fixed swaps	10,880	141	(61)	9,989	235	(44)
	Pay fixed swaps	10,962	59	(155)	10,263	43	(252)
	Other swaps	936	2	(2)	1,086	2	(5)
	Other	722	2	(2)	709	2	(2)
	Forward commitments	3,549	3	(2)	5,972	29	(28)
	Foreign exchange contracts	470	3	(6)	669	8	(5)
	<b>Total</b>	<b>27,519</b>	<b>210</b>	<b>(228)</b>	<b>28,688</b>	<b>319</b>	<b>(336)</b>
<b>Mortgage Banking:</b>							
Interest rate contracts:							
	Interest rate lock commitments	1,308	7	(3)	2,219	7	(20)
	When issued securities, forward rate agreements and forward commitments	3,124	4	(3)	6,683	51	(14)
	Other	182	1	—	449	2	(1)
	<b>Total</b>	<b>4,614</b>	<b>12</b>	<b>(6)</b>	<b>9,351</b>	<b>60</b>	<b>(35)</b>
<b>MSRs:</b>							
Interest rate contracts:							
	Receive fixed swaps	4,498	15	(86)	5,034	18	(236)
	Pay fixed swaps	3,418	32	(13)	3,768	56	(7)
	Options	4,535	50	(11)	5,710	160	(8)
	When issued securities, forward rate agreements and forward commitments	1,813	1	—	3,210	3	(8)
	Other	3	—	—	—	—	—
	<b>Total</b>	<b>14,267</b>	<b>98</b>	<b>(110)</b>	<b>17,722</b>	<b>237</b>	<b>(259)</b>
	<b>Total derivatives not designated as hedges</b>	<b>46,400</b>	<b>320</b>	<b>(344)</b>	<b>55,761</b>	<b>616</b>	<b>(630)</b>
<b>Total Derivatives</b>		<b>\$ 75,172</b>	<b>\$ 443</b>	<b>\$ (714)</b>	<b>\$ 78,277</b>	<b>\$ 822</b>	<b>\$(1,003)</b>
Gross amounts not offset in the Consolidated Balance Sheets:							
Amounts subject to master netting arrangements not offset due to policy election							
			(297)	297		(443)	443
	Cash collateral (received) posted		(20)	344		(119)	450
	<b>Net Amount</b>		<b>\$ 126</b>	<b>\$ (73)</b>		<b>\$ 260</b>	<b>\$ (110)</b>

## Section 6: Memberships in Material Payment, Clearing and Settlement Systems

BB&T maintains memberships and / or direct access to a number of payment, clearing, and settlement systems and Financial Market Utilities<sup>15</sup> to facilitate transferring, clearing, and settling payments, securities, and other financial transactions for clients and on behalf of Branch Banking and Trust Company and BB&T Securities, LLC (a direct subsidiary of BB&T Corporation).

Table 7 identifies the notable payment, clearing, and settlement systems and Financial Market Utilities that BB&T utilizes.

**Table 7: Notable Payment, Clearing, and Settlement Systems and Financial Market Utilities Utilized by BB&T**

Member Entity	Payment, Clearing, and Settlement System / Financial Market Utility Name	Payment, Clearing, and Settlement System / Financial Market Utility Function	Payment, Clearing, and Settlement System / Financial Market Utility Description
Branch Banking and Trust Company	Fedwire Funds Services	Payments / Clearing / Settlements	Fedwire Funds is a wire transfer services provider that is owned and operated by the Federal Reserve Banks. Fedwire Funds is a real-time gross settlement system. Fedwire Funds processes the purchase and sale of federal funds; the purchase, sale and financing of securities transactions; the disbursement or repayment of loans; the settlement of domestic and cross-border U.S. dollar commercial transactions; and the settlement of real estate transactions and other high-value, time-critical payments. Fedwire Funds has not been designated as a systemically important financial market utility by the Financial Stability Oversight Council.

