

# BB&T

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Public Section  
BB&T 165(d) Resolution Plan  
2013

**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. Statements that are not historical or current facts or statements about beliefs and expectations are forward-looking statements. 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. 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 more fully described in BB&T’s Annual Report on Form 10-K for the year ended December 31, 2012 and BB&T’s Quarterly Reports on Form 10-Q under the sections entitled Item 1A “Risk Factors”, and from time to time, in other filings with the Securities and Exchange Commission. You 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, section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) and the related rule (“165(d) Rule”) require each bank holding company with consolidated assets<sup>1</sup> of \$50 billion or more (“Covered Company”) to periodically submit to the Board of Governors of the Federal Reserve System (“Federal Reserve”) and the Federal Deposit Insurance Corporation (“FDIC”), a plan for that company’s rapid and orderly resolution in the event of material financial distress or failure (“165(d) Resolution Plan”). As such, and due to its size, BB&T Corporation is a Covered Company and, therefore, has developed a 165(d) Resolution Plan under the Dodd-Frank Act and the 165(d) Rule.

Additionally, the FDIC has adopted a rule (“IDI Rule”) for insured depository institutions (“IDI”) requiring each IDI with \$50 billion or more in total assets<sup>2</sup> (a covered IDI (“CIDI”) to periodically submit a resolution plan (“IDI Resolution Plan”) to the FDIC. The IDI Rule is designed to ensure that 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>3</sup> 165(d) Resolution Plan provides for the resolution of BB&T Corporation and its Material Entities (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 165(d) Resolution Plan includes resolution strategies involving liquidation under the United States Bankruptcy Code (the “Bankruptcy Code”) and receivership under the Federal Deposit Insurance Act (“FDIA”), as amended.

In conformance with the 165(d) and IDI Rules, and guidance provided by the Federal Reserve and the FDIC, the 165(d) Resolution Plan assumes a hypothetical material financial event that specifically and singularly affects BB&T (*i.e.*, an idiosyncratic event) under economic conditions consistent with the

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<sup>1</sup> Determined based on the average of the company's four most recent Consolidated Financial Statements for Bank Holding Companies as reported on the Federal Reserve's Form FR Y-9C.

<sup>2</sup> An insured depository institution with \$50B 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>3</sup> BB&T refers to BB&T Corporation and its subsidiaries collectively.

Federal Reserve Supervisory Baseline Scenario.<sup>4</sup> The 165(d) Resolution Plan further assumes there is no disruption to the capital markets, other market participants are functioning normally, and BB&T has not taken steps to enhance its capital or liquidity position.

Unless otherwise indicated, information provided in this Public Section<sup>5</sup> is as of December 31, 2012.

## **Business Overview**

BB&T, one of the largest financial services holding companies in the U.S., had approximately \$183.9 billion in assets and a market capitalization of \$20.4 billion, as of December 31, 2012. Branch Banking and Trust Company, BB&T's 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 small and mid-size businesses, public agencies, local governments, and individuals, through more than 1,800 offices. Branch Banking and Trust Company is organized as a group of community banking regions, each with a regional president, which provides for local decision making and close proximity to the client. Branch Banking and Trust Company is consistently recognized for outstanding client satisfaction.

BB&T Corporation operates its business through six reportable operating segments, (as identified in its 2012 Annual Report on Form 10-K):

**Community Banking** serves individual and business clients by offering a variety of loan and deposit products, and other financial services;

**Residential Mortgage Banking** retains and services mortgage loans originated by Community Banking, as well as those purchased from various correspondent originators;

**Dealer Financial Services** originates loans to consumers on a prime and non-prime basis for the purchase of automobiles, and also finances the purchase of marine craft and recreational vehicles;

**Insurance Services** is an insurance agency / brokerage network that provides property and casualty, life, and health insurance to businesses and individuals;

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<sup>4</sup> For the 2013 165(d) Resolution Plan, BB&T used the Federal Reserve Supervisory Baseline Scenario published on November 15, 2012.

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

**Specialized Lending** provides specialty finance products to consumers and businesses. The diversified financial products offered include commercial finance and mortgage warehouse lending, governmental finance, dealer-based financing of equipment for small businesses and consumers, direct consumer finance lending, insurance premium finance, and full-service commercial mortgage brokerage; and

**Financial Services** provides asset management / investment advisory services, investment brokerage services, wealth management / private banking services, capital markets services, retirement and institutional trust services, and private equity investments to its clients.

A seventh segment, Other, Treasury & Corporate is the combination of 1) the Other segment that represents 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 functions and expense that have not been allocated to the business segments; and 4) intercompany eliminations including intersegment net referral fees and net intersegment interest income (expense).

Under the requirements of the Dodd-Frank Act, BB&T Corporation is required to have a comprehensive plan that provides for resolution under the Bankruptcy Code and other applicable insolvency regimes in a rapid and orderly manner that BB&T believes would not pose systemic risk to the U.S. financial system. In the unlikely event that BB&T Corporation 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 165(d) Resolution Plan provides for the continuation of BB&T Corporation's business operations and the orderly transfer of BB&T Corporation and its subsidiaries' clients, client accounts, client securities, and other property to other providers with minimal disruption. The 165(d) Resolution Plan allows for BB&T Corporation to be resolved under the Bankruptcy Code (or other applicable resolution regimes), would not require extraordinary government support, and would not result in losses being borne by the FDIC.

## Section 2: The Names of Material Entities

As defined by the 165(d) Rule, a Material Entity means “a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation<sup>6</sup> or core business line.<sup>7</sup>” BB&T has identified the following five Material Entities:

**BB&T Corporation** is the financial holding company and parent company for BB&T, and is considered the Covered Company under Section 165(a)(i) of the Dodd-Frank Act and a Material Entity under the IDI Rule. BB&T Corporation is incorporated under North Carolina (“NC”) law, and is subject to supervision by the Board of Governors of the Federal Reserve System.

**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 through branches within its traditional bank footprint. Branch Banking and Trust Company is subject to supervision by the FDIC, the NC Commissioner of Banks (“NCCOB”), and the Consumer Financial Protection Bureau (“CFPB”).

**Regional Acceptance Corporation** is a wholly owned subsidiary of BB&T Corporation which specializes in indirect financing for consumer purchases of primarily mid-model and late-model used automobiles. Regional Acceptance Corporation is incorporated in NC and subject to supervision by the Federal Reserve.

**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. These insurance operations provide diversification to

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<sup>6</sup> As defined by the 165(d) Rule, Critical Operations means “those operations of the covered company, including associated services, functions and support, the failure or discontinuance of which, in the view of the covered company or as jointly directed by the Federal Reserve and the FDIC, would pose a threat to the financial stability of the United States.”

<sup>7</sup> As defined by the 165(d) Rule, Core Business Lines means “those business lines of the covered company, including associated operations, services, functions and support, that, in the view of the covered company, upon failure would result in a material loss of revenue, profit, or franchise value.”

BB&T's overall revenue. BB&T Insurance Holdings is subject to supervision by various state insurance commissioners.

**Salem Financial, Inc.**, a direct subsidiary of Branch Banking and Trust Company, is a passive investment company incorporated under the laws of the state of Delaware, and is subject to supervision by the FDIC. Salem serves as the holding company for Matewan Realty Corporation, a real estate investment trust.



**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's six operating segments were determined to meet the definition of a "Core Business Line" for the 165(d) Resolution Plan. Descriptions of these Core Business Lines are as follows:

**Community Banking** serves individual and business clients by offering a variety of loan and deposit products, and other financial services. Community Banking is primarily responsible for serving client relationships and, therefore, is credited with certain revenue from the Residential Mortgage Banking, Financial Services, Insurance Services, Specialized Lending, and other segments, which is reflected in net referral fees.

**Residential Mortgage Banking** retains and services mortgage loans originated by Community Banking, as well as those purchased from various correspondent originators. Mortgage loan products include fixed and adjustable rate government and conventional loans 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, earns fees from the origination and servicing of mortgage loans, and recognizes gains or losses related to mortgage loans held for sale.

**Dealer Financial Services** originates loans to consumers on a prime and non-prime 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 nationally through Regional Acceptance Corporation. Dealer Financial Services also originates loans for the purchase of marine craft and recreational vehicles originated through dealers in BB&T's market area. In addition, financing and servicing to dealers for their inventories is jointly provided by the Dealer Financial Services and Community Banking Core Business Lines.

**Insurance Services** is an insurance agency and brokerage network that provides property and casualty, life, and health 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.

**Specialized Lending** provides specialty finance products to consumers and businesses. The diversified financial products offered include commercial finance and mortgage warehouse lending, governmental finance, dealer-based financing of equipment for small businesses and consumers, direct consumer finance lending, insurance premium finance, and full-service commercial mortgage brokerage.

**Financial Services** provides asset management and investment advisory services, investment brokerage services, wealth management and private banking services, capital markets services, retirement and institutional trust services, and private equity investments to its clients, which, in addition to its other offerings, allows BB&T to offer a full array of products to meet the financial needs of its clients.

## Section 4: Summary Financial Information

Table 1 presents BB&T Corporation's Summarized Consolidated Balance Sheets as of December 31, 2012 and 2011. 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 a more detailed discussion on the Consolidated Balance Sheets, please refer to BB&T Corporation's 2012 Annual Report on Form 10-K and other BB&T reports filed pursuant to the Securities Exchange Act of 1934, as amended.<sup>8</sup>

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<sup>8</sup> For more detailed information, and to view the complete filings, see [www.sec.gov](http://www.sec.gov).

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

|   | <b>December 31,</b> |                   |
|---|---------------------|-------------------|
|   | <b>2012</b>         | <b>2011</b>       |
| <b>Assets</b>   |                     |                   |
| Cash and due from banks   | \$ 1,975            | \$ 1,566          |
| Interest-bearing deposits with banks  | 942                 | 1,874             |
| Federal funds sold and securities purchased under resale agreements or similar arrangements | 122                 | 136               |
| Restricted cash   | 750                 | 788               |
| Trading securities at fair value  | 497                 | 534               |
| Securities available for sale at fair value   | 25,137              | 22,313            |
| Securities held to maturity   | 13,594              | 14,094            |
| Loans held for sale at fair value   | 3,761               | 3,736             |
| Loans and leases  | 114,603             | 107,469           |
| Allowance for loan and lease losses   | <u>(2,018)</u>      | <u>(2,256)</u>    |
| Loans and leases, net of allowance  | <u>112,585</u>      | <u>105,213</u>    |
| FDIC loss share receivable  | 479                 | 1,100             |
| Premises and equipment  | 1,888               | 1,855             |
| Goodwill  | 6,804               | 6,078             |
| Core deposit and other intangible assets  | 673                 | 444               |
| Residential mortgage servicing rights at fair value   | 627                 | 563               |
| Other assets  | <u>14,038</u>       | <u>14,285</u>     |
| Total assets  | <u>\$ 183,872</u>   | <u>\$ 174,579</u> |
| <b>Liabilities and Shareholders' Equity</b>   |                     |                   |
| Deposits:   |                     |                   |
| Noninterest-bearing deposits  | \$ 32,452           | \$ 25,684         |
| Interest-bearing deposits   | <u>100,623</u>      | <u>99,255</u>     |
| Total deposits  | <u>133,075</u>      | <u>124,939</u>    |
| Short-term borrowings   | 2,864               | 3,566             |
| Long-term debt  | 19,114              | 21,803            |
| Accounts payable and other liabilities  | <u>7,596</u>        | <u>6,791</u>      |
| Total liabilities   | <u>162,649</u>      | <u>157,099</u>    |
| Shareholders' equity:   | <u>21,223</u>       | <u>17,480</u>     |
| Total liabilities and shareholders' equity  | <u>\$ 183,872</u>   | <u>\$ 174,579</u> |

The Notes to the Consolidated Financial Statements included in BB&T's Annual Report on Form 10-K are an integral part of the financial statements.

**BB&T Capital Ratios**

The regulatory capital ratios of BB&T Corporation for December 31, 2012, and 2011 are provided in Table 2.

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

| BB&T Corporation Capital Ratios | December 31, |        |
|---------------------------------|--------------|--------|
|                                 | 2012         | 2011   |
| Risk-based:                     |              |        |
| Tier 1                          | 10.54%       | 11.53% |
| Total                           | 13.40        | 14.63  |
| Leverage Capital                | 8.21         | 9.02   |

Table 3 presents Branch Banking and Trust Company's Summarized Consolidated Balance Sheets as of December 31, 2012 and 2011. This summarized information has been presented on the same basis as BB&T's financial information in Table 1 and also gives effect to certain organizational changes that took place through June 30, 2013. For additional information, please refer to Branch Banking and Trust Company's 2012 FFIEC-031 Annual Consolidated Reports of Condition and Income.<sup>9</sup>

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

**Table 3: Branch Banking and Trust Company Summarized Consolidated Balance Sheets  
(Unaudited, Dollars in millions)**

|   | December 31,      |                   |
|---|-------------------|-------------------|
|   | 2012              | 2011              |
| <b>Assets</b>                                       |                   |                   |
| Cash and due from banks                             | \$ 1,966          | \$ 1,562          |
| Interest-bearing deposits with banks                | 894               | 1,843             |
| Restricted cash                                     | 750               | 788               |
| Trading securities at fair value                    | 224               | 192               |
| Securities available for sale at fair value         | 24,998            | 22,164            |
| Securities held to maturity                         | 13,557            | 14,054            |
| Loans held for sale at fair value                   | 3,761             | 3,736             |
| Loans and leases                                    | 111,744           | 104,758           |
| Allowance for loan and lease losses                 | (1,866)           | (2,139)           |
| Loans and leases, net of allowance                  | <u>109,878</u>    | <u>102,619</u>    |
| FDIC loss share receivable                          | 479               | 1,100             |
| Premises and equipment                              | 1,876             | 1,840             |
| Goodwill  | 6,592             | 5,882             |
| Core deposit and other intangible assets            | 655               | 422               |
| Residential mortgage servicing rights at fair value | 627               | 563               |
| Other assets  | <u>13,289</u>     | <u>13,722</u>     |
| Total assets  | <u>\$ 179,546</u> | <u>\$ 170,487</u> |
| <b>Liabilities and Shareholders' Equity</b>         |                   |                   |
| Deposits:   |                   |                   |
| Noninterest-bearing deposits                        | \$ 32,457         | \$ 26,184         |
| Interest-bearing deposits                           | <u>105,014</u>    | <u>102,448</u>    |
| Total deposits                                      | <u>137,471</u>    | <u>128,632</u>    |
| Short-term borrowings                               | 2,675             | 3,395             |
| Long-term debt                                      | 10,547            | 10,795            |
| Accounts payable and other liabilities              | <u>6,994</u>      | <u>6,296</u>      |
| Total liabilities                                   | <u>157,687</u>    | <u>149,118</u>    |
| Shareholders' equity:                               | <u>21,859</u>     | <u>21,369</u>     |
| Total liabilities and shareholders' equity          | <u>\$ 179,546</u> | <u>\$ 170,487</u> |

Table 4 presents capital information for Branch Banking and Trust Company as of December 31, 2012, and 2011.

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

| Branch Banking and Trust Company Capital Ratios | December 31, 2012                              |                                  |  | December 31, 2011                              |                                  |  |
|---|--|----------------------------------|--|--|----------------------------------|--|
|   | Branch Banking and Trust Company <sup>10</sup> | BB&T Financial FSB <sup>11</sup> | Branch Banking and Trust Company Pro Forma <sup>12</sup> | Branch Banking and Trust Company <sup>10</sup> | BB&T Financial FSB <sup>11</sup> | Branch Banking and Trust Company Pro Forma <sup>12</sup> |
| Risk-based:                                     | %  | %                                | %  | %  | %                                | %  |
| Tier 1  | 11.22  | 23.58                            | 11.57  | 12.42  | 18.91                            | 12.66  |
| Total   | 12.97  | 24.86                            | 13.33  | 14.61  | 20.20                            | 14.85  |
| Leverage Capital                                | 8.58   | 22.84                            | 8.88   | 9.54   | 18.62                            | 9.75   |

### 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's relative credit ratings improved during the economic recession of 2008 and 2009, and through the following recovery years. Additionally, BB&T shared the second highest average debt rating among regional banks as of December 31, 2012.

BB&T periodically performs stress testing on its capital levels 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 the 2013 Dodd-Frank Act Stress Test,<sup>13</sup> the Federal Reserve projected BB&T Corporation's Tier 1 common ratio to be among the top of BB&T's peer group<sup>14</sup> under the Supervisory

<sup>10</sup> These amounts were derived from Branch Banking and Trust Company's FFIEC-031 report (Call Reports). These reports can be found at [www.FFIEC.gov](http://www.FFIEC.gov) and should be reviewed in their entirety for the most complete, updated description of the topics covered in the Call Reports, including financial information regarding assets, liabilities, capital, and other major funding sources.

<sup>11</sup> These amounts were derived from BB&T Financial FSB's FFIEC-041 report (Call Reports). These reports can be found at [www.FFIEC.gov](http://www.FFIEC.gov) and should be reviewed in their entirety for the most complete, updated description of the topics covered in the Call Reports, including financial information regarding assets, liabilities, capital, and other major funding sources.

<sup>12</sup> Represents the pro forma combined capital ratios of Branch Banking and Trust Company and BB&T Financial, FSB which were merged on January 1, 2013.

<sup>13</sup> Results of the 2013 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>14</sup> For the 2013 Dodd-Frank Act Stress Test, BB&T's peer group included KEY, RF, STI, FITB, PNC, and USB.

Severely Adverse scenario<sup>15</sup> with no capital actions assumed other than historical dividend payments. In addition, BB&T Corporation's Tier 1 common ratio was projected to be the least sensitive to the stressed environment. BB&T Corporation had the third highest pre-tax, pre-provision net revenue as a percentage of average assets and lowest loan losses as a percentage of average loans among BB&T's peer group in the test.

The maintenance of appropriate levels of capital is a management priority and 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 BB&T at both the BB&T Corporation and Branch Banking and Trust Company levels, using operating forecasts and plans, as well as stressed scenarios. In this regard, management's overriding policy is to maintain capital levels in excess of the operating capital guidelines and the regulatory "well capitalized"<sup>16</sup> levels. Additionally, it is management's intent to maintain Branch Banking and Trust Company's capital at levels that reflect 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>15</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>16</sup> "Well capitalized," as defined by the Federal Reserve as of December 31, 2012, requires the following: Leverage Ratio  $\geq 5\%$ , Tier 1 Capital Ratio  $\geq 6\%$ , and Total Risk-Based Capital  $\geq 10\%$ .



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

| <b>BB&amp;T's Internal Capital Guidelines</b> | <b>Operating</b> | <b>Stressed</b> |
|---|------------------|-----------------|
| Tier 1 Capital Ratio                          | 9.5%             | 7.5%            |
| Total Capital Ratio                           | 11.5             | 9.5             |
| Leverage Capital Ratio                        | 6.5              | 5.0             |

**Funding**

BB&T considers deposits to be its primary source of funds for lending and investing activities. Scheduled payments, prepayments, and maturities from 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 dividends, and scheduled debt maturities, without the benefit of new cash infusions. Generally, BB&T Corporation maintains a significant buffer above the projected one year of contractual cash outflows. BB&T, when determining the buffer, considers cash for common dividends, unfunded commitments to affiliates, being a source of strength to its banking subsidiaries, and being able to withstand sustained market disruptions which may limit access to the credit markets. As of December 31, 2012, and 2011, BB&T Corporation had 35 months and 23 months, respectively, of cash on hand to satisfy projected contractual cash outflows as described above.

The following is a brief description of the various sources of funds 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.

Total deposits at December 31, 2012, were \$133.1 billion, an increase of \$8.1 billion, or 6.5%, compared to year-end 2011. Noninterest-bearing deposits totaled \$32.5 billion at December 31, 2012, an increase of \$6.8 billion, or 26.4%, from December 31, 2011. The increase in noninterest-bearing deposits was broad based in nature, with increases in deposits from personal, business, and public funds clients. Interest checking, and money market and savings accounts increased \$3.7 billion, or 5.6% compared to the prior year, while certificates and other time deposits declined \$2.3 billion, or 6.7%, during that same time period. For the year ended December 31, 2012, total deposits averaged \$127.6 billion, an increase of \$15.3 billion, or 13.6%, compared to 2011.

### 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 1.9% of total funding on average in 2012, as compared to 3.2% in 2011. 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, U.S. Treasury tax and loan deposit notes, negotiable certificates of deposit, and short-term bank notes. Securities sold under repurchase agreements are reflected as collateralized borrowings on BB&T's balance sheet. Short-term borrowings at the end of 2012 were \$2.9 billion, a decrease of \$702 million, or 19.7%, compared to year-end 2011. Average short-term borrowings totaled \$3.4 billion during 2012, compared to \$5.2 billion in 2011, a decrease of 34.3%. The decline in these balances during 2012 primarily reflects the strong deposit growth previously described.

### Long-term Debt

BB&T uses long-term debt to provide both funding and, to a lesser extent, regulatory capital. During 2012, long-term debt represented 11.6% of average total funding, compared to 13.7% during 2011. At December 31, 2012, long-term debt totaled \$19.1 billion, a decrease of \$2.7 billion compared to year-end 2011. BB&T's average cost of long-term debt was 3.0% in 2012, compared to 3.4% in 2011.

BB&T's long-term debt consists primarily of FHLB advances, which represented 47.1% of total outstanding long-term debt at December 31, 2012; senior notes of BB&T Corporation, which represented 31.6% of the year-end balance; subordinated notes of BB&T Corporation, which represented 11.3% of the

year-end balance; and subordinated notes of Branch Bank, which represented 6.4% of total outstanding long-term debt at December 31, 2012.

**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. 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 potential changes in the fair value of a recorded asset or liability (“fair value hedge”), (2) a hedge of an exposure to potential changes in the cash flows of a recognized asset, liability, or forecasted transaction (“cash flow hedge”), (3) a hedge of a net investment in a subsidiary, or (4) derivatives not designated as hedges. Changes in the fair value of derivatives not designated as hedges are recognized in current period earnings. BB&T has master netting agreements with the derivatives dealers with which it does business, but reflects gross assets and liabilities on the consolidated balance sheets. All derivative activity with external counterparties is conducted out of Branch Banking and Trust Company.

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

**Table 6: BB&T's Derivative Classifications and Hedging Relationships**

| Hedged Item or Transaction  | December 31, 2012     |                          |          | December 31, 2011 |                          |          |            |
|---|-----------------------|--------------------------|----------|-------------------|--------------------------|----------|------------|
|   | Notional Amount       | Fair Value <sup>17</sup> |          | Notional Amount   | Fair Value <sup>17</sup> |          |            |
|   |                       | Gain                     | Loss     |                   | Gain                     | Loss     |            |
| (Dollars in millions)   |                       |                          |          |                   |                          |          |            |
| Cash Flow Hedges: <sup>18</sup>   |                       |                          |          |                   |                          |          |            |
| Interest rate contracts:  |                       |                          |          |                   |                          |          |            |
| Pay fixed swaps   | 3 month LIBOR funding | \$ 6,035                 | \$ —     | \$ (298)          | \$ 5,750                 | \$ —     | \$ (307)   |
| Total   |                       | 6,035                    | —        | (298)             | 5,750                    | —        | (307)      |
| Net Investment Hedges:  |                       |                          |          |                   |                          |          |            |
| Foreign exchange contracts  |                       |                          |          |                   |                          |          |            |
| Total   |                       | —                        | —        | —                 | 73                       | 1        | —          |
| Fair Value Hedges:  |                       |                          |          |                   |                          |          |            |
| Interest rate contracts:  |                       |                          |          |                   |                          |          |            |
| Receive fixed swaps and option trades                                   | Long-term debt        | 800                      | 182      | —                 | 2,556                    | 254      | —          |
| Pay fixed swaps   | Commercial loans      | 187                      | —        | (7)               | 98                       | —        | (5)        |
| Pay fixed swaps   | Municipal securities  | 345                      | —        | (153)             | 355                      | —        | (158)      |
| Total   |                       | 1,332                    | 182      | (160)             | 3,009                    | 254      | (163)      |
| Not Designated as Hedges:   |                       |                          |          |                   |                          |          |            |
| Client-related and other risk management:                               |                       |                          |          |                   |                          |          |            |
| Interest rate contracts:  |                       |                          |          |                   |                          |          |            |
| Receive fixed swaps   |                       | 9,352                    | 687      | —                 | 9,176                    | 703      | —          |
| Pay fixed swaps   |                       | 9,464                    | —        | (717)             | 9,255                    | —        | (730)      |
| Other swaps   |                       | 2,664                    | 21       | (23)              | 2,946                    | 33       | (40)       |
| Option trades   |                       | 423                      | 3        | (5)               | 508                      | 5        | (6)        |
| Futures contracts   |                       | 109                      | —        | —                 | 240                      | —        | —          |
| Risk participations   |                       | 204                      | —        | —                 | 150                      | —        | —          |
| Foreign exchange contracts  |                       | 534                      | 4        | (3)               | 371                      | 5        | (6)        |
| Total   |                       | 22,750                   | 715      | (748)             | 22,646                   | 746      | (782)      |
| Mortgage Banking:   |                       |                          |          |                   |                          |          |            |
| Interest rate contracts:  |                       |                          |          |                   |                          |          |            |
| Receive fixed swaps   |                       | 114                      | —        | (2)               | 50                       | 1        | —          |
| Pay fixed swaps   |                       | —                        | —        | —                 | 16                       | —        | —          |
| Interest rate lock commitments  |                       | 6,064                    | 55       | (1)               | 4,977                    | 60       | (1)        |
| When issued securities, forward rate agreements and forward commitments |                       | 8,886                    | 10       | (19)              | 7,125                    | 10       | (88)       |
| Option trades   |                       | 70                       | 6        | —                 | 70                       | 5        | —          |
| Futures contracts   |                       | 31                       | —        | —                 | 65                       | 1        | —          |
| Total   |                       | 15,165                   | 71       | (22)              | 12,303                   | 77       | (89)       |
| MSRs:   |                       |                          |          |                   |                          |          |            |
| Interest rate contracts:  |                       |                          |          |                   |                          |          |            |
| Receive fixed swaps   |                       | 5,178                    | 110      | (27)              | 5,616                    | 154      | (1)        |
| Pay fixed swaps   |                       | 5,389                    | 7        | (94)              | 4,651                    | 1        | (111)      |
| Option trades   |                       | 14,510                   | 363      | (88)              | 9,640                    | 273      | (51)       |
| Futures contracts   |                       | 30                       | —        | —                 | 38                       | —        | —          |
| When issued securities, forward rate agreements and forward commitments |                       | 2,406                    | 2        | —                 | 3,651                    | 18       | —          |
| Total   |                       | 27,513                   | 482      | (209)             | 23,596                   | 446      | (163)      |
| Total non-hedging derivatives   |                       | 65,428                   | 1,268    | (979)             | 58,545                   | 1,269    | (1,034)    |
| Total Derivatives   |                       | \$ 72,795                | \$ 1,450 | \$ (1,437)        | \$ 67,377                | \$ 1,524 | \$ (1,504) |

<sup>17</sup> Derivatives in a gain position are recorded as Other assets, and derivatives in a loss position are recorded as Other liabilities on the Consolidated Balance Sheets. Applies to all periods presented.

<sup>18</sup> Cash flow hedges are hedging the first un-hedged forecasted settlements associated with the listed hedged item descriptions.

## 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>19</sup> to facilitate transferring, clearing, and settling payments, securities, and other financial transactions for clients and on behalf of internal clients 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 systemically important by the Financial Stability Oversight Council. |
| 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 systemically important by the Financial Stability Oversight Council.                    |

<sup>19</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                             | 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 currently serves 37 domestic depository institutions. SVPCO has not been designated as a systemically important Financial Market Utility by the Financial Stability Oversight Council.  |
| Branch Banking and Trust Company<br><br>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. |

| 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   |
|---|--|--|---|
| <p>Branch Banking and Trust Company</p> <p>BB&amp;T Securities, LLC</p> | <p>The Depository Trust Company (“DTC”)</p> <p>National Securities Clearing Corporation (“NSCC”)</p> | <p>Securities Settlement</p>   | <p>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 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.</p> |
| <p>Branch Banking and Trust Company</p>                                 | <p>Visa Inc.</p>   | <p>Payments</p>  | <p>Visa Inc. (“Visa”) is a global payments technology company that connects consumers, businesses, financial institutions, and governments in more than 200 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.</p>   |



## Section 7: Description of Foreign Operations

BB&T has limited foreign operations, most notably insurance premium finance in Canada through CAFO, Inc.<sup>20</sup> 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, 2012, CAFO had \$330 million in net loans outstanding.

BB&T has other minor foreign operations including:

- BB&T Assurance Company, Ltd. is the Bermuda-based captive organized as a subsidiary of BB&T Corporation that provides alternative risk transfer and specialty program expertise, consulting, and program management to clients of the Insurance Services Core Business Line;
- Sterling Capital (Cayman) Limited is the Cayman Islands-based subsidiary of Sterling Capital Management LLC, a subsidiary of BB&T Corporation and part of the Financial Services Core Business Line, through which Sterling Capital Management LLC provides investment advisory services to non-U.S. companies. Sterling Capital (Cayman) Limited has no physical locations within the Cayman Islands, as all operations occur through Sterling Capital Management LLC;
- A Cayman Islands branch license that allows Branch Bank to participate in the interdealer market for buying and selling Eurodollars;
- BB&T Insurance Holdings, Inc., a designated Material Entity, has two subsidiaries that are organized under foreign jurisdictions:
  - Crump International Ltd. is the Bermuda-based subsidiary of BB&T Insurance Holdings, used to serve clients as a wholesale property and casualty broker for international insurance and reinsurance markets in conjunction with CRC Insurance Services, Inc. Crump International, Ltd. has limited operations, with only five employees, which serve to supplement CRC Insurance Services, Inc.; and
  - 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

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<sup>20</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, which is a subsidiary of Prime Rate Premium Finance Corporation, Inc., which is a subsidiary of Branch Banking and Trust Company.

operations in Mexico. McGriff de Mexico maintains no operations and no physical office locations in Mexico.

- Regional Acceptance Corporation has limited cross-border exposure through one of its subsidiaries, Regional Fidelity Reinsurance, Ltd., organized in the Turks and Caicos Islands, which is now an inactive subsidiary of Regional Acceptance Corporation; and
- LFS Reinsurance Company, Ltd. is organized in the Turks and Caicos Islands. LFS Reinsurance Company, Ltd. processes optional credit insurance products provided to direct consumer loan clients financed through Lendmark Financial Services, Inc.<sup>21</sup> offices.

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<sup>21</sup> BB&T sold Lendmark Financial Services, Inc. and its related subsidiaries during the fourth quarter of 2013.

## **Section 8: Material Supervisory Authorities**

As a financial holding company under federal law, BB&T Corporation is subject to regulation under the Bank Holding Company Act and the examination and reporting requirements of the Federal Reserve. Branch Banking and Trust Company, a state-chartered commercial bank, is subject to regulation, supervision, and examination by the FDIC, the NCCOB, and the 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 that it may grant to one borrower. Various consumer and compliance laws and regulations also affect its operations. Additionally, Branch Banking and Trust Company is impacted by the actions of the Federal Reserve as it attempts to influence economic growth and stability through monetary supply and credit availability.

BB&T and its subsidiaries are subject to other federal and state laws and regulations, in addition to federal and state banking laws and regulations, as well as supervision and examination by other state and federal regulatory agencies and other 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.

Federal and state 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 conservator in order to protect the assets of any such institution for the benefit of depositors and other creditors. The NCCOB has the authority to take supervisory control of a North Carolina state bank in certain circumstances, including, among other things, when it appears that such bank has violated its charter or any applicable laws, is conducting its business in an unauthorized or unsafe manner, is in an unsafe or unsound condition to transact its business, or has an impairment of its capital stock.

## Section 9: Principal Officers

Table 8 identifies the Executive Officers<sup>22</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 June 30, 2013**

| Executive Officer and Title   |   |
|---|---|
| Kelly S. King<br><i>Chairman and Chief Executive Officer</i>                              | Robert E. Greene<br><i>Senior Executive Vice President and Administrative Group Manager</i><br><i>President of Branch Banking and Trust Company</i> |
| Christopher L. Henson<br><i>Chief Operating Officer</i>                                   | Clarke R. Starnes III<br><i>Senior Executive Vice President and Chief Risk Officer</i>  |
| Daryl N. Bible<br><i>Senior Executive Vice President and Chief Financial Officer</i>      | Steven B. Wiggs<br><i>Senior Executive Vice President and Chief Marketing Officer and Lending Group Manager</i>                                     |
| Ricky K. Brown<br><i>Senior Executive Vice President and President, Community Banking</i> | Cynthia A. Williams<br><i>Senior Executive Vice President and Chief Corporate Communications Officer</i>  |
| Barbara F. Duck<br><i>Senior Executive Vice President and Enterprise Risk Manager</i>     | C. Leon Wilson III<br><i>Senior Executive Vice President and Operations Division Manager</i>  |
| Donna C. Goodrich<br><i>Senior Executive Vice President and Deposit Services Manager</i>  | W. Rufus Yates<br><i>Senior Executive Vice President and BB&amp;T Securities President and CEO &amp; Capital Markets Manager</i>                    |

<sup>22</sup> Executive Officers of BB&T Corporation are also Executive Officers of Branch Banking and Trust Company.

Table 9 describes the members of the BB&T Corporation’s Board of Directors.

**Table 9: BB&T Corporation’s Board of Directors<sup>23</sup> as of June 30, 2013**

| Board Member           | Position  | Residency             | Other Boards Served  |
|------------------------|---|-----------------------|--|
| Kelly S. King          | Chief Executive Officer<br>BB&T Corporation                                     | Winston-Salem,<br>NC  | Chairman, BB&T Corporation   |
| John A. Allison IV     | CEO, Cato Institute<br><br>Retired Chief Executive Officer,<br>BB&T Corporation | Winston-Salem,<br>NC  | President, Cato Institute<br><br>Retired Chairman, BB&T<br>Corporation |
| Jennifer S. Banner     | CEO, Schaad Companies, LLC<br><br>CEO, SchaadSource, LLC                        | Knoxville, TN         | President, SchaadSource, LLC   |
| K. David Boyer, Jr.    | Chief Executive Officer<br>GlobalWatch Technologies                             | Oakton, VA            |  |
| Anna R. Cablik         | President, Anasteel & Supply<br>Company, LLC                                    | Marietta, GA          | President, Anasteel & Supply<br>Company, LLC and Anatek,<br>Inc.       |
| Ronald E. Deal         | President, Wesley Hall, Inc.  | Hickory, NC           | Chairman, Wesley Hall, Inc.  |
| James A. Faulkner      | Retired CEO, Century South Banks  | Dahlonega, GA         |  |
| I. Patricia Henry      | Retired Director of Strategic Projects,<br>Miller Brewing Co.                   | Stone Mountain,<br>GA |  |
| John P. Howe III, M.D. | CEO, Project HOPE (Health<br>Opportunities for People Everywhere)               | Washington, DC        | President, Project HOPE  |
| Eric C. Kendrick       | President<br>Mereck Associates, Inc.  | Arlington, VA         |  |
| Louis B. Lynn          | Chief Executive Officer<br>ENVIRO AgScience, Inc.                               | Columbia, SC          | President<br>ENVIRO AgScience, Inc.                                    |
| Edward C. Milligan     | Retired Chairman<br>Main Street Banks, Inc.                                     | Marietta, GA          |  |
| Charles A. Patton      | Consultant<br><br>Former President and CEO<br>Virginia First Savings Bank       | Hopewell, VA          |  |
| Nido R. Qubein         | President, High Point University  | High Point, NC        | Chairman, Great Harvest Bread<br>Co.                                   |
| Tollie W. Rich, Jr.    | Retired Chief Operating Officer, Life<br>Savings Bank                           | Cape Coral, FL        |  |
| Thomas E. Skains       | Chief Executive Officer<br>Piedmont Natural<br>Gas Company, Inc.                | Charlotte, NC         | Chairman and President<br>Piedmont Natural<br>Gas Company, Inc.        |
| Thomas N. Thompson     | Representative, Kentucky House of<br>Representatives                            | Owensboro, KY         | President, Thompson Homes  |
| Edwin H. Welch, Ph.D.  | President, University of Charleston   | Charleston, WV        |  |
| Stephen T. Williams    | CEO, WilcoHess, LLC   | Winston-Salem,<br>NC  | President, A.T. Williams Oil<br>Co.                                    |

<sup>23</sup> Members of BB&T Corporation’s Board of Directors also serve as members of Branch Banking and Trust Company’s Board of Directors, (collectively “Boards of Directors”).

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

Resolution planning at BB&T is coordinated by the Resolution and Recovery 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 functional support groups, including: Audit Services, Deposit Services, Financial Management, Funds Management, Human Systems, IT Services, Legal, Operations (Electronic Delivery Channels, Payment Solutions, Processing Services), Risk Management Organization, and Support Services 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.

The activities of the RRPO are supervised by the Treasurer, and the resolution planning process is under the supervision of BB&T’s Chief Financial Officer, Chief Risk Officer, General Counsel, Enterprise Risk Manager, and the other members of the Executive Management Team. The process is reviewed with the Risk Committees of the Boards of Directors and updates on progress are made regularly throughout the year. The 165(d) Resolution Plan has been approved by the Board of Directors of BB&T Corporation.

**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 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 reporting is generated by the Core Business Lines 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 IT 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 165(d) 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 165(d) Resolution Plan provides for the rapid and orderly resolution of BB&T Corporation and the other Material Entities, as defined under the 165(d) Rule, without extraordinary government support or impact to the broader U.S. economy. The resolution strategies are summarized below:

**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;

**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>24</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, or, alternatively, segment Branch Banking and Trust Company into discrete parts and sell those parts in multiple transactions;

**Regional Acceptance Corporation:** In the event of its failure, Regional Acceptance Corporation could be sold to a third-party purchaser or alternatively, Regional Acceptance Corporation could be reorganized or liquidated under Chapter 11 of the Bankruptcy Code;

**BB&T Insurance Holdings, Inc.:** In the event of the failure of BB&T Insurance Holdings, Inc., a purchaser would be sought for the business either with Branch Banking and Trust Company, or on a standalone basis. Alternatively, BB&T Insurance Holdings, Inc. could be reorganized or liquidated under Chapter 11 of the Bankruptcy Code; and

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<sup>24</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 pay back the money lost due to the failure of a financial institution.



**Salem Financial, Inc.:** In the event of its failure, Salem Financial, Inc. would be liquidated in the most efficient manner possible based on the circumstances of the failure, either by selling its assets and distributing the proceeds to Branch Banking and Trust Company outside of bankruptcy, or if bankruptcy was the only viable option, through a Chapter 11 Section 363 sale.

## **Section 13: Conclusion**

BB&T believes that the strength of the company, including its diversified revenue stream, strong capital base, balanced funding mix, and granular loan portfolio, make its failure highly unlikely. BB&T's relatively straightforward organizational structure is evidenced by the fact that the Material Entities are largely self-supporting in terms of funding; and the interconnections that exist between BB&T Corporation, 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 BB&T Corporation could be achieved in a rapid and orderly way and would have no impact to the broader U.S. economy.