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Liquidity Coverage Ratio Disclosure

BB&T Corporation

June 30, 2019

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I. Introduction

BB&T Corporation (BB&T) is one of the largest financial holding companies (FHC) in the U.S., with $230.9 billion in assets and a market capitalization of $37.6 billion as of June 30, 2019. Branch Bank, BB&T's largest subsidiary, was chartered in 1872 and is the oldest bank headquartered in North Carolina. Branch Bank provides a wide range of banking and trust services for retail and commercial clients in its geographic markets, including small and mid-size businesses, corporations, public agencies, local governments and individuals, through more than 1,700 financial centers at June 30, 2019 and its digital platform.

On February 7, 2019, BB&T entered into an agreement and plan of merger, by and between BB&T and SunTrust Banks, pursuant to which SunTrust will merge with and into BB&T. The merger agreement has been unanimously approved by both companies' Boards of Directors. On July 10, 2019, BB&T received regulatory approval from the North Carolina Office of the Commissioner of Banks for the pending merger-of-equals with SunTrust. The merger is expected to close late in the third or fourth quarter of 2019, subject to satisfaction of closing conditions, including receipt of remaining regulatory approvals. On July 30, 2019, BB&T and SunTrust shareholders approved the merger. In addition, BB&T's shareholders approved Truist Financial Corporation to be the name of the new combined company.

II. Liquidity Coverage Ratio (LCR)

The U.S. Liquidity Coverage Ratio: Liquidity Risk Measurement Standards (the LCR Rule), was adopted in 2014 by the Board of Governors of the Federal Reserve System (FRB), The Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC). The FRB also implemented a modified version of the liquidity coverage ratio requirement (modified LCR) as an enhanced prudential standard for bank holding companies and savings and loan holding companies with $50 billion or more in total consolidated assets but not more than $250 billion that are not internationally active (a modified LCR holding company). BB&T is considered to be a "modified LCR" holding company.

The LCR requires a covered company to maintain an amount of unencumbered high-quality liquid assets (HQLA amount) sufficient to meet its total stressed net cash outflows over a prospective 30 calendar-day period, as calculated in accordance with the prescribed US LCR rule. The modified LCR applies a factor of 0.7 to total net cash outflows.

BB&T is subject to the modified LCR requirements and to the LCR public disclosure requirements on a consolidated basis. On a quarterly basis BB&T is required to disclose the average monthly modified LCR over the past quarter. BB&T also discloses quantitative and qualitative information on certain portions of its LCR components.

Under existing LCR rules, BB&T would become subject to the full LCR requirements at the completion of the proposed merger-of-equals with SunTrust, subject to the LCR rule transition provisions. However, in October 2018, the federal banking agencies proposed changes to applicability thresholds for liquidity requirements that would amend the full LCR such that BHC's with assets between $250 billion and $700 billion, and less than $75 billion in certain other risk related exposures, would be subject to a reduced LCR.

III. Primary Drivers of LCR

The primary drivers of BB&T's U.S. LCR include changes in total HQLA and composition of Level 1 and Level 2 assets, as well as changes in net cash outflows. BB&T's LCR can vary over time through a combination of structural balance sheet changes in both the overall amount and mix of its assets and liabilities, as well as movements in the market volatility that impact the fair value of the investment portfolio. For the quarterly period ending June 30, 2019, BB&T's average monthly modified U.S. LCR was 129% compared to the regulatory minimum for such entities of 100%, which puts BB&T in full compliance with the rule. The LCR can experience volatility due to issues such as maturing debt rolling into the 30 day measurement period, or client inflows and outflows. The daily change in BB&T's modified LCR can be positive or negative, with negative changes representing a reduction in measured liquidity. The daily change in BB&T's modified LCR averaged less than 2% during the second quarter of 2019 with a maximum change of approximately 5%.