<sup>15</sup> Payment, clearing, and settlement systems and Financial Market Utilities are multilateral systems that provide the essential infrastructure for transferring, clearing, and settling payments, securities, and other financial transactions among financial institutions or between financial institutions and the system.

Member Entity	Payment, Clearing, and Settlement System / Financial Market Utility Name	Payment, Clearing, and Settlement System / Financial Market Utility Function	Payment, Clearing, and Settlement System / Financial Market Utility Description
Branch Banking and Trust Company	Fedwire Securities Service	Securities Processing	Fedwire Securities is a national securities book entry system that is owned and operated by the Federal Reserve Banks. Fedwire Securities conducts real-time transfers of securities and related funds on a gross basis. Fedwire Securities provides for the issuance, maintenance, safekeeping, transfer, and settlement for Treasury securities, for many federal government agency and government-sponsored enterprise securities and for certain international organizations' securities. Fedwire Securities has not been designated as a systemically important financial market utility by the Financial Stability Oversight Council.
Branch Banking and Trust Company	Electronic Payments Network ("EPN")	ACH Transactions	EPN is an electronic payment system providing automated clearing house ("ACH") services. EPN facilitates exchanges of batched debit and credit payments among business, consumer and government accounts. The system processes pre-authorized recurring payments such as payroll, Social Security, mortgage and utility payments, as well as non-recurring payments such as telephone-initiated payments and the conversion of checks into ACH payments at lockboxes and points of sale. It also processes inbound and outbound cross-border ACH payments through foreign gateway operators. EPN has not been designated as a systemically important Financial Market Utility by the Financial Stability Oversight Council.
Branch Banking and Trust Company	Clearing House Interbank Payments System ("CHIPS")	Wire Transfer	CHIPS, a U.S. payments system, is a service of The Clearing House. CHIPS is a large-value wire transfer payment system with real-time final net settlement of payments. Payments become final on completion of settlement, which occurs throughout the day. CHIPS processes a large proportion of U.S. dollar cross-border payments and an increasing volume of U.S. domestic payments. CHIPS has been designated as a systemically important Financial Market Utility by the Financial Stability Oversight Council.
Branch Banking and Trust Company	Small Value Payments Corporation ("SVPCO")	Check Clearing	SVPCO, a U.S. Check Image Exchange system, is a service of The Clearing House. SVPCO is a check clearing exchange system that does a net settlement between the exchanging banks on a business day basis. SVPCO-Electronic Clearing Services operates as a subsidiary of The Clearing House, LLC. SVPCO has not been designated as a systemically important Financial Market Utility by the Financial Stability Oversight Council.



Member Entity	Payment, Clearing, and Settlement System / Financial Market Utility Name	Payment, Clearing, and Settlement System / Financial Market Utility Function	Payment, Clearing, and Settlement System / Financial Market Utility Description
Branch Banking and Trust Company	ViewPointe	Check Clearing	ViewPointe, a U.S. check clearing and settlement system is owned by Bank of America, JPMorgan Chase, SunTrust, U.S. Bank, Wells Fargo, and IBM. It offers information management and governance services and solutions, payment archive, image exchange and clearing and settlement.
Branch Banking and Trust Company  BB&T Securities, LLC	Fixed Income Clearing Corporation (“FICC-MBSD”)	Securities Settlement	FICC, a U.S. securities clearing agency, is a subsidiary of the Depository Trust and Clearing Corporation (“DTCC”) which, in turn, is owned by its users, including major banks, broker-dealers and other financial institutions. FICC operates two divisions, the Government Securities Division (“GSD”) and the Mortgage Backed Securities Division (“MBSD”). Each division offers services to its members pursuant to separate rules and procedures. Branch Banking and Trust Company primarily utilizes MBSD. MBSD is a central counterparty and provides real-time trade matching, netting, and clearing services for the mortgage-backed securities market. FICC has been designated by the Financial Stability Oversight Council as a systemically important Financial Market Utility.
Branch Banking and Trust Company  BB&T Securities, LLC	The Depository Trust Company (“DTC”)  National Securities Clearing Corporation (“NSCC”)	Securities Settlement	DTC is a central securities depository providing depository and book-entry services for eligible securities and other financial assets to its participants, which are principally banks and broker-dealers. DTC processes the movement of securities for trades that are cleared and settled in the Continuous Net Settlement system operated by its affiliate National Securities Clearing Corporation (“NSCC”), a central counterparty for the clearance of trades in U.S. cash markets; processes transactions settled in Canadian dollars through its interface with CDS Clearing and Depository Services, Inc.; provides settlement services for institutional trades (which typically involve money and securities transfers between custodian banks and broker-dealers); and provides for the settlement of issuances and maturities of money market instruments. DTC has been designated by the Financial Stability Oversight Council as a systemically important Financial Market Utility.

