Commemorating our 125th anniversary

2016
ANNUAL REPORT

Financial Highlights

SunTrust Banks, Inc. is a purpose-driven company dedicated to Lighting the Way to Financial Well-Being for the people, businesses and communities it serves. Headquartered in Atlanta, the company has three business segments: Consumer Banking and Private Wealth Management, Wholesale Banking and Mortgage. Its flagship subsidiary, SunTrust Bank, operates an extensive branch and ATM network throughout the high-growth Southeast and mid-Atlantic states, along with 24-hour digital access. Certain business lines serve consumer, commercial, corporate and institutional clients nationally. As of December 31, 2016, SunTrust had total assets of $205 billion and total deposits of $160 billion. The Company provides deposit, credit, trust, investment, mortgage, asset management, securities brokerage and capital market services.

(Dollars in millions and shares in thousands, except per share data)

Year ended December 31	**2016**	**2015**	**2014**
For the Year			
Net income	$1,878	$1,933	$1,774
Net income available to common shareholders	1,811	1,863	1,722
Total revenue	8,604	8,032	8,163
Total revenue – full-time equivalent (FTE)[1,2]	8,742	8,174	8,305
Non-interest expense	5,468	5,160	5,543
Per Common Share			
Net income – diluted	$3.60	$3.58	$3.23
Dividends declared	1.00	0.92	0.70
Common stock closing price	54.85	42.84	41.90
Book value[3]	45.38	43.45	41.32
Tangible book value[1,3]	32.95	31.45	29.62
Financial Ratios			
Return on average total assets	0.94%	1.02%	0.97%
Return on average common shareholders' equity[3]	7.97	8.46	8.10
Return on average tangible common shareholders' equity[1,3]	10.91	11.75	11.49
Net interest margin[2]	2.92	2.82	2.98
Net interest margin – FTE[1,2]	3.00	2.91	3.07
Efficiency ratio	63.55	64.24	67.90
Tangible efficiency ratio – FTE[1,2]	61.99	62.64	66.44
Adjusted tangible efficiency ratio[1,2]	61.99	62.64	63.34
CET1 (Basel III)[4]	9.59	9.96	N/A
Tier 1 common equity (Basel I)[4]	N/A	N/A	9.60
At December 31			
Total assets	$204,875	$190,817	$190,328
Loans	143,298	136,442	133,112
Deposits	160,398	149,830	140,567
Total shareholders' equity	23,618	23,437	23,005
Common shares outstanding	491,188	508,712	524,540
FTE employees	24,375	24,043	24,638

[1]See reconciliation of non-U.S. GAAP measures in Table 30, "Selected Financial Data and Reconcilement of Non-U.S. GAAP Measures," in the MD&A section (Item 7) of the Company's 2016 Annual Report on Form 10-K.
[2]The Company presents total revenue-FTE, net interest margin-FTE, tangible efficiency ratio-FTE and adjusted tangible efficiency ratio-FTE on a fully taxable-equivalent (FTE) basis. The FTE basis adjusts for the tax-favored status of net interest income from certain loans and investments using a federal tax rate of 35% and state income taxes, where applicable, to increase tax-exempt interest income to a taxable-equivalent basis. The Company believes the FTE basis is the preferred industry measurement basis for these measures and that it enhances comparability of net interest income arising from taxable and tax-exempt sources.
[3]Beginning January 1, 2016, noncontrolling interest was removed from common shareholders' equity in these calculations to provide more accurate measures of the Company's return on common shareholders' equity and book value per common share. Prior period amounts have been updated for consistent presentation.
[4]Basel III Final Rules became effective for the Company on January 1, 2015; thus, Basel III CET1 ratios are not applicable (N/A) in periods ending prior to January 1, 2015, and Basel I Tier 1 common equity ratio is N/A in periods ending after January 1, 2015.

2016: A Year of Movement

Fellow Owners:

William H. Rogers, Jr.
Chairman and Chief Executive Officer
SunTrust Banks, Inc.

2016 was a good year for SunTrust—one where we continued to realize positive returns from our consistent strategic focus. As one of the nation's largest and strongest financial services companies, we delivered strong shareholder value (both relative and absolute) while expanding on our purpose of Lighting the Way to Financial Well-Being for our clients, teammates and communities. We launched the onUp Movement, which is an extension of our purpose and is designed to help Americans move from financial stress to financial confidence. We also continued to invest in ourselves, or as I like to say we "acquired SunTrust," in that we are making the equivalent of several small acquisitions, just organically. These investments in our people, our technology, and our brand continue to create value for our clients and owners while also enhancing the strength and efficiency of our Company.

2016 Financial Highlights

2016 marked the *fifth* consecutive year of higher earnings per share, improved efficiency and increased capital returns. This strong and comprehensive performance can be attributed to our consistent strategic focus on (i) growing and deepening client relationships, (ii) improving efficiency and (iii) optimizing the balance sheet to enhance returns. This consistent set of strategies (which were formulated in 2011), along with our determination to expand our purpose and diversify our business model, has created significant value for our clients, teammates and ultimately our owners.

For 2016, despite the continued low interest rate environment and higher credit costs (driven by the 2015 decline in oil prices), we grew earnings per share by 1%, further improved our tangible efficiency ratio by 65 bps[1] and increased our payout ratio[2] from 62% to 73%. Total shareholder return in 2016 was a strong 31%, ahead of peer median[3] for the fourth time in the last five years. Furthermore, I am proud to report that we have delivered 237% total shareholder return to our owners over the past five years, a full 105% higher than the peer median,[4] and the second highest in our peer group.

Revenue growth in 2016 was the highest it has been in eight years. Additionally, the growth we produced this year was broad-based, a reflection of our emphasis on maintaining and investing in a diverse business mix. Specifically, total revenue (FTE) increased 7% to $8.7 billion, driven by net interest income, mortgage production and servicing, and investment banking.

> "2016 marked the fifth consecutive year of higher earnings per share, improved efficiency and increased capital returns."

[1] The tangible efficiency ratio is reported on fully taxable-equivalent (FTE) basis. The FTE basis adjusts net interest income for the tax-favored status of income from certain loans and investments. The GAAP efficiency ratio-FTE for 2015 and 2016 was 63.1% and 62.6%, respectively. See reconciliation of non-U.S. GAAP measures in Table 30, "Selected Financial Data and Reconcilement of Non-U.S. GAAP Measures," in the MD&A section (Item 7) of the Company's 2016 Annual Report on Form 10-K.

[2] Payout Ratio = (Common Stock Dividends and Share Repurchases)/Net Income Available to Common Shareholders.

[3] Source: Bloomberg. Reflects one year ended December 30, 2016. Peers include WFC, USB, PNC, BBT, RF, FITB, KEY, MTB, COF and CMA. Dividends assumed to be reinvested in security.

[4] Source: Bloomberg. Reflects five years ended December 30, 2016. Peers include WFC, USB, PNC, BBT, RF, FITB, KEY, MTB, COF and CMA. Dividends assumed to be reinvested in security.

> "...I am proud to report that we have delivered 237% total shareholder return to our owners over the past five years, a full 105% higher than the peer median[4]..."

This growth is a testament to the success that each of our lines of business had in expanding and deepening client relationships. Looking to 2017 and beyond, I am optimistic that if the economic environment continues to improve, we can further realize the returns on the investments we have made in each of our businesses.

Expenses increased 6% in 2016, generally as a result of higher costs associated with higher revenue and business activity, but also due to increased investments in technology, higher regulatory and compliance costs, and higher operating losses. We remain committed to growing our business and investing where appropriate to deliver more value for our clients and owners, while also making further improvements in the overall efficiency, effectiveness and executional excellence of the Company. As I noted earlier, we improved our tangible efficiency ratio[1] by 65 basis points to 62.0% in 2016, all while making substantial investments in our businesses (which I will illustrate in greater detail in the following section). 2016 marked the fifth consecutive year of improved efficiency, and I have confidence that we will continue to build upon this success as we execute the strategies we have in place to achieve our goal of driving our tangible efficiency ratio below 60% by 2019.

In 2016, average performing loans grew $7.2 billion, or 5%, driven by balanced growth in both C&I and consumer portfolios, as our lending strategies continue to produce profitable growth through each of our major channels. In addition, we sold or securitized $1.6 billion of loans this year, totaling approximately $14 billion of loans since the beginning of 2011, as we continue to optimize the balance sheet and increase its velocity.

Average client deposits grew $10.0 billion, or 7%, driven by Wholesale Banking and Consumer and Private Wealth Management's focus on deepening client relationships to ensure we meet more clients' deposit and payment needs. As interest rates have increased slightly, rates paid on deposits increased four basis points from the fourth quarter of 2015. Our disciplined approach to pricing is focused on maximizing the value proposition, outside of rate paid, for our clients. This approach will be even more critical going forward as the likelihood of a rising interest rate environment increases.