BB&T's average monthly modified U.S. LCR was 130% for the prior three month period ended March 31, 2019. The primary driver of the one percent decrease compared to the prior quarter result is attributable to a decrease of $281 million in total eligible HQLA average weighted amount, partially offset by a decrease in total net cash outflow of $64 million.

IV. U.S. LCR Quantitative Disclosure

The table below presents detail on BB&T's consolidated average LCR, including HQLA, Cash Outflow & Cash Inflow, for the three months ended June 30, 2019. As per LCR rules for modified LCR holding companies, averages are calculated using month-end balances.

Three Months Ended June 30, 2019 (dollars in millions)	Average Unweighted Amount	Average Weighted Amount
HIGH-QUALITY LIQUID ASSETS		
1. Total eligible high-quality liquid assets (HQLA), of which:	$ 32,720	$ 30,622
2. Eligible level 1 liquid assets	18,736	18,736
3. Eligible level 2A liquid assets	13,984	11,886
4. Eligible level 2B liquid assets	—	—
CASH OUTFLOW AMOUNTS		
5. Deposit outflow from retail customers and counterparties, of which:	106,774	6,507
6. Stable retail deposit outflow	62,588	1,878
7. Other retail funding	41,330	4,146
8. Brokered deposit outflow	2,856	483
9. Unsecured wholesale funding outflow, of which:	45,516	20,216
10. Operational deposit outflow	8,983	2,236
11. Non-operational funding outflow	36,033	17,480
12. Unsecured debt outflow	500	500
13. Secured wholesale funding and asset exchange outflow	15,599	2,577
14. Additional outflow requirements, of which:	49,633	6,268
15. Outflow related to derivative exposures and other collateral requirements	122	122
16. Outflow related to credit and liquidity facilities including unconsolidated structured transactions and mortgage commitments	49,511	6,146
17. Other contractual funding obligations outflow	140	140
18. Other contingent funding obligations outflow	—	—
19. TOTAL CASH OUTFLOW	**$ 217,662**	**$ 35,708**
CASH INFLOW AMOUNTS		
20. Secured lending and asset exchange cash inflow	$ 209	$ 197
21. Retail cash inflow	1,049	525
22. Unsecured wholesale cash inflow	1,597	816
23. Other cash inflows, of which:	216	216
24. Net derivative cash inflow	5	5
25. Securities cash inflow	187	187
26. Broker-dealer segregated account inflow	24	24
27. Other cash inflow	—	—
28. TOTAL CASH INFLOW	**$ 3,071**	**$ 1,754**

	Average Amount[1]
29. HQLA AMOUNT	**$ 30,622**
30. TOTAL NET CASH OUTFLOW AMOUNT EXCLUDING THE MATURITY MISMATCH ADD-ON	**N/A**
31. MATURITY MISMATCH ADD-ON	**N/A**
32. TOTAL NET CASH OUTFLOW AMOUNT	**$ 23,768**
33. LIQUIDITY COVERAGE RATIO (%)	**129%**

1 The amounts reported in this column may not equal the calculation of those amounts using component amounts reported in rows 1-28 due to technical factors such as the application of the level 2 liquid asset caps, the total inflow cap, and the application of the 0.7 factor to total net cash outflows applied to the modified LCR requirement.

V. The Composition of Eligible HQLA

Eligible HQLA is the amount of unencumbered liquid assets that qualify for inclusion within the numerator based on the LCR Rule. The LCR Rule divides HQLA into Level 1 assets and Level 2 assets. Level 1 includes Federal Reserve Bank balances net of reserve requirements and the highest quality liquid and readily-marketable securities issued or guaranteed by either the Department of the Treasury or a U.S. government agency. Level 2 assets are further divided into categories designated A and B. Level 2A assets are subject to a 15% haircut and include certain securities issued or guaranteed by a U.S. government enterprise and government, or central bank securities not eligible for Level 1. Level 2B assets are subject to a 50% haircut and include certain debt securities, certain U.S. municipal securities, and publicly traded common equities.