Member Entity	Payment, Clearing, and Settlement System / Financial Market Utility Name	Payment, Clearing, and Settlement System / Financial Market Utility Function	Payment, Clearing, and Settlement System / Financial Market Utility Description
Branch Banking and Trust Company	Visa Inc.	Payments	Visa Inc. (“Visa”) is a global payments technology company that connects consumers, businesses, financial institutions, and governments in numerous countries and territories, enabling them to use electronic payments instead of cash and checks. Visa has not been designated as a systemically important Financial Market Utility by the Financial Stability Oversight Council.
Branch Banking and Trust Company	ViewPointe Clearing, Settlement & Association Services, L.L.C.	Check Clearing	ViewPointe offer information management and governance solutions and hosts one of the largest national archives of check images and information providing end-to-end check image clearing and settlement services. ViewPointe provides its check clearing services through the National Settlement System (“NSS”). ViewPointe has not been designated as a systemically important Financial Market Utility by the Financial Stability Oversight Council.

**Section 7: Description of Foreign Operations**

Branch Banking and Trust Company has limited foreign operations, most notably insurance premium finance in Canada through CAFO, Inc.,<sup>16</sup> an indirect subsidiary of Branch Banking and Trust Company. CAFO, Inc. offers financing of property and casualty insurance premiums and originates the vast majority of these loans through long-standing relationships with independent agents and brokers throughout Canada. CAFO, Inc. conducts its operations from three Canadian offices in Toronto, Montréal, and Edmonton. At December 31, 2017, CAFO had \$341 million in loans outstanding net of allowance.

Branch Banking and Trust Company has other minor foreign operations including:

- A Cayman Islands branch license that allows Branch Banking and Trust Company to participate in the interdealer market for buying and selling Eurodollars; and
- BB&T Insurance Holdings, Inc., a designated Material Entity and subsidiary of Branch Banking and Trust Company, has one subsidiary organized under a foreign jurisdiction:
  - McGriff, Seibels & Williams de Mexico Intermediario de Reasaguro, S.A. de C.V. (“McGriff de Mexico”) is the Mexican-based subsidiary of McGriff, Seibels & Williams, Inc. (“McGriff”), a retail insurance broker, used to service McGriff clients that have operations in Mexico.

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<sup>16</sup> CAFO, Inc., a corporation organized under the laws of Ontario, Canada, is a subsidiary of CAFO Holdings Company, a Nova Scotia corporation, which is a subsidiary of CAFO US Holdings, Inc., a U.S. entity organized under the laws of NC. CAFO US Holdings, Inc. is a subsidiary of Prime Rate Premium Finance Corporation, Inc., which is a subsidiary of Branch Banking and Trust Company.