2016 began with industry apprehensions over asset quality, as lower oil prices affected underlying asset values and cash flows for energy loans. Our energy and risk teams worked diligently together to proactively address higher risk credits, which drove the increase in our net charge-off ratio from 26 basis points in 2015 to 34 basis points in 2016. Overall, asset quality conditions remain favorable, which resulted in a 10 basis point decline in our ALLL coverage ratio. Over time, we expect our net charge-off ratio to normalize; however, we believe our relative performance will continue to be strong given the diversity of our business mix and where we typically operate on the credit spectrum. This perspective is shared by the Federal Reserve's CCAR process, which consistently estimates that SunTrust would have among the lowest levels of loan losses of any tested bank in severely adverse economic conditions (particularly noteworthy considering different scenarios are used each year). While prospects exist for an evolving regulatory regime and higher economic growth, SunTrust will continue to maintain its focus on sound underwriting discipline and portfolio diversity, ensuring long-term sustainable growth for both our clients and owners.

In 2016, we bought back $830 million of our common stock and warrants, up from $679 million in 2015, and we increased our quarterly dividend from $0.24 to $0.26 per common share, the combination of which was a 15% year-over-year increase in total capital returns. Along with the increase in capital returns, we also managed to grow tangible book value per share 5% year-over-year,[5] creating additional value for our owners. Our capital position remains strong, with the Basel III Common Equity Tier 1 ratio ending the year at 9.4% on a fully phased-in basis.[6] Going forward, our capital position and moderate risk profile will allow us to continue to increase capital returns to shareholders, while also leaving ample capital for organic growth and investment.

Investment Thesis

I meet with many of our owners throughout the year, and while discussion topics and questions evolve over time, what has not changed is the core investment thesis in SunTrust. Shareholders who have invested in our Company do so because (1) we have a strong and diverse franchise, with multiple growth opportunities; (2) we have demonstrated success and further potential in improving returns and efficiency; and (3) we have a strong capital position, particularly in context of our lower relative risk profile, allowing us the opportunity to deploy capital on behalf of, and repatriate capital to, our shareholders.

(1) Strong and Diverse Franchise; Investing in Growth

SunTrust continued to meet more client needs in 2016. This was most directly evidenced by growth in loans, deposits, mortgage production and servicing, and investment banking. At our core, we are focused on working together as OneTeam across lines of business to provide our clients with the full range of capabilities that they would expect from a Top 10 bank, with the partnership and teamwork they would expect from a smaller bank. While SunTrust has grown over the last decade, both in size and scope, we have retained our ability to be agile and responsive in light of evolving client preferences and market conditions. This is just one example of how we differentiate ourselves relative to our competition.

[5] Book value per share grew 4% year-over-year and was $43.45 and $45.38 for 4Q 15 and 4Q 16, respectively. See reconciliation of non-U.S. GAAP measures in Table 30, "Selected Financial Data and Reconcilement of Non-U.S. GAAP Measures," in the MD&A section (Item 7) of the Company's 2016 Annual Report on Form 10-K.

[6] The Common Equity Tier 1 ratio is subject to certain phase-in requirements under Basel III beginning in 2015, and as such we have presented a reconciliation of the Common Equity Tier 1 ratio as calculated considering the phase-in requirements (Common Equity Tier 1 - Transitional) to the fully phased-in ratio. Common Equity Tier 1 calculated under the currently applicable regulations was 9.6% at December 31, 2016. See reconciliation of non-U.S. GAAP measures in Table 30, "Selected Financial Data and Reconcilement of Non-U.S. GAAP Measures," in the MD&A section (Item 7) of the Company's 2016 Annual Report on Form 10-K.

2016 was a record year in Corporate and Investment Banking (CIB), which goes to market as SunTrust Robinson Humphrey (STRH). This business is highly differentiated in the marketplace, as we have the full capabilities of a large bank (product and industry expertise and a significant balance sheet) but a focus on mid-corporate and middle-market clients. This unique model, combined with our consistent execution against our strategies, is driving strong results. Our primary strategies for Wholesale Banking are:

(1) Continuing our targeted build-out of product and industry expertise;
(2) Working diligently to acquire new clients while tailoring solutions for our existing ones; and
(3) Leveraging our OneTeam Approach to meet the capital markets needs of all SunTrust clients.

STRH's superior execution led to the ninth consecutive record year of investment banking income (up 7% compared to 2015), 5% growth in loans and 10% growth in deposits. Debt capital markets has been, and continues to be, a core strength of STRH where we have witnessed 18% annual growth in lead relationships since 2013. In addition, our advisory businesses, which take longer to build, are becoming greater contributors to the growth evidenced by the 5% year-over-year increase in M&A and 11% year-over-year growth in equity-related revenue. Our growing success in the equity-related businesses was most recently evidenced by STRH's recognition as the 2016 U.S. Mid-Market Equity House of the Year by *International Financing Review (IFR)*. Congratulations to all of our STRH teammates for this outstanding accomplishment.

Another key growth business for SunTrust is Commercial and Business Banking (CBB). Over the past several years, we have made strategic investments in talent and resources as we seek to transform CBB into an advisory business where we partner with our clients to help them achieve smart growth. Our strategy in this business has been to import the discipline and expertise from STRH so that our clients can leverage the full capabilities of the entire Wholesale Banking platform. We have seen good returns on this strategy thus far, with capital markets revenue from non-CIB clients up 24% compared to 2015. We are still in the early stages of executing against this strategy but our incremental investments are highly accretive given the scalable nature of this business, as we have already committed the necessary capital and have the expertise to meet the needs of our clients.

Similar to CBB, SunTrust's Commercial Real Estate (CRE) business has focused on partnering across the segment and using our OneTeam Approach to deliver more solutions for our clients. In doing so, we have increased capital markets-related fees by 34% year-over-year and have grown deposit balances by 113% since 2011. Although CRE is a smaller business, we remain underweight relative to our opportunity and have considerable long-term potential for improvement and growth. The recent acquisition of Pillar Financial (Pillar) adds to the capabilities of our CRE team (and vice versa) and also improves our return profile. More specifically, our bridge financing capabilities and Pillar's distribution capabilities are making both Pillar and our CRE team more effective in the marketplace. Equally important, Pillar's services are fully consistent with our purpose by helping to finance critically needed affordable housing and senior housing for the communities we serve.

In Treasury & Payment Solutions (T&PS), we have been upgrading our digital capabilities across our small business, commercial and corporate cash management platforms. 2016 included the initiation of a pilot of our new SunView Online Treasury Manager product that will be fully implemented in 2017. In addition, specialists within STRH and T&PS continue to work more effectively together to help our corporate clients optimize their liquidity strategies through the use of all products, including deposits. This partnership was a key driver in helping us deliver 10% growth in average Wholesale Banking deposits in 2016.

Within Consumer Banking, SunTrust has invested heavily in our Omni-Channel strategy to focus on better serving our clients when, where and how they choose to do business. It has become increasingly clear to us that the retail banking business is no longer centered on the branch but rather is a digitally centered business (either mobile or online) for the majority of our clients. Therefore, over the past several years, we have significantly increased our investment in digital capabilities as clients' preferences for self-service options (such as mobile deposits and online banking) continue to grow. In 2016, Consumer Banking integrated the digital investing and banking experience to provide a comprehensive financial solution through SummitView, our best-in-class financial planning suite.

Nonetheless, the branch system will continue to play a very important role in our delivery model, both with regard to enhancing our brand and meeting the more complex needs of our clients, the latter of which is evidenced by the fact that over 75% of consumer needs are still met in the branches. We are investing in our branch network by remodeling and refurbishing branches to help create a better client experience. In addition, in order to further meet the more complex needs of our clients, we increased the net number of advisory-oriented personnel in our branches by 5% in 2016 (most notably Premier Bankers and Universal Bankers).

In addition to digital banking trends, the marketplace for Consumer Lending continues to evolve, as more consumers are moving toward digital offerings for small- to medium-ticket secured and unsecured lending. To capitalize on these trends, we made further investments in our LightStream business, an online platform focused on direct lending to prime and super prime clients in a manner that is low in cost and high in client satisfaction. LightStream loans are originated, owned, serviced and funded by SunTrust with no reliance on third parties. Our clients appreciate the simplicity, speed and convenience of LightStream, which has generated high satisfaction rates and, more importantly, repeat and referral business. A key component of our strategy was to introduce LightStream into our branches in 2015. We have seen good results, with 25% of LightStream originations coming from a traditional SunTrust channel in 2016. We are highly optimistic about the trajectory of LightStream, and we will continue to maintain

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our focus on smart and disciplined growth. Additionally, our partnership with GreenSky supports the needs of homeowners, providing efficient financing for home improvement needs. Our credit card portfolio, while relatively small, grew 30% from 2015 as we continue to offer competitive products for our clients, providing them incremental returns for their credit card as their overall relationship with SunTrust expands. This model is working well for us, and we have received good recognition for it (three of our credit cards received Top 5 scores in a recent ranking by *U.S. News & World Report*—congratulations to our card teammates for this achievement). In total, these portfolios aggregate to $6.3 billion as of the fourth quarter of 2016, up 44% compared to a year ago, with significant growth still available.

