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May 8, 2019

Jelena McWilliams

Chairman

Federal Deposit Insurance Corporation

550 17th Street NW

Washington, DC 20429

Jerome H. Powell

Chairman of the Board of Governors

Federal Reserve System

20th Street and Constitution Avenue NW

Washington, DC 20551

Re: Notice of Opposition to BB&T's Application to Acquire SunTrust Bank by Merger

Dear Chairman McWilliams and Chairman Powell,

We write on behalf of the *community development, faith-based, and nonprofit* leaders of the National Diversity Coalition (“NDC”) and the low income, minority, and underserved communities they represent. NDC requests an extension of time to file public comments with respect to Branch Banking and Trust (“BB&T”) Corporation’s application to acquire SunTrust Bank (SunTrust) by merger. Significant concerns raised by numerous community groups and activists with whom we have spoken, as well as (i) the significant public interest issues raised by the transaction, (ii) the concerns outlined by the Honorable Sherrod Brown, Ranking Member of the U.S. Senate Banking Committee, and (iii) the review announced by Chairwoman Maxine Waters of the U.S. House Committee on Financial Services, warrant that the Federal Depository Insurance Corporation (FDIC) and the Federal Reserve Board (FRB) require more complete information and complete responses from BB&T prior to rendering a decision on its application.

NDC leadership includes many of our nation’s leading African American, Asian, and Latino advocacy and civic organizations, as well as leadership from major minority and women-oriented CDFIs, nonprofits, and faith-based organizations, who have worked tirelessly to advocate for greater economic opportunity, empowerment, and equality for low-and-moderate income (“LMI”) and minority communities.

NDC has a history of representing the interests of underbanked, minority, and other low-income communities with respect to bank mergers and acquisitions. In fact, we have a history of supporting such transactions when the merging companies demonstrate a sincere commitment to meeting the needs of the communities we represent and where the Board and executive management teams are willing to memorialize their commitments with us in writing for the purpose of clarity, transparency, and accountability.

Examples of our track-record include our support of successful regulatory applications from CIT, First Republic Bank, Pacific Western Bank, Tri-Counties Bancorp, and Charter Communications. Each of these companies made strong and concrete community investment commitments, and declared them publicly and transparently. We also have tracked their commitments to hold them accountable to their promises. Most recently, we were pleased to announce our Memorandum of Understanding with T-Mobile to support its acquisition of Sprint following their enhanced written undertaking to serve rural markets and underserved communities in their markets with wireless access following the merger.

It was in this spirit that NDC leadership reached out to the executive management team of both BB&T and SunTrust as early as February 2019 after hearing our constituents' concerns when the proposed merger became public. We wanted to better understand BB&T's concrete and quantifiable community development and CRA plans, their strategy to mitigate the job losses and other disruptions that will inevitably be caused by the merger, and to understand how they would seek to better address certain pressing needs that currently exist in the communities served by their banks (e.g., high levels of households in their market service areas that lack of access to mainstream credit and are underbanked) in the future.

Over the past fifty years, BB&T has completed over 200 acquisitions in the banking and insurance industries. Over one hundred of these acquisitions have been completed through the merger or acquisition of a depository institution or its branches. Each banking acquisition has required FDIC and/or FRB approval including an evaluation of the communities served by BB&T. Each regulatory application, like clockwork, has emphasized the benefits that the acquisitions would have on the communities served by BB&T.

Unfortunately, after 50 years, it is clear from the FDIC's own data that BB&T's business model has not been good for the markets BB&T serves, and it has been most harmful to African-American, Latino, and low income Americans in those markets. BB&T's ability to swallow-up and crowd out their smaller banking competitors has definitely resulted in a disproportionately high percentage of unbanked and underbanked consumers in the South as compared to other regions, and a disproportionately high percentage of consumers unable to access mainstream credit in the South as compared to other regions. More troubling yet, minorities and low income households in the South are the most likely to be underbanked and without access to mainstream credit. Those communities served by SunTrust and BB&T are no outliers. For instance, SunTrust's corporate headquarters resides in a census tract with one of the highest percentage of unbanked and underbanked households in our country.