**Section 8: Material Supervisory Authorities**

As a financial holding company, BB&T Corporation is subject to regulation under the Bank Holding Company Act and the examination and reporting requirements of the Federal Reserve Board. In addition, BB&T Corporation, as parent company to Branch Banking and Trust Company, is subject to federal and state banking laws and regulations. BB&T Corporation and certain of its subsidiaries and affiliates, including those that engage in securities underwriting, dealing, brokerage, investment advisory and insurance activities, are subject to regulation, supervision, and examination by state and federal regulatory authorities, including the Securities and Exchange Commission (“SEC”), Financial Industry Regulatory Authority (“FINRA”), New York Stock Exchange (“NYSE”), and various state insurance and securities regulators.

Branch Banking and Trust Company, a state-chartered commercial bank and BB&T Corporation’s largest subsidiary, is subject to regulation, supervision, and examination by the Federal Deposit Insurance Corporation (“FDIC”), the North Carolina Office of the Commissioner of Banks (“NCCOB”), and the Consumer Financial Protection Bureau (“CFPB”). State and federal laws govern the activities in which Branch Banking and Trust Company engages, the investments it makes, and the aggregate amount of loans it may grant to one borrower. Various federal and state consumer protection and compliance laws and regulations also affect its operations. Banking regulators also have broad enforcement powers over Branch Banking and Trust Company, including the power to impose fines and other civil and criminal penalties, and to appoint a receiver in order to protect the assets of any such institution for the benefit of depositors and other creditors. Additionally, Federal Reserve Board actions affect Branch Banking and Trust Company as the Federal Reserve Board attempts to influence economic growth and stability through monetary supply and credit availability.

## Section 9: Principal Officers

Table 8 identifies the Executive Officers<sup>17</sup> of BB&T Corporation and Branch Banking and Trust Company.

**Table 8: Executive Officers of BB&T Corporation and Branch Banking and Trust Company as of December 31, 2017**

Executive Officer and Title	
Kelly S. King <i>Chairman and Chief Executive Officer</i>	W. Bennett Bradley <i>Senior Executive Vice President and Chief Digital Officer</i>
Daryl N. Bible <i>Senior Executive Vice President and Chief Financial Officer</i>	Jim D. Godwin <i>Senior Executive Vice President and Chief Credit Officer</i>
Barbara F. Duck <i>Senior Executive Vice President and Chief Information Officer</i>	Christopher L. Henson <i>President and Chief Operating Officer, President of Branch Banking and Trust Company</i>
Donna C. Goodrich <i>Senior Executive Vice President and Deposit, Operations and Fraud Manager</i>	Brant J. Standridge <i>Senior Executive Vice President and President, Retail Banking</i>
Robert J. Johnson, Jr. <i>Senior Executive Vice President, General Counsel, Secretary and Chief Corporate Governance Officer (BB&amp;T Corporation)</i> <i>Senior Executive Vice President, General Counsel and Secretary (Branch Banking and Trust Company)</i>	David H. Weaver <i>Senior Executive Vice President and President, Community Banking</i>
Clarke R. Starnes, III <i>Senior Executive Vice President and Chief Risk Officer</i>	W. Rufus Yates <i>Senior Executive Vice President and BB&amp;T Securities President and CEO and Securities and Financial Services Manager</i>
Dontá L. Wilson <i>Senior Executive Vice President and Chief Client Experience Officer</i>	

<sup>17</sup> Executive Officers of Branch Banking and Trust Company are also Executive Officers of BB&T Corporation.

Table 9 identifies the members of the BB&T Corporation and Branch Banking and Trust Company Boards of Directors. Members of Branch Banking and Trust Company’s Board of Directors also serve as members of BB&T Corporation’s Board of Directors, (collectively “Boards of Directors”).