In 2016, as a direct result of targeted initiatives, our Mortgage business increased its market share by 10 basis points year-over-year,[7] delivering $366 million in production income, up 36% compared to 2015. Separately, we have also been growing our servicing portfolio both organically and through acquisitions; the servicing portfolio is up 8% year-over-year, and will serve as a partial offset to declining origination volumes if interest rates continue to rise—a testament to our focus on maintaining and investing in a diverse business mix.

(2) Improving Efficiency and Returns

EFFICIENCY

In 2016, SunTrust made further headway toward our objective of reducing the tangible efficiency ratio to under 60% by 2019. Over the past several years, we have made substantial progress as we have reduced our adjusted tangible efficiency ratio[8] from 72% in 2011 to 62% in 2016. Until 2015, progress against this strategic goal was largely driven by reduced expenses. Our improvement this year was driven more by strong revenue growth which is largely due to our balanced approach over the last several years of managing expenses while also investing in growth. This remains a key priority for us and further improvements in efficiency will create increased capacity to invest in our clients, technology, teammates and communities. To mention a few:

- As part of our Omni-Channel strategy, we have made deliberate and meaningful progress in right-sizing our branch network (down 17% since 2011), and have improved the digital banking experience for our clients. At the end of 2016, self-service consumer deposits, excluding direct deposits, represented 43% of total consumer deposits, and digital sales represented 23% of total sales. Both were up meaningfully relative to the prior year, and continuing these trends will help us further reduce the physical branch network by another 10% over the next two years (with approximately two-thirds of that reduction taking place in the first half of 2017).
- We continue to make investments that will help us streamline our operations infrastructure and digitize end-to-end processes. As an example, in 2016, we deployed nCino, our new commercial lending platform, in CBB which improves the coordination of sales, service and fulfillment activities while streamlining the lending process for clients. In 2017, we will deploy this throughout the rest of Wholesale Banking. In Mortgage, we launched a new portal where clients can submit an application, upload documents and track progress throughout the origination process. Digitizing the overall loan application and underwriting process is a trend we will continue to invest in.
- Across the Company, we remain focused on managing our supplier relationships. Each line of business is looking for ways to make adjustments to their third-party contracts where the returns do not merit the expenditures, or where we can bring the processes in-house. As an example, in the fourth quarter of 2016, we negotiated with a key supplier to drive an immediate reduction in outside processing costs and this will also continue to produce savings going forward.

RETURNS

Across the Company, we have increased our focus on improving returns. Our ability to allocate capital and assess the returns on that capital (across the Company and at each sub-LOB) has improved significantly in recent years. In addition, return on tangible common equity (ROTCE) has become an increasingly important component of our long-term incentive plans and business line scorecards. As owners, you should be pleased, as there is a strong correlation between long-term total shareholder returns and through-the-cycle returns on equity. In conjunction with our heightened focus on returns, we have specific strategies in place across each business to improve profitability.

- In Wholesale Banking, we have supported our return strategy by committing capital where it can generate the appropriate overall relationship return. We are diligent in ensuring our return hurdles are met within the context of the total client relationship. In Commercial Banking, as I stated earlier, our strategy of delivering the entire bank (most notably capital markets-related services) will improve returns, as we have already committed capital to many of these clients.
- In Consumer Banking, we have made significant progress in improving the return profile by growing higher-return areas (LightStream, our partnership with GreenSky, credit card and student lending portfolios) and selling or securitizing assets in lower-return areas (currently indirect auto). As I discussed at length earlier, LightStream in particular has grown significantly since its inception as a result of our investments in technology and talent. Returns in this business will

> “...I have increased confidence that 2017 will be the sixth consecutive year in which we grow the earnings power of the Company, improve efficiency and increase capital returns.”

[7] Source: *Inside Mortgage Finance*. Represents change from FY 2015 relative to FY 2016.
[8] 72.0% represent the adjusted tangible efficiency ratio. GAAP efficiency ratio for 2011 was 73.0%. Adjusted figures are intended to provide management and investors information on trends that are more comparable across periods and potentially more comparable across institutions. Please refer to Table 30 in the attached Form 10-K for reconciliations related to the GAAP efficiency ratio.

- continue to improve as we establish more scale on top of the investments we have already made.
- In the Mortgage Banking segment, we are growing our servicing portfolio organically and through acquisitions, as we view servicing as a core competency and a solid ROE business. We are also leveraging technology and analytics in Consumer Direct to improve client retention and margins to increase ROE.

(3) Increased Capital Returns to Shareholders

In 2016, we grew our business and increased capital returns to shareholders for the fifth consecutive year, increasing our total payout ratio[2] from 62% in 2015 to 73% in 2016. Despite the growth in our business (average performing loans grew 5% year-over-year) and the significant increase in our payout ratio, we still ended the year with a strong, fully phased-in Basel III Common Equity Tier 1 ratio of 9.4%.[6] We also continued to demonstrate one of the lowest levels of capital erosion of any bank undergoing the Federal Reserve's CCAR process, which is reflective of the quality of our portfolios, the diversity of our loan book and our solid pre-provision earnings power.

Given this strong capital position, I expect SunTrust will continue to both grow our business and increase capital returns to shareholders, particularly as the regulatory landscape for the industry evolves to more closely match each bank's risk profile and complexity. This is a particular benefit for SunTrust given the aforementioned consistently strong CCAR performance and our domestically focused regional bank business model.

Our Purpose

To conclude, I want to discuss what I am most passionate about—our purpose of Lighting the Way to Financial Well-Being for our clients, communities and teammates. Our research indicates that financial stress is a burden in many lives, one that causes anxiety and adds to existing daily pressures. At SunTrust, we are committed to helping people identify their values and create a plan and path to success, so that everyone can spend more time enjoying the moments that truly matter to them. As a result, in early 2016, we ignited our purpose by introducing onUp, a movement we began to help people start the conversation about money with the goal of increasing financial confidence. We built a valuable and functional resource center at onUp.com, which includes expert articles, tools, calculators and plans for anyone's use (whether or not you are a SunTrust client). Whatever the need may be, whether saving for a new addition to the family or setting up an emergency savings account, SunTrust wants to help. Our goal was to reach five million people in five years, and I am proud to report that we have engaged over one million people so far.

As an extension of onUp, we began Momentum onUp, which aims to help companies equip their employees with the tools for financial success. Momentum onUp is a simple, turnkey set of tools and resources to help employees begin, sustain and track their progress toward financial confidence. We provide simple and practical actions to help people sustain the positive habits learned in the program. The program was in a pilot phase for 2016 but has already helped 12 companies so far and approximately 3,000 teammates outside of SunTrust. The initial pilot was a tremendous success—but don't take my word for it. Read the story about Havertys on page 23, and you'll see why we are excited and gearing up for a broader launch in 2017.

In Closing

The fourth quarter of 2016 may, in hindsight, have been a pivotal turning point on many fronts for the banking industry. We began to see improvements in consumer confidence, the Federal Reserve raised interest rates for only the second time in a decade, and a growing consensus began to emerge (both from regulators and politicians) that regulation should be tailored to a bank's risk profile and contributions to systemic risk. It is my strong belief that SunTrust is well positioned for this environment, given the investments we have made in growth, our market position and our strong capital position, particularly in the context of our lower risk profile and non-complex business model.

If we get any combination of rising rates, higher growth, tailored regulation and tax reform, SunTrust's clients, communities and owners will certainly benefit. But, more importantly, irrespective of these potential tailwinds, I am excited about the organic growth initiatives we have within each of our businesses. Our opportunity set remains robust, our executional capabilities are improving, and we continue to be rewarded for our differentiated model. It is for these reasons that I have increased confidence that 2017 will be the sixth consecutive year in which we grow the earnings power of the Company, improve efficiency and increase capital returns.

Lastly, I would like to acknowledge that we celebrated our 125th anniversary in 2016. This is a key milestone for SunTrust and was made possible by the people and businesses that trust us to put their needs first. To our clients and communities, thank you for allowing us to serve you over the last 125 years, and we look forward to the next 125 years. To our teammates, I would also like to personally thank each and every one you—it is because of your hard work and commitment to our purpose that I am able to write this letter sharing our many successes in 2016. What we achieved this year was notable, and I am honored to partner with you in 2017. To our owners, thank you for demonstrating your trust by investing in our company. 2017 will be another good year for SunTrust, and I am confident we will continue to generate value for you.

WILLIAM H. ROGERS, JR.
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER
SUNTRUST BANKS, INC.
FEBRUARY 22, 2017

Statements regarding our goals, objectives, strategies, priorities, future asset quality, future capital returns to investors, future growth potential and future investments are forward-looking statements. Investors are cautioned against placing undue reliance upon these statements since they are subject to material risks and uncertainties. We list some of the factors that could affect these statements in the attached annual report on Form 10-K at the beginning of Item 7, Management's Discussion and Analysis.

Launching a Movement

onUp SunTrust

Moving Toward Financial Confidence

SunTrust is dedicated to Lighting the Way to Financial Well-Being. Over the past year, we've taken giant steps toward fully realizing this purpose by dealing with a key issue that's deeply impacting the lives of not only our clients, but also people across America: financial stress.