The market service areas and region served by BB&T have not demonstrated any benefits to the underbanked from the growth of BB&T. In fact, the expansion of BB&T has been to the detriment of underbanked communities. The FDIC's 2017 Household Survey on the Underbanked makes clear that BB&T and SunTrust's track records for community development have left the low income, minority, and other most vulnerable communities behind in the South – in their own backyard:

- “[U]nbanked and underbanked rates were highest in the South.”
 - The unbanked rate in the South was 7.7 percent in 2017, compared with 5.4 percent in the Midwest and 6.0 percent in the Northeast and West.”
 - The underbanked rate in the South was 21.0 percent in 2017, compared to 18.2% in the West, 17.9% in the Northeast, 15.8% in the Midwest.
- Almost one in four (23.8%) households in the South do not have access to Mainstream Credit. In fact, according to the FDIC “Lower-income households, less-educated households, black and Hispanic households, working-age disabled households, and foreign-born, noncitizen households were more likely not to have mainstream credit.”

These numbers are reflected BB&T and SunTrust's history of indifference to the underbanked. For instance, SunTrust's own hometown Atlanta, Georgia has become one of the most underbanked cities in America with the bank's executives driving past neighborhoods where over one-third (35.4%) of the households are now unbanked (7.5%) or underbanked (27.9%).

We don't expect any one bank to solve the enormous issues that plague the nation such as the problem of the persistently underbanked – especially when it is exacerbated by race. However, we do expect each bank to do its part to contribute to the solution. The National Diversity Coalition has sought to understand the efforts BB&T and its leadership have taken and plan to take to do their part to address this issue. It was this process that turned our optimism that BB&T Chairman and CEO Kelly King may be the kind of banker ready to appropriately prioritize the important issues of CRA and community development into a deep sense of concerned pessimism.

To date, we have found that BB&T – with over \$200 billion in assets, \$3 billion in annual earnings, and \$9.3 million of annual CEO compensation – has only been able to find, on average, \$1 million to invest into Community Development Financial Institutions to address the problems of the underbanked and to increase access to more Mainstream Credit. A \$1 million investment in a CDFI from a bank with over \$200 billion in assets is less than crumbs. Such tokenism in CDFI investments insults the minority and low income communities who seek to overcome their generational struggle to overcome issues limiting their access to capital and traditional banking services – particularly in the South.

Given that the FDIC has found that 23.9% of the 49.3 million households in the South do not have access to Mainstream Credit, and 28.7% of these households are either unbanked or underbanked, there are approximately 12 million households in the South who require access to the credit services offered by CDFIs. BB&T's average CDFI investment of \$1 million represents financing of approximately 8 cents for each struggling households in the South. To bring the South back in line with the other regions across America by reducing the number of underbanked with no access to Mainstream Credit by 6% of households, the National Diversity Coalition estimates it would take \$150 billion of credit to be provided to these consumers, small business owners and homeowners or approximately \$50,000 to 3 million impacted households.

BB&T's approach of providing an average of \$1 million to each of its limited CDFI partners is so woefully inadequate that it demonstrates a total detachment from the issues impacting the communities they serve, and totally disrespects the problems that the CRA seeks to address.

NDC BELIEVES THAT A MORE APPROPRIATE PROPOSAL FROM BB&T WOULD BE TO COMMIT TO INVESTING 2% OF ITS TIER ONE EQUITY IN CDFI EQUITY TO DEMONSTRATE A COMMITMENT TO SOLVING THE PROBLEMS IMPACTING THE MINORITY AND UNDERBANKED COMMUNITIES IN THEIR MARKETS THAT THEY HAVE ALLOWED TO REMAIN NEGLECTED WITHOUT ACCESS TO MAINSTREAM CREDIT FOR DECADES. NDC WOULD EXPECT THAT BB&T WOULD FOCUS SUCH CDFI INVESTMENTS ON CDFIS THAT SERVE AFRICAN AMERICAN, LATINO, AND LOW INCOME TARGET BORROWERS IN THE SOUTH WHO PROVIDE FINANCING PRODUCTS FOR AFFORDABLE HOUSING, HOMEOWNERSHIP AND SMALL BUSINESSES.

Such a commitment by BB&T would demonstrate that they are the type of bank that understands the responsibilities that come with an approval to become a the 6th largest bank in the country growing to over \$500 billion in assets. Such a commitment would begin the process of reducing and unwinding the systemic damage the neglect of minority and low income communities throughout BB&T's market

service areas have suffered over the past 50 years. Further, building partnerships with CDFIs will create exponential benefits helping dozens of CDFIs to build the capabilities and scale to attract additional capital and capabilities to serve the underserved better throughout the country.

BB&T would become a true leader in banking and its acquisition of SunTrust could mark a turning point in the banking industry when the problems afflicting minority and underbanked populations begin to subside and the CDFI industry truly begins to emerge as equal partners with banks to serve those who require the comprehensive underwriting that CDFIs can provide.

BB&T has the ability to help drive enormous impact in underserved communities. A real commitment, such as the one outlined above that would make a lasting impact to the entire CDFI industry and the underserved communities that finance, is clearly affordable for BB&T. The investments would come with a financial return and the initial capital commitments would represent less than 50% of the amount of money that BB&T has already budgeted that it is prepared to expense on transaction related expenses as part of the proposed transaction. BB&T can comfortably invest \$1+ billion into underserved minority and low income communities in its region for every \$2+ billion it is paying for Wall Street bankers, lawyers, consultants and the severance programs they design to achieve their projected annual cost savings of \$1.6 billion.

We have been disappointed that we have not yet been able to learn of BB&T plans or community development goals from its CEO or its Board. In fact, the National Diversity Coalition is still waiting for BB&T's Chief Executive Officer or Board members to personally respond to our multiple invitations to meet. In our calls with BB&T's General Counsel, he told us that BB&T agreed with our initial high-level recommendations but it would not "document" its agreements with us. We also came to understand that BB&T has yet to develop a CRA business plan for the combined BB&T-SunTrust entity.

We do not understand how the FDIC and FRB can approve an application or deem an application complete with adequate public notice, when a bank does not yet even have a management or board approved plan for its post-merger/acquisition CRA plans. We request that the FRB and FDIC demand that BB&T have a Board approved CRA plan and to disclose the material component of it publicly in its application prior to the application being deemed complete. Additionally, public hearings should be required to take place after the public has notice of BB&T's plans and intent for the combined entity after BB&T adopts and provides such information. We do not believe the recent public hearings offered an ability for the community to provide thoughtful feedback on BB&T's actual plans going forward as BB&T has not yet written a CRA business plan for its proposed post-merger entity – much less adopted one – and the application is woefully incomplete on this front as well. This lack of a CRA plan or any disclosures of BB&T's future CRA commitments also supports Chairwoman Waters call for a much deeper public review and hearing relating to the impact of the merger on minority and low income Americans throughout the South prior to any regulatory action on BB&T's application.

The FDIC and FRB should make sure that prior to approving this merger, BB&T commits that BB&T will no longer rely on the purchase of brokered loans, "Wall Street" securities (such as GSE bonds), tax-loss CRA investments, or investments in funds such as many SBICs that target private equity style returns over community benefits to meet their core CRA obligations. The communities BB&T serves can no longer afford BB&T diverting CRA commitments to Wall Street brokers instead of local community groups, low income borrowers, and underserved communities.

It has been our experience that without requiring banks as part of the merger application process to provide a commitment in writing on CRA investments – as a fixed percentage of income or deposits or

assets, for example – as well as a branch consolidation plan that at least roughly approximates potential branch closures, it becomes exceedingly difficult to hold to account merging companies after they have already successfully hurdled merger review.

The foregoing concerns compel us to submit this request for extension of time for public comments and notice of opposition to BB&T's application to acquire SunTrust Bank by merger, with a reservation to file a more fulsome comment after BB&T provides more details on its plans as it relates to CRA and community development, branch consolidations, diversity and inclusion, and numerous other serious issues raised by public officials, community groups, and other stakeholders. We plan to review the information developed by the Congressional Committees and to send a follow-up letter with the specific information requested of BB&T as part of its application so that the community can have a full record of its plans prior to any approval.

Thank you for your consideration of our request. NDC seeks to continue serving as a fair and reasonable voice for the voiceless communities we represent. We seek to work with banks and their management to improve community development activities for low income and minority communities. We believe we have a strong track record of working with banks where appropriate and supporting their applications when possible. We hoped to do the same with BB&T, and are disappointed that BB&T's approach to community engagement requires us to strongly object to their acquisition of SunTrust Bank.

We hope that BB&T will come to understand that community development activities including serving low-income and minority communities are not something that should be gamed as part of a regulatory process, but are a core part of banking. When that occurs, we will look forward to working with BB&T to find a solution for their move-forward plans that will ensure that the community is not harmed by their continued growth.

Most sincerely,


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Cc: Chairwoman Maxine Waters, U.S. House Committee on Financial Services
Honorable Sherrod Brown, U.S. Senate Banking Committee, Ranking Member
Kelly King, BB&T, Chairman and Chief Executive Officer