**Table 9: Branch Banking and Trust Company Board of Directors as of December 31, 2017**

Board Member / Residency	Position	Other Boards Served
Kelly S. King, Winston-Salem, NC	Chairman and Chief Executive Officer, BB&T Corporation and Branch Banking and Trust Company	Director, The Financial Services Roundtable Director, The Clearing House Member, ECU National Leadership Advisory Council Director and Past Chairman, Piedmont Triad Partnership Trustee, Business for Educational Success and Transformation (BEST) NC National Board of Advisors High Point University
Jennifer S. Banner, Knoxville, TN	President, CEO and Manager, SchaadSource, LLC Chief Executive Officer and Manager, Schaad Family Office, LLC and Schaad Companies, LLC	Director, Clarence Brown Theatre Director, Uniti Group Inc. Director, Knoxville Entrepreneur Center Member, Diocese Finance Council, Catholic Diocese of Knoxville
K. David Boyer, Jr., Oakton, VA	Chief Executive Officer, GlobalWatch Technologies, Inc.	Director, GlobalWatch Technologies, Inc. Director, Virginia Community Development Corporation
Anna R. Cablik, Marietta, GA	President, Anasteel & Supply Company, LLC and Anatek, Inc.	Partner, CK Property Group, LLC Member, United Way of Greater Atlanta, Inc.
I. Patricia Henry, Stone Mountain, GA	Retired Director of Strategic Projects, Miller Brewing Co.	None
Eric C. Kendrick, Arlington, VA	President of Mereck Associates, Inc., Old Dominion Warehouse Corporation, Upton Corporation, and Murteck Construction Company, Inc., Manager, Second Generation, LLC	Director, Mereck Associates, Inc. Director, Old Dominion Warehouse Corporation Director, Upton Corporation Director, Murteck Construction Company, Inc.
Louis B. Lynn, Ph.D., Columbia, SC	President and Chief Executive Officer, ENVIRO AgScience, Inc.	Managing Member, TCG Builders, LLC Trustee, National Urban League Board Member, South Carolina Commission on Higher Education Board Member, South Carolina State Crop Pest Commission Trustee, Clemson University
Charles A. Patton, Hopewell, VA	Consultant and Manager Patton Holdings, LLC; Former President and Chief Executive Officer, Virginia First Savings Bank	Director, Richard Bland College Foundation, Inc.

Board Member / Residency	Position	Other Boards Served
Nido R. Qubein, High Point, NC	President, High Point University;	Director, eThrive, Inc. Director, La-Z-Boy Incorporated Executive Chairman, Great Harvest Bread Company Chairman Emeritus, National Speakers Association Foundation
William J. Reuter Lititz, PA	Retired Chairman and Chief Executive Officer, Susquehanna BancShares, Inc.	Co-Chairman, Lancaster Chamber of Commerce Capital Campaign (THRIVE) Director, Meritus Medical Center Advisory Committee member of the BB&T Economic Growth Fund, Lancaster County Community Foundation
Tollie W. Rich, Jr., Cape Coral, FL	Retired Chief Operating Officer, Life Savings Bank	None
Christine Sears Harrisburg, PA	President and Chief Executive Officer, Pennsylvania National Mutual Casualty Insurance Company	Director, Pennsylvania National Mutual Casualty Insurance Company Director, Partners Mutual Insurance Company Director, Penn National Holding Corporation Director, Founders Insurance Company Director, Penn National Security Insurance Company Director, Inservco Insurance Services, Inc. Director, ESL, Inc. Director, Penn National Realty Trust Board Member, National Association of Mutual Insurance Companies (NAMIC) Property Casualty Conference Trustee, The Institutes (American Institute of Chartered Property Casualty Underwriters) Director, Whitaker Center for Science and the Arts Director, United Way Foundation of the Capital Region Honorary Member, Penn State Harrisburg Board of Advisers
Thomas E. Skains, Charlotte, NC	Retired Chairman, President and Chief Executive Officer, Piedmont Natural Gas Company, Inc.	Director, Duke Energy Corporation Director, National Fuel Gas Company Director, Champions for Education, Inc.
Thomas N. Thompson, Owensboro, KY	President, Thompson Homes, Inc.	Director, Thompson Homes, Inc. Trustee, Brescia University President and Principal Broker Audubon Realty, Inc.

## **Section 10: Resolution Planning Corporate Governance Structure and Processes**

Resolution planning at BB&T is coordinated by the Recovery and Resolution Planning Office (“RRPO”) led by a senior officer of BB&T in the Chief Financial Officer’s organization. This officer works closely with senior management to ensure that BB&T is adopting business organizational strategies, policies, and procedures that appropriately address the challenges faced in establishing a robust and credible resolution planning structure.

The RRPO partners with the management teams of each of the Core Business Lines as well as with the management teams of the Critical Services, which include Audit Services, Data and Technology Services, Deposit, Operations and Fraud Management, Enterprise Marketing and Client Experience, Financial Management, Human Systems, Legal, and the Risk Management Organization to assess resolution planning strategies. The RRPO is responsible for compiling, reviewing, and maintaining all resolution-related information.

To support the sustainability of its resolution planning, BB&T considers resolution planning processes in its ongoing, day-to-day business processes, reporting, and governance.

Key participants in the resolution governance structure and processes include the Board of Directors of BB&T Corporation and Branch Banking and Trust Company, committees of the Board of Directors, senior leadership, and all relevant support groups, risk groups, and lines of business. Each of these groups has been appropriately engaged in the preparation of BB&T’s IDI Resolution Plan.

The activities of the RRPO are supervised by BB&T’s Treasurer, and the resolution planning process is under the oversight of the RRP Steering Committee which is chaired by BB&T’s Chief Financial Officer, and includes BB&T’s General Counsel, and other members of senior leadership representing various Core Business Lines and Critical Services. The process is reviewed with the Risk Committees of the Boards of Directors and updates on progress are made regularly throughout the year. The IDI Resolution Plan has been approved by Branch Banking and Trust Company’s Board of Directors.



**Section 11: Description of Material Management Information Systems**

BB&T's management information systems ("MIS") comprises a large portfolio of applications that are primarily owned or licensed by Branch Banking and Trust Company. These applications allow the Core Business Lines and Critical Services to conduct business, fulfill reporting requirements, and perform other day-to-day activities. These applications are supported by infrastructure managed within Branch Banking and Trust Company. MIS reporting, both standard and ad hoc, provides status on systems such as uptime / downtime, number of users, and efficiency. In many cases, data is also reported from warehouse / datamart environments. MIS reports are generated by both the Core Business Lines and Critical Services in order to analyze, measure, and manage their functions. To appropriately govern its applications and the supporting infrastructure, BB&T has implemented numerous policies and standards to consistently secure, support, and manage MIS.

MIS risk is governed by corporate risk management policies and managed by an Information Technology risk framework. Disaster recovery and business continuity plans are continually reassessed in order to provide stability should a disaster occur. BB&T manages application risk through an application tier structure. This structure provides standards and requirements for application availability and disaster recovery based on criticality.

## Section 12: High Level Description of Resolution Strategies

As required by the IDI Rule, BB&T has developed strategies for the resolution of its Material Entities. These strategies were developed assuming a hypothetical idiosyncratic failure had occurred at Branch Banking and Trust Company. The IDI Resolution Plan provides for the rapid and orderly resolution of Branch Banking and Trust Company and the other Material Entities, as defined under the IDI Rule, without extraordinary government support, while minimizing its impact to the Deposit Insurance Fund. The resolution strategies are summarized below:

- **Branch Banking and Trust Company (CIDI):** In the event of its failure, Branch Banking and Trust Company would be subject to the FDIC receivership process under the FDIA. BB&T has developed resolution strategies for Branch Banking and Trust Company by identifying a range of sale and disposition options for the FDIC to consider. The options identified are intended to achieve maximum value for the receivership, incur the least cost to the FDIC's Deposit Insurance Fund,<sup>18</sup> ensure clients have access to their insured deposits within one business day, and limit contagion and loss of franchise value that might be caused by a lengthy resolution process. The options for the sale and disposition of Branch Banking and Trust Company include strategies to either maintain Branch Banking and Trust Company as a whole bank and transition it to another owner ("Resolution Weekend Sale"), or, alternatively, segment Branch Banking and Trust Company into discrete parts and sell those parts in multiple transactions ("Multiple-Acquirer Sale"), which could include an Initial Public Offering ("IPO"), or liquidate ("Liquidation");
  
- **BB&T Corporation:** In the event of its failure, BB&T Corporation would be resolved under Chapter 11 of the Bankruptcy Code and its assets liquidated through a Section 363 sales process; and

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<sup>18</sup> The FDIC's Deposit Insurance Fund is funded by insurance payments made by FDIC-covered banks. The Deposit Insurance Fund is set aside to protect insured depositors in the event of failure of an insured depository institution.

- **BB&T Insurance Holdings, Inc.:** In the event of the failure of Branch Banking and Trust Company, a purchaser would be sought for the business either with Branch Banking and Trust Company, or on a standalone basis.

## Section 13: Conclusion

BB&T has historically maintained a simple corporate structure and has made changes to further simplify its structure as a result of its Resolution Planning activities. Activities among companies under a corporate umbrella can increase the complexity of resolving a financial company that fails. These relationships are referred to as interconnections. BB&T's use of subsidiary companies is limited and thus does not significantly add to the complexity of resolving BB&T under the remote chance that Branch Banking and Trust Company enters receivership. BB&T's most complex interconnection in receivership would be the separation of Branch Banking and Trust Company from BB&T Corporation, its parent company, and its related non-bank subsidiaries. In the event Branch Banking and Trust Company were to fail, BB&T Corporation and its non-bank subsidiaries would be subject to bankruptcy law, and Branch Banking and Trust Company and its subsidiaries would be subject to receivership under the FDIA. BB&T's resolution plan specifically deals with the separation of these corporate entities including cross-support of people, systems, and other processes that would be impacted by the different regimes that govern the hypothetical failure of BB&T Corporation or Branch Banking and Trust Company.

BB&T has limited systemic importance as a financial intermediary. Systemically important financial institutions<sup>19</sup> (e.g., major payment and clearing firms, major derivative counterparties, and major providers of liquidity to the industry) are generally engaged in activities that widely impact the financial system. The failure of a systemically important financial institution could potentially impact the financial stability of the United States. BB&T does not engage in these activities as a provider of services to other financial firms. BB&T, through Branch Banking and Trust Company, and its non-bank subsidiaries, provides traditional loan and deposit products, securities brokerage, trust services, and insurance brokerage for commercial and retail clients. A failure of BB&T would not create a systemic risk to the stability of the U.S. Financial System based upon the lack of interconnections that would represent a material exposure to other major financial institutions.

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<sup>19</sup> The Basel Committee has identified factors for assessing whether a financial institution is systemically important: its size, its complexity, its interconnectedness, the lack of readily available substitutes for the financial infrastructure it provides, and its global (cross-jurisdictional) activity.

BB&T believes its simple business model, lack of systemic industry interconnections, limited use of subsidiary companies, and strong resolution planning governance, would enable BB&T to be resolved under the resolution regimes available to regulators.

BB&T believes that the strength of the company, including its diversified revenue stream, strong capital base, balanced funding mix, and granular loan portfolio, makes its failure highly unlikely. BB&T's relatively straightforward organizational structure is evidenced by the fact that most of the operations of Branch Banking and Trust Company are housed in, and owned by, Branch Banking and Trust Company; the Material Entities are largely self-supporting in terms of funding; and the interconnections that exist between Branch Banking and Trust Company and the other Material Entities would be easily addressed in the event of a failure. Due to this straightforward organizational structure, it is expected that the resolution of Branch Banking and Trust Company could be achieved in a rapid and orderly manner, would provide depositors access to their funds within one business day, and could be structured in such a way as to have limited impact on the FDIC's Deposit Insurance Fund.