In January 2016, we launched the onUp Movement as a catalyst for social change and a call to action for everyone to do something positive about money and finances. Regardless of one's income level or stage in life, small steps can make a big difference. The onUp Movement offers ways to help everyone gain control over their money and focus on what matters most.

>40%

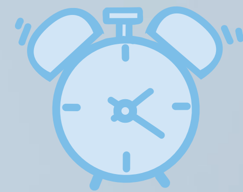
OF AMERICANS LIVE PAYCHECK TO PAYCHECK

40%

OF AMERICANS AND

60%

OF MILLENNIALS DON'T HAVE $2,000 FOR AN EMERGENCY



75%

OF AMERICANS REPORT FEELING FINANCIAL STRESS

Our Purpose Shapes Our Vision

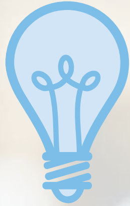
We are in the position to take the lead and make a real difference by helping people move toward financial confidence. Research has shown that financial confidence is directly correlated to life satisfaction. When people are on a proper path with their money, they have the monetary preparedness to live anxiety-free. People are able to live in the moment and have greater life satisfaction while pursuing their broader goals.

As we talked to people about their concerns, it inspired us to take a stand and take action against the growing problem of financial stress in this country. Throughout 2016, our goal was to drive awareness and get people to start moving onward and upward toward financial confidence.

That's why we created onUp.com as a resource to the clients and communities we serve. It provides tools, inspiration and a place to join the movement toward financial confidence.

TAKE THE NEXT STEP WITH US

1. Get Inspired



We talked to thousands of people and businesses about their journeys from financial stress to confidence. Many people thought that financial well-being, and the life satisfaction that comes with monetary preparedness, was impossible.

"We want to be the spark that motivates people to take action, and give them tools and access to information to move closer to **FINANCIAL CONFIDENCE**... We have an opportunity and an obligation to help them and others in our communities achieve financial wellness."
– William H. Rogers, Jr.
SunTrust Chairman and Chief Executive Officer

2. Take a Stand

We believe that financial well-being is about having alignment between what you value and where you choose to spend your money. And we believe everyone can achieve the financial confidence to pursue a **LIFE WELL SPENT**. Everyone.

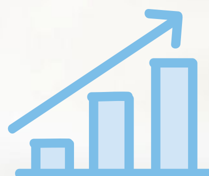
We needed to change the conversation about money and get people talking. So we decided to lead a national movement for financial well-being.

3. Take Action

Every line of business within SunTrust is committed to tackle this problem head-on. To make a real impact, we had to think big: five million people taking action against financial stress by starting a conversation with us.

We launched our movement during Super Bowl® 50, with an ad designed to become a catalyst for social change and a call to action for Americans to consider doing something positive about money and finances—to take a step **ONWARD AND UPWARD** toward financial confidence.

4. Build Momentum



Throughout 2016, people across the country embraced the new SunTrust movement and joined in the call to move onUp from stress to confidence.

It's impacted our business, too—helping us **DO WELL BY DOING GOOD.** Revenue growth is up. Deposit growth is up. Brand consideration is up.

The true impact of the onUp Movement can be seen in the effect it has on the communities we serve, and on the lives of our teammates and our clients. These success stories are what drive us forward, to truly demonstrate what it means to be Lighting the Way to Financial Well-Being.

WE COMMITTED TO HELPING

5

MILLION PEOPLE IN FIVE YEARS TAKE A STEP TOWARD FINANCIAL CONFIDENCE

THE ONUP MOVEMENT REACHED

1+

MILLION PARTICIPANTS IN THE FIRST YEAR

5.8%

INCREASE IN BRAND CONSIDERATION (YOY) SHOWS WE CAN DO WELL BY DOING GOOD

2.7

BILLION MEDIA IMPRESSIONS HELPED US SPREAD THE MESSAGE

Communities

Learning to Adapt

SUNTRUST AND OPERATION HOPE HELP RECOVER FINANCIAL HEALTH AFTER ILLNESS

HIS STEPS: RESET AND REENERGIZE

“I learned the importance of financial planning the hard way. I’ve served in the Atlanta Police Department since 2012, but a rare chronic illness put me in the hospital and out of commission for almost a year.

“I had some disability insurance, but the thought of needing to save for emergencies such as this one was not on my radar. So there I was, 22 years old, no emergency savings, not being able to work and trying to recover my health—talk about feeling financial stress.

“I was worried. I was constantly thinking: ‘How will I pay for my car? Will I be able to go back to work? How will I pay for the medical bills? What now? What’s next?’

“The journey was difficult, but it opened my eyes to the importance of financial literacy, and I began to make some major changes in my life. I took advantage of the free financial education and counseling services provided to Atlanta Police Department employees through HOPE Inside Atlanta Police Department, a program offered in partnership with Operation HOPE, the Atlanta Police Foundation and SunTrust. I read financial blogs daily. I even hired a financial planner.

“Now, I am planning for retirement and sticking to a strict budget. I use a prepaid debit card for gas and food for every two weeks. This way, I keep myself from swiping my debit card every time I want something. In addition, I am building my savings and am making allowances for unexpected situations which may arise.

“Hitting that bump in the road made me more motivated than ever to continue pursuing lifelong dreams. Ever since I was a kid, I’ve had a passion for real estate. My mom was a landlord, and I remember helping her with the painting and maintenance of her property. My goal is to buy one rental property each year until I have 10. With a better understanding of my finances, I am on track to buy my first rental property next year, and I have a plan to reach my dream.

“Fortunately, I’m back on duty and am more confident about my finances. I want to use what I have learned through my experience to inspire others to take steps toward their financial confidence.”

“The journey was difficult, but it opened my eyes to the importance of financial literacy, and I began to make some major changes in my life.”

Shakeel Alleyne

Police officer, Atlanta Police Department Community Liaison Unit

VOLUNTEER

Putting the Focus on "We"

Helping people like Officer Alleyne achieve financial confidence benefits not just those individuals, but also the communities we serve. We believe a strong community is the foundation for the lives of all who live and work in it—and we're doing our part by investing in the financial stability of our communities through both the SunTrust Foundation and SunTrust Bank.

2016 SUNTRUST FOUNDATION ACCOMPLISHMENTS

Championing Financial Well-Being

The SunTrust Foundation invested over **$16.6 MILLION IN GRANTS** in 2016 to help not-for-profit organizations develop financial tools that can help increase financial literacy and make a real difference in people's lives.

Autism Speaks

Financial Planning Toolkit for families with special needs

Florida International University

Financial Wellness Clinic

Georgia State University

Financial Management Center and a GSU/SunTrust National Playbook

Junior Achievement (JA)

Lead grantee for JA Finance Park in Tampa to provide financial education for students

Operation HOPE

Digitized and expanded learning curriculum

United Way Worldwide

Online financial portal

Virginia Union University

Financial education for students, parents and community

Supporting Communities in Crisis

Hurricane Relief

We were on the front lines of the disaster relief efforts after Hurricane Matthew, with donations to the American Red Cross and teammate support to ensure our clients had access to finances

Aiding Orlando

In our Orlando community, we provided aid to families affected by the tragic shootings at Pulse nightclub

Building Community Confidence

SunTrust reinvests in the communities we serve, providing the funds that stimulate economic growth and create jobs, and also laying the groundwork to drive confidence and hope for the future.

Through the onUp Movement, SunTrust was able to raise $250,000 in donations to Operation HOPE, a leading global provider of financial education and empowerment programs, to help light the way toward financial confidence for all.

We will expand our HOPE Inside program from seven existing branch locations to 200 by 2020 to help provide financial counseling to 150,000 annually.

Giving Teammates Ways to Help

Our teammates pledged more than $6.5 million in 2016, the most in our Company's history, to help people take steps toward financial confidence. They also logged 237,000 hours of volunteer time.

Honoring Those Who Serve

In 2016, we originated over $1.8 billion of VA mortgages, helping thousands of veterans and their families buy, build or renovate a house. And through our military hire mentoring program, new veteran teammates receive mentors, guidance and support to help transition into the civilian workforce.

Providing a Gathering Place

SunTrust Park opens in April 2017 not only as the home of the Braves, but also as a catalyst to spread our message of financial confidence to baseball fans through the onUp Experience. This comprehensive interactive experience space will bring to life our relationship with the Braves and the onUp Movement—turning baseball fans into SunTrust fans.

Investing in Community Growth

$29

BILLION IN MORTGAGES

$7.0

BILLION IN LOANS TO NEARLY 4,500 SMALL AND COMMERCIAL BUSINESS CLIENTS

$2.8

BILLION IN SUPPORT FOR AFFORDABLE HOUSING AND COMMUNITY DEVELOPMENT PROJECTS

Teammates

Focusing on What Matters

BALANCING FINANCES WITH FAMILY

OUR STEPS: CLARIFY & PLAN

“Several years ago when we learned we were pregnant, we were elated. Then we learned we were having twins, and we were overwhelmed. Double the blessing, double the love, right? But also double the diapers, clothes, food and, well, everything. Then pile on a mortgage, car payments, school loans AND another pregnancy (yes, three kids two years old and under!), and suddenly we felt trapped. While trying to care for our family, we were also desperately trying to make ends meet. Talk about losing sleep.