For the three months ended June 30, 2019, BB&T's average weighted monthly HQLA was $30.6 billion, which includes $18.7 billion of eligible Level 1 assets and $11.9 billion of eligible Level 2 assets. BB&T currently does not qualify any Level 2B assets as HQLA.

VI. Total Net Cash Outflows Composition

BB&T's net cash outflow and cash inflow amounts are calculated by multiplying average unweighted amounts by standardized outflow and inflow rates for assets, sources of funds, and obligation balances as prescribed in the LCR rule. The largest drivers of BB&T's weighted outflows are deposits, credit and liquidity commitments, and wholesale funding. BB&T's cash inflow amounts are made up primarily of retail and wholesale loan inflows. As a modified LCR holding company, BB&T is not subject to the maturity mismatch add-on.

VII. Concentration of Funding Sources

Deposits

BB&T's primary source of funding is a diversified base of customer deposits. A significant portion of customer deposits are retail deposits, as defined in the LCR rule. These deposits are considered a stable source of funding. For the three months ended June 30, 2019, BB&T had total average unweighted retail deposits of $106.8 billion. In addition, for the three months ended June 30, 2019, BB&T had total average unweighted unsecured wholesale operational deposits of $9.0 billion, and total average unweighted unsecured wholesale non-operational funding of $36.0 billion. The remaining deposit base includes public fund deposits which are included within LCR Quantitative Disclosure table line 13, secured wholesale funding and asset exchange outflow.

Wholesale Funding

Access to capital markets wholesale funding is required to the extent asset growth is in excess of what can be funded with deposits. Short-term borrowings may include federal funds purchased, Eurodollar deposits, commercial paper, repurchase agreements, borrowings secured by high-grade assets, and other short-term borrowings. Long-term funding consists primarily of medium-term notes issued from BB&T and bank notes and Federal Home Loan Bank advances issued through Branch Banking and Trust Company (Branch Bank).

Wholesale funding is managed within liquidity policy tolerances, balance-sheet objectives, interest-rate risk considerations, and BB&T's risk appetite. Management monitors wholesale funding to ensure appropriate maturity diversification and funding source concentrations.

VIII. Derivative Exposure

BB&T uses derivatives primarily to manage economic risk related to securities, commercial loans, MSRs and mortgage banking operations, long-term debt and other funding sources. BB&T also uses derivatives to facilitate transactions on behalf of its clients. For LCR purposes, BB&T's derivative exposure does not constitute a material portion of net outflows.

IX. Liquidity Management

Liquidity Risk Management

BB&T's liquidity objective is to meet demands for cash (including deposit withdrawals, payments, disbursements, debt maturity, interest, preferred and common stock dividends) 100% of the time. Liquidity is monitored both at a fully consolidated view and at a granular level by evaluating key individual legal entities and functions. In this evaluation, BB&T takes into account its capital position, overall balance sheet position (i.e., level of problem loans, loan growth and deposit growth trends), market conditions for financial firms and relative access to wholesale funding, complexity of the organization, and unique liquidity risks faced by BB&T, and ensures the liquidity profile is consistent with its risk appetite. BB&T's Funds Management, working with the lines of business, is responsible for liquidity risk management.

Liquidity Risk Oversight

BB&T's Board of Directors (the Board) approves the Risk Management Framework which establishes oversight for all liquidity stress testing activities. Annually, the Board approves the liquidity risk appetite, liquidity policy, and the contingency funding plan. The Board, Executive Management and Risk Management Committees are responsible for overseeing the management of BB&T's risk-taking activities ensuring they are consistent with the Board-approved risk appetite.

BB&T's Risk Management Framework is supported by three lines of defense. These lines of defense are:

- First line: BB&T's Funds Management and lines of business;
- Second line: Risk Management Organization (RMO) led by the Chief Risk Officer (CRO); and
- Third line: Audit Services.

For additional information refer to the Funding Activities section of the Analysis of Financial Condition and Liquidity section of Risk Management in Part 1, Item 2 of BB&T's June 30, 2019 Form 10-Q.