“The Momentum onUp for Teammates program was my saving grace. I learned valuable money management skills, including this liberating secret: your finances don’t have to overwhelm you—you just have to align them with your priorities.

“Our ‘aha’ moment came when my husband and I sat down to list out our priorities. We outlined where we were spending versus what was most important to us. That helped us realize our little girl didn’t need designer dresses, but we did want a trip to Disney. When you understand what matters most to you, you’ll save and spend accordingly.

“Now our family is laser-focused with our top 10 financial priorities. We’ve even established an emergency fund—that’s life changing!”

“Our ‘aha’ moment came when my husband and I sat down to list out our priorities. We outlined where we were spending versus what was most important to us.”

Jessica Otero

SunTrust social media manager and millennial mom

Confidence Starts with Us

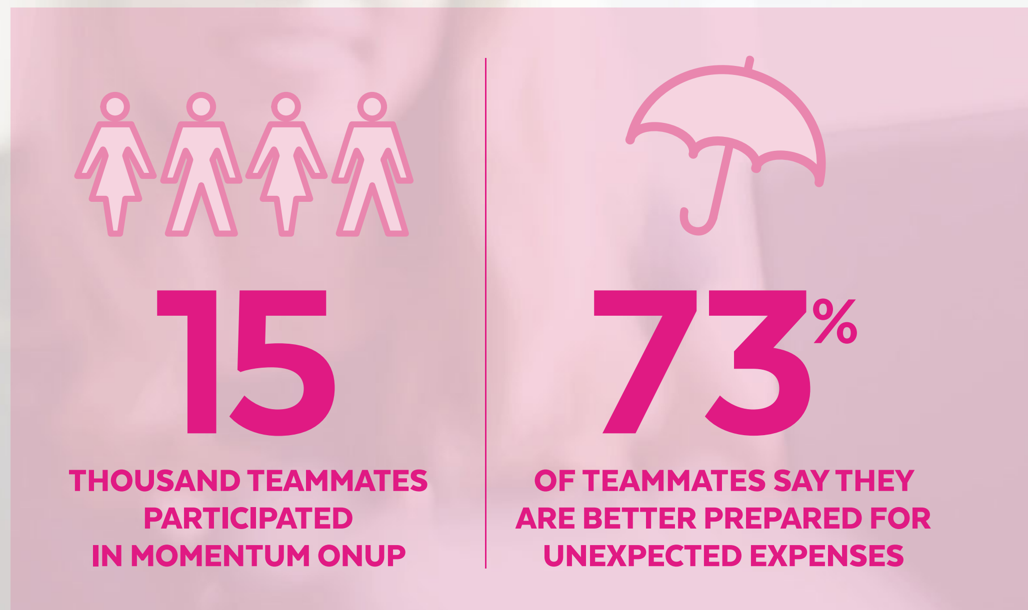
At SunTrust, our purpose begins with our teammates by helping them focus on their financial, physical and professional well-being. Because when we all feel confident, it's easier to help others do the same.

2016 ACCOMPLISHMENTS

Helping Advance Financial Well-Being

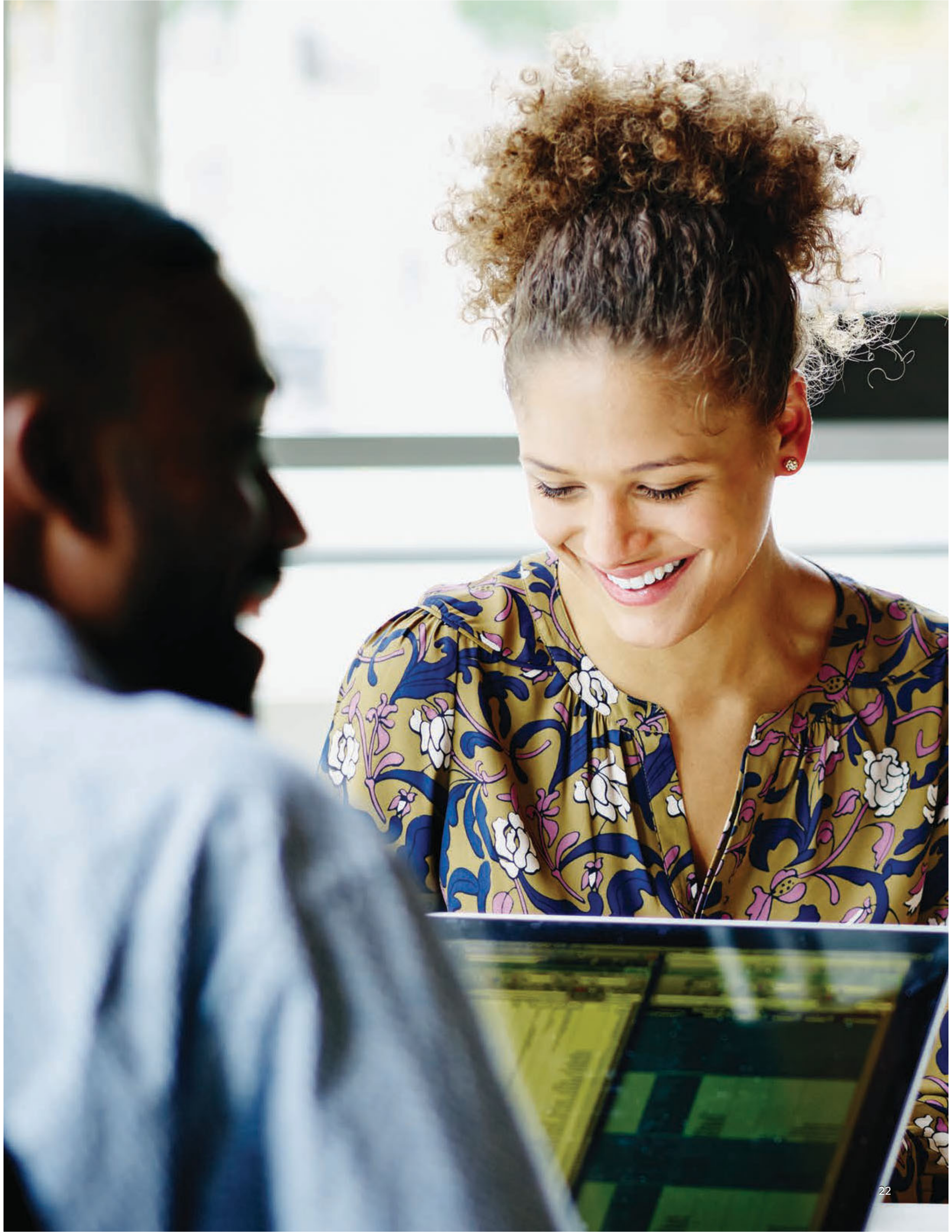
More than 15,000 teammates are participating in Momentum onUp for Teammates, a program to help them better manage their personal finances and take steps toward financial confidence. As a result, 73% of our teammates say they're better prepared to handle a $2,000 unexpected expense. And they're also sharing what they've learned with family and friends.

Through our annual teammate engagement survey, we seek feedback from our teammates about how we can help them continue to have more great days at work. Engagement indices remain ahead of the financial services benchmark and are competitive with top-tier global corporations. Teammates continue to take steps toward achieving financial confidence, and more of them are in their desired financial shape. We continue to raise awareness around the well-being elements that impact work and that realize our purpose first with teammates.

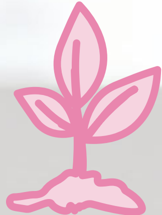


"We're partnering with our teammates on their journeys toward financial confidence by providing purpose-aligned programs and tools focused on their wealth, health and a life well spent."

Margaret Callihan
Chief Human Resources Officer



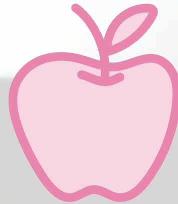
Bringing the Movement to Life



We chose more than 400 passionate teammates who participated in Momentum onUp to serve as Purpose Ambassadors. Their goal is to help us spread our onUp Movement by sharing their personal financial wellness stories and inspiring others to take steps toward financial well-being.

All of our teammates inspire us by their actions. Each year, everyone receives a "Day of Purpose"—a paid day off to take actions to get their personal finances in order, as well as an additional paid day off to volunteer in their communities.

Taking Care of Our Physical Well-Being



When you feel healthy, you're more confident. Our teammates have access to on-site health clinics, health screenings and discounted physical activity trackers. Through our partnership with RedBrick Health, they have health coaches and other tools to make healthier lifestyle changes. And our innovative health care portal provides information teammates need to make decisions on their benefits with confidence.

To support teammates who are adding to their family, in 2016 we introduced 16 weeks of paid maternity leave to birth moms and six weeks of paid parental leave to fathers/domestic partners and adoptive parents.

Making Everyone Feel Welcome

Our eight affinity groups, called Teammate Networks, include more than 3,000 teammates who promote our inclusive culture by giving teammates opportunities to share the onUp Movement, volunteer, develop leadership skills, recruit and connect with other leaders to make the most of our diverse backgrounds.

Investing in Our Future

Through our Professional Banking Operations and Leadership Program and myCareer site, teammates can access career resources to enhance their professional development and leadership skills.

400

TEAMMATES SERVE AS PURPOSE AMBASSADORS

16

WEEKS PAID MATERNITY AND PARENTAL LEAVE FOR NEW PARENTS

3

THOUSAND TEAMMATES PARTICIPATE IN AFFINITY GROUPS

5

CONSECUTIVE YEARS OF PROVIDING SCHOLARSHIPS FOR CHILDREN OF TEAMMATES

Clients

Financial Wellness for All

BUILDING CONFIDENCE
AND ENGAGEMENT

THEIR NEXT STEPS: TRAIN & EMPOWER

When employees aren't confident about their finances, they spend more time dealing with and stressing about the issue at work, impacting overall happiness and productivity.

After more than two years of internal development and building on the experience of our teammates, SunTrust launched Momentum onUp to help corporate partners empower their employees to start the journey toward financial confidence.

One of the first partners we approached was Havertys Furniture Companies, a retail furniture company founded in 1885, which has grown to become one of the top furniture retailers in the south and central United States.

"Havertys is proud to be one of the first to pilot the Momentum onUp program. We launched it initially with a select number of employees, and the results have been incredibly impressive.

"Of the employees that have participated in the program:

- 99% now own an emergency savings account
- 84% live by a budget
- 96% are investing for retirement, and 46% increased their retirement contributions
- 94% know their credit score

"The program focuses on the idea that what's really important for an individual should guide their spending, and that does more than teach you about finances. It motivates you to take finances seriously.

"Employees that have been with us for more than 15 years are stopping me in the halls to share how meaningful the program is to them. 'This is the most important thing that the company has ever done for me,' they'll say. It is kind of overwhelming; I've been blown away by it."

"Employees that have been with us for more than 15 years are stopping me in the halls to share how meaningful the program is to them. 'This is the most important thing that the company has ever done for me,' they'll say."

Clarence H. Smith, President and Chief Executive Officer
Havertys Retail Furniture and Accessories

Smart Ideas That Fit Your Goals

Throughout 2016, we rolled out programs that help our clients across all lines of business better understand their financial choices and provide guidance to help move them toward financial confidence.

2016 ACCOMPLISHMENTS

Consumer

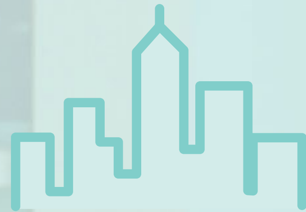
HELPED NEARLY HALF A MILLION CLIENTS take steps toward financial confidence online through onUp.com and in person at our banking centers through our needs-met framework

REACHED $2 BILLION IN ORIGINATIONS through our online lending platform, LightStream, which provides loans for a variety of clients' financial needs such as buying cars or completing home improvement projects

AWARDED TOP 5 SCORES for three of our credit card products by *U.S. News & World Report* as a result of the unique value proposition our credit cards offer to clients

ENHANCED MOBILE BANKING by including the ability to open a new account, obtain FICO scores for credit card clients and view an integrated investing and banking digital platform for SummitView clients

Wholesale



RECOGNIZED AS "2016 MIDDLE-MARKET EQUITY HOUSE OF THE YEAR" by *International Financing Review,* which made note of SunTrust Robinson Humphrey's equity platform's growth in capabilities and its middle-market focus

GAVE CORPORATE CLIENTS A PLATFORM (Momentum onUp) that enables their teammates to gain financial confidence by piloting our financial fitness program with 12 corporate clients

IMPROVED LOAN CYCLE TIMES and the end-to-end experience for clients and teammates by making further investments in nCino, a loan origination platform

ACQUIRED PILLAR FINANCIAL, which helps finance critically needed affordable housing and senior housing for the communities we serve

Mortgage

INTRODUCED A MORTGAGE DIGITAL TRACKER which helped reduce clients' stress levels during the origination experience by giving them the ability to check on the progress of their loans throughout the origination process

STRENGTHENED OUR FIRST-TIME HOMEBUYER EDUCATION and outreach programs to help clients as they consider this most significant investment

REDUCED CLIENTS' MONTHLY INTEREST PAYMENTS by refinancing 56,787 mortgages in 2016

HELPED OVER 15,000 low- to moderate-income households qualify for a mortgage

BOARD OF DIRECTORS

William H. Rogers, Jr.[1]
Chairman and Chief Executive Officer

Dallas S. Clement[2,4]
Executive Vice President and
Chief Financial Officer
Cox Enterprises, Inc.
Atlanta, Georgia

Paul R. Garcia[3,5]
Former Chairman and
Chief Executive Officer
Global Payments Inc.
Atlanta, Georgia

M. Douglas Ivester[1,4,5]
President
Deer Run Investments, LLC
Atlanta, Georgia

Kyle Prechtl Legg[1,2,3]
Former President and
Chief Executive Officer
Legg Mason Capital Management
Baltimore, Maryland

Donna S. Morea[3,5]
Chief Executive Officer
Adesso Group
Royal Oak, Maryland

David M. Ratcliffe[1,3,5]
Retired Chairman,
President and Chief Executive Officer
Southern Company
Atlanta, Georgia

Frank P. Scruggs, Jr.[3,5]
Partner
Berger Singerman LLP
Ft. Lauderdale, Florida

Bruce L. Tanner[4,5]
Executive Vice President and
Chief Financial Officer
Lockheed Martin Corporation
Bethesda, Maryland

Thomas R. Watjen[1,2,4]
Chairman of the Board
Unum Group
Chattanooga, Tennessee

Dr. Phail Wynn, Jr.[1,2,4]
Vice President,
Durham and Regional Affairs
Duke University
Durham, North Carolina

[1] Executive Committee
[2] Audit Committee
[3] Compensation Committee
[4] Governance and Nominating Committee
[5] Risk Committee

EXECUTIVE OFFICERS

William H. Rogers, Jr.
Chairman and Chief Executive Officer

Jorge Arrieta
General Auditor

Margaret L. Callihan
Chief Human Resources Officer

Mark A. Chancy
Vice Chairman – Consumer Segment Executive

Anil T. Cheriyan
Chief Information Officer

Hugh S. (Beau) Cummins, III
Wholesale Segment Executive

Raymond D. Fortin
General Counsel and Corporate Secretary

Thomas E. Freeman
Efficiency & Strategic Partnerships Executive

Aleem Gillani
Chief Financial Officer

Susan S. Johnson
Chief Marketing Officer

Jerome T. Lienhard, II
Chief Risk Officer

Corporate Mailing Address
SunTrust Banks, Inc.
P.O. Box 4418
Center 645
Atlanta, GA 30302-4418

Corporate Headquarters
SunTrust Banks, Inc.
303 Peachtree Street, NE
Atlanta, GA 30308
800.SUNTRUST

SHAREHOLDER INFORMATION

Notice of Annual Meeting
The Annual Meeting of Shareholders will be held on Tuesday, April 25, 2017 at 9:30 a.m. EST in Suite 105 on the first floor of SunTrust Plaza Garden Offices, 303 Peachtree Center Avenue, Atlanta, Georgia.

Stock Trading
SunTrust Banks, Inc. common stock is traded on the New York Stock Exchange (NYSE) under the symbol STI.

Shareholder Services
Registered shareholders of SunTrust Banks, Inc. who wish to change the name, address or ownership of common stock, or to report lost certificates or consolidate accounts, should contact our transfer agent:
Computershare
P.O. Box 30170
College Station, TX 77842-3170
866.299.4214
www.computershare.com

For general shareholder information, contact Investor Relations at 877.930.8971.

Investor Relations Website
To find the latest investor information about SunTrust, including stock quotes, news releases, corporate governance information and financial data, go to investors.suntrust.com.

Analyst Information
Analysts, investors and others seeking additional financial information should contact:
Ankur Vyas
Director of Investor Relations
and Assistant Treasurer
SunTrust Banks, Inc.
P.O. Box 4418
Mail Code: GA-ATL-645
Atlanta, GA 30302-4418
877.930.8971
If you wish to contact Investor Relations via email, please use the "Contact IR" link on the Investor Relations website.

Client Information
For assistance with SunTrust products and services, call 800.SUNTRUST or visit suntrust.com.

Website Access to United States Securities and Exchange Commission Filings
All reports filed electronically by SunTrust Banks, Inc. with the United States Securities and Exchange Commission, including the annual report on Form 10-K, quarterly reports on Form 10-Q, current event reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, are accessible as soon as reasonably practicable at no cost on the Investor Relations website at investors.suntrust.com.

Quarterly Common Stock Prices and Dividends
The quarterly high, low and close prices of SunTrust's common stock for each quarter of 2016 and 2015 and the dividends paid per share are shown below.

	Market Price			
Quarter Ended	High	Low	Close	Dividends Paid
2016				
December 31	$56.48	$43.41	$54.85	$0.26
September 30	44.61	38.75	43.80	0.26
June 30	44.32	35.10	41.08	0.24
March 31	42.04	31.07	36.08	0.24
2015				
December 31	$45.24	$36.79	$42.84	$0.24
September 30	45.84	37.09	38.24	0.24
June 30	44.69	40.40	43.02	0.24
March 31	43.23	36.52	41.09	0.20

Credit Ratings
Ratings as of December 31, 2016.

	Moody's	Standard & Poor's	Fitch
Bank Level			
Long-term ratings			
Deposits	A1	A-	A
Senior debt	Baa1	A -	A-
Subordinated debt	Baa1	BBB+	BBB+
Short-term ratings	P-1	A-2	F1
Corporate Level			
Long-term ratings			
Senior debt	Baa1	BBB+	A-
Subordinated debt	Baa1	BBB	BBB+
Preferred stock	Baa3	BB+	BB
Ratings Outlook	Stable	Stable	Stable

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2016

Commission file number 001-08918

SunTrust Banks, Inc.
(Exact name of registrant as specified in its charter)

Georgia	58-1575035
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

303 Peachtree Street, N.E., Atlanta, Georgia 30308
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(800) 786-8787**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock	New York Stock Exchange
Depositary Shares, Each Representing 1/4000th Interest in a Share of Perpetual Preferred Stock, Series A	New York Stock Exchange
5.853% Fixed-to-Floating Rate Normal Preferred Purchase Securities of SunTrust Preferred Capital Trust I (representing interests in shares of Perpetual Preferred Stock, Series B)	New York Stock Exchange
Depositary Shares, Each Representing 1/4000th Interest in a Share of Perpetual Preferred Stock, Series E	New York Stock Exchange
Warrants to Purchase Common Stock at $44.15 per share, expiring November 14, 2018	New York Stock Exchange
Warrants to Purchase Common Stock at $33.70 per share, expiring December 31, 2018	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of the voting and non-voting common stock held by non-affiliates at June 30, 2016 was approximately $20.6 billion based on the New York Stock Exchange closing price for such shares on that date. For purposes of this calculation, the registrant has assumed that all of its directors and executive officers are affiliates.

At February 17, 2017, 491,412,870 shares of the registrant's common stock, $1.00 par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Pursuant to Instruction G of Form 10-K, information in the registrant's Definitive Proxy Statement for its 2017 Annual Shareholder's Meeting, which it will file with the SEC no later than April 25, 2017 (the "Proxy Statement"), is incorporated by reference into Items 10-14 of Part III of this Form 10-K.

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GLOSSARY OF DEFINED TERMS

ABS — Asset-backed securities.
ACH — Automated clearing house.
AFS — Available for sale.
AIP — Annual Incentive Plan.
ALCO — Asset/Liability Committee.
ALM — Asset/Liability Management.
ALLL — Allowance for loan and lease losses.
AML — Anti-money laundering.
AOCI — Accumulated other comprehensive income.
APIC — Additional paid-in capital.
ASC — Accounting Standards Codification.
ASU — Accounting Standards Update.
ATE — Additional termination event.
ATM — Automated teller machine.
Bank — SunTrust Bank.
Basel III — the Third Basel Accord, a comprehensive set of reform measures developed by the BCBS.
BCBS — Basel Committee on Banking Supervision.
BHC — Bank holding company.
BHC Act — Bank Holding Company Act of 1956.
Board — the Company's Board of Directors.
bps — Basis points.
BRC — Board Risk Committee.
CC — Capital Committee.
CCAR — Comprehensive Capital Analysis and Review.
CCB — Capital conservation buffer.
CD — Certificate of deposit.
CDO — Collateralized debt obligation.
CDR — Conditional default rate.
CDS — Credit default swaps.
CECL — Current expected credit loss.
CET1 — Common Equity Tier 1 Capital.
CEO — Chief Executive Officer.
CFO — Chief Financial Officer.
CFPB — Consumer Financial Protection Bureau.
CFTC — Commodity Futures Trading Commission.
CIB — Corporate and investment banking.
C&I — Commercial and industrial.
Class A shares — Visa Inc. Class A common stock.
Class B shares — Visa Inc. Class B common stock.
CLO — Collateralized loan obligation.
Company — SunTrust Banks, Inc.
CP — Commercial paper.
CPP — Capital Purchase Program.
CPR — Conditional prepayment rate.
CRA — Community Reinvestment Act of 1977.
CRE — Commercial real estate.
CRO — Chief Risk Officer.
CSA — Credit support annex.
CVA — Credit valuation adjustment.
DDA — Demand deposit account.
DFAST — Dodd-Frank Act Stress Test.
DIF — Deposit Insurance Fund.
Dodd-Frank Act — Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.
DOJ — Department of Justice.
DTA — Deferred tax asset.
DTL — Deferred tax liability.
DVA — Debit valuation adjustment.
EORO — Enterprise Operational Risk Officer.
EPS — Earnings per share.
ER — Enterprise Risk.
ERC — Enterprise Risk Committee.
ERISA — Employee Retirement Income Security Act of 1974.
Exchange Act — Securities Exchange Act of 1934.
Fannie Mae — Federal National Mortgage Association.
FASB — Financial Accounting Standards Board.
Freddie Mac — Federal Home Loan Mortgage Corporation.
FDIC — Federal Deposit Insurance Corporation.
Federal Reserve — Federal Reserve System.
Fed funds — Federal funds.
FFIEC — Federal Financial Institutions Examination Council.
FHA — Federal Housing Administration.
FHLB — Federal Home Loan Bank.
FICA — Federal Insurance Contributions Act.
FICO — Fair Isaac Corporation.
FINRA — Financial Industry Regulatory Authority.
Fitch — Fitch Ratings Ltd.
Form 8-K and other legacy mortgage-related items — items disclosed in Form 8-Ks filed with the SEC on January 5, 2015, September 9, 2014, July 3, 2014, and/or October 10, 2013, and other legacy mortgage-related items.
FRB — Federal Reserve Board.
FTE — Fully taxable-equivalent.
FVO — Fair value option.
GenSpring — GenSpring Family Offices, LLC.
Ginnie Mae — Government National Mortgage Association.
GLB Act — Gramm-Leach-Bliley Act.
GSE — Government-sponsored enterprise.
HAMP — Home Affordable Modification Program.
HRA — Health Reimbursement Account.
HUD — U.S. Department of Housing and Urban Development.
IPO — Initial public offering.
IRLC — Interest rate lock commitment.
IRS — Internal Revenue Service.
ISDA — International Swaps and Derivatives Association.
LCR — Liquidity coverage ratio.
LGD — Loss given default.
LHFI — Loans held for investment.
LHFS — Loans held for sale.
LIBOR — London InterBank Offered Rate.
LOCOM — Lower of cost or market.
LTI — Long-term incentive.
LTV— Loan to value.
MasterCard — MasterCard International.
MBS — Mortgage-backed securities.
MD&A — Management's Discussion and Analysis of Financial Condition and Results of Operation.
MI — Mortgage insurance.
Moody's — Moody's Investors Service.
MRA — Master Repurchase Agreement.
MRM — Market Risk Management.

MRMG — Model Risk Management Group.
MSR — Mortgage servicing right.
MVE — Market value of equity.
NOL — Net operating loss.
NOW — Negotiable order of withdrawal account.
NPA — Nonperforming asset.
NPL — Nonperforming loan.
NSFR — Net stable funding ratio.
NYSE — New York Stock Exchange.
OCC — Office of the Comptroller of the Currency.
OCI — Other comprehensive income.
OFAC — Office of Foreign Assets Control.
OREO — Other real estate owned.
OTC — Over-the-counter.
OTTI — Other-than-temporary impairment.
Parent Company — SunTrust Banks, Inc. (the parent Company of SunTrust Bank and other subsidiaries).
Patriot Act — The USA Patriot Act of 2001.
PD — Probability of default.
Pillar — Pillar Financial, LLC.
PMC — Portfolio Management Committee.
PPA — Personal Pension Account.
PWM — Private Wealth Management.
REIT — Real estate investment trust.
RidgeWorth — RidgeWorth Capital Management, Inc.
ROA — Return on average total assets.
ROE — Return on average common shareholders' equity.
ROTCE — Return on average tangible common shareholders' equity.
RSU — Restricted stock unit.
RWA — Risk-weighted assets.
S&P — Standard and Poor's.
SBA — Small Business Administration.
SBFC — SunTrust Benefits Finance Committee.
SEC — U.S. Securities and Exchange Commission.
SERP — Supplemental Executive Retirement Plan.
STCC — SunTrust Community Capital, LLC.
STIS — SunTrust Investment Services, Inc.
STM — SunTrust Mortgage, Inc.
STRH — SunTrust Robinson Humphrey, Inc.
SunTrust — SunTrust Banks, Inc.
TDR — Troubled debt restructuring.
TRS — Total return swaps.
U.S. — United States.
U.S. GAAP — Generally Accepted Accounting Principles in the U.S.
U.S. Treasury — the U.S. Department of the Treasury.
UPB — Unpaid principal balance.
UTB — Unrecognized tax benefit.
VA —Veterans Administration.
VAR —Value at risk.
VEBA — Voluntary Employees' Beneficiary Association.
VI — Variable interest.
VIE — Variable interest entity.
Visa — the Visa, U.S.A. Inc. card association or its affiliates, collectively.
Visa Counterparty — a financial institution that purchased the Company's Visa Class B shares.
VOE — Voting interest entity.

PART I

Item 1. BUSINESS

General

SunTrust Banks, Inc. ("we," "us," "our," or "the Company") is a leading provider of financial services, with our headquarters located in Atlanta, Georgia. Our principal subsidiary is SunTrust Bank ("the Bank"). The Company was incorporated in the State of Georgia in 1984 and offers a full line of financial services for consumers, businesses, corporations, institutions, and not-for-profit entities, both through its branches (located primarily in Florida, Georgia, Maryland, North Carolina, South Carolina, Tennessee, Virginia, and the District of Columbia), and through other national delivery channels. The Bank provides clients with a selection of full-, self-, and assisted-service channels, including branch, call center, Teller Connect™ machines, ATMs, internet, mobile, and tablet. Other subsidiaries provide capital markets, mortgage banking, securities brokerage, online consumer lending, and asset and wealth management services. At December 31, 2016, the Company had total assets of $205 billion and total deposits of $160 billion.

We operate three business segments: Consumer Banking and Private Wealth Management, Wholesale Banking, and Mortgage Banking, with our functional activities included in Corporate Other.

Additional information regarding our businesses and subsidiaries is included in the information set forth in Item 7, MD&A, as well as Note 20, "Business Segment Reporting," to the Consolidated Financial Statements in this Form 10-K.

Regulation and Supervision

We are limited under the BHC Act to banking, managing or controlling banks, and other activities that the FRB has determined to be closely related to banking. The Company, a BHC, elected to become a financial holding company pursuant to the GLB Act, allowing it to engage in a broader range of activities that are (i) financial in nature or incidental to financial activities or (ii) complementary to a financial activity and do not pose a substantial risk to the safety and soundness of depository institutions or the financial system in general. These expanded services include securities underwriting and dealing, insurance underwriting, merchant banking, and insurance company portfolio investment, and are subject to the Volcker Rule and other restrictions discussed below.

To maintain its status as a financial holding company, the Company and its banking subsidiary must be "well capitalized" and "well managed" while maintaining at least a "satisfactory" CRA rating. In the event of noncompliance, the Federal Reserve may, among other things, limit the Company's ability to conduct these broader financial activities or, if the deficiencies persist, may require the Company to divest its banking subsidiary. Furthermore, if the Company does not have a satisfactory CRA rating, it may not commence any new financial activities, although the Company will still be allowed to engage in activities closely related to banking.

The Federal Reserve regulates BHCs under the BHC Act, with residual supervisory authority over "functionally regulated" subsidiaries such as the Company's broker-dealer and investment adviser subsidiaries. Our non-banking subsidiaries are regulated by various other regulatory bodies with supervisory authority over the particular activities of those subsidiaries. For example, STRH and STIS are broker-dealers registered with the SEC and members of FINRA. STIS is also an insurance agency registered with state insurance commissions.

The Bank is a FDIC insured commercial bank chartered under the laws of the State of Georgia, and is a member of the Federal Reserve System. In addition to regulation by the FRB, the Bank and the Company are regulated by the Georgia Department of Banking and Finance. The FDIC also has jurisdiction over certain activities of the Bank as an insured depository institution. As a Georgia-chartered commercial bank, the Bank's powers are limited to activities permitted by Georgia and federal banking laws. Generally, the Bank may engage in all usual banking activities such as taking deposits, lending money, issuing letters of credit, currency trading, and offering safe deposit box services.

As an umbrella supervisor under the GLB Act's system of functional regulation, the FRB requires that financial holding companies operate in a safe and sound manner so that their financial condition does not threaten the viability of affiliated depository institutions.

As a consequence of the Dodd-Frank Act, the FRB's supervisory objectives now also include improving U.S. financial stability. Among other things, the Dodd-Frank Act implements changes that affect the oversight and supervision of financial institutions, provides for a new resolution procedure for large financial companies, created the CFPB, introduces more stringent regulatory capital requirements and significant changes in the regulation of OTC derivatives, reforms the regulation of credit rating agencies, increases controls and transparency in corporate governance and executive compensation practices, incorporates the Volcker Rule, requires registration of advisers to certain private funds, and affects significant changes in the securitization market. Dodd-Frank Act requirements typically apply to BHCs with greater than $10 billion of consolidated assets, and the requirements increase at certain asset size thresholds (most notably, $50 billion of consolidated assets and $250 billion of consolidated assets).

Enhanced Prudential Standards

BHCs with consolidated assets of $50 billion or more are subject to enhanced prudential standards and capital requirements. The Dodd-Frank Act directs the FRB to establish heightened prudential standards for: (i) risk-based capital requirements and leverage limits, (ii) liquidity risk management requirements, (iii) overall risk management requirements, (iv) stress testing, (v) resolution planning, (vi) credit exposure and concentration limits, and (vii) early remediation actions that must be taken under certain conditions in the early stages of financial distress.

In February 2014, the FRB adopted a final rule implementing the enhanced liquidity and risk management requirements; it requires greater supervision and oversight of

liquidity and general risk management by boards of directors and includes capital planning and stress testing requirements. In addition, the rule requires publicly traded U.S. BHCs with total consolidated assets of $10 billion or more to establish enterprise-wide risk committees. The liquidity risk management requirements are in addition to those imposed by the LCR rule.

Enhanced Capital Standards

In July 2013, the U.S. banking regulators promulgated final rules substantially implementing the Basel III capital framework and various Dodd-Frank Act provisions (the "Capital Rules"). The Capital Rules increased regulatory capital requirements of U.S. banking organizations and revised the level at which the Bank becomes subject to corrective action as described in the "prompt corrective action" section below. The "Collins" amendment to the Dodd-Frank Act required federal banking regulators to impose a generally applicable leverage capital ratio regardless of institution size and to phase out certain "hybrid" capital elements from Tier 1 capital treatment. The Company became subject to the Capital Rules on January 1, 2015, while certain Capital Rule requirements will commence or be phased in over the next several years. For additional information regarding the Capital Rules and related requirements, refer to the "Capital Resources" section of Item 7, MD&A, in this Form 10-K.

Distributions

There are various legal and regulatory limits on the extent to which the Company's subsidiary bank may pay dividends or otherwise supply funds to the Company. Federal and state bank regulatory agencies have the authority to prevent a bank or BHC from paying dividends or engaging in any other activity that, in the opinion of the agency, would constitute an unsafe or unsound practice. Restrictions on capital distributions, share repurchases and redemptions, and discretionary bonus payments to executive officers are imposed on banks that are unable to sustain the capital conservation buffer above the minimum CET1, Tier 1, and Total capital ratios. The capital conservation buffer is a buffer above the minimum levels designed to ensure that banks remain well-capitalized, even in adverse economic scenarios.

See additional discussion of Basel III in the "Capital Resources" section of Item 7, MD&A, in this Form 10-K.

Mandatory Liquidity Coverage Ratio ("LCR"); Net Stable Funding Ratio ("NSFR")

In September 2014, the FRB, OCC, and the FDIC approved rulemaking that established, for the first time, a quantitative minimum LCR for large, internationally active banking organizations, and a less stringent LCR ("modified LCR") for BHCs with less than $250 billion in total assets, such as the Company. The LCR requires a banking entity to maintain sufficient liquidity to withstand an acute 30-day liquidity stress scenario. The LCR became effective for the Company on January 1, 2016, with a minimum requirement of 90% of high-quality, liquid assets to total net cash outflows; full compliance of 100% was required beginning January 1, 2017. At December 31, 2016, our LCR was above 90%, and our LCR is currently above the January 1, 2017 regulatory requirement of 100%.

Banking organizations subject to the modified LCR are subject to monthly reporting requirements. In December 2015, the FRB issued a proposed rule that would require bank holding companies subject to the LCR to privately disclose to their regulators quantitative and qualitative information regarding their respective LCR calculations on a quarterly basis.

On December 19, 2016, the FRB published the final rule, to be promulgated as Regulation WW, which will require us to publicly disclose qualitative information, with certain qualifications and permitted limitations related to information that is proprietary or confidential to the Company, about (i) certain components of our LCR calculation in a standardized tabular format (LCR disclosure template), and (ii) factors that have significant effect on the LCR, to facilitate an understanding of our calculations and results. The rule aims to promote market discipline by providing the public with comparable liquidity information about covered companies. The disclosures must be made on a covered company's public internet site or in a public financial or regulatory report. The disclosures must remain available to the public for at least five years from the time of initial disclosure. Covered companies subject to modified LCR, including the Company, will be required to comply with disclosure requirements beginning on October 1, 2018.

On May 3, 2016, the FRB and other bank regulatory agencies proposed a rule to implement the NSFR. The proposal would require large U.S. banking organizations to maintain a stable funding profile over a one-year horizon. The FRB proposed a modified NSFR requirement for bank holding companies with greater than $50 billion but less than $250 billion in total consolidated assets, and less than $10 billion in total on balance sheet foreign exposure. As proposed, the rule would require us to publicly disclose our NSFR and the components of the NSFR each calendar quarter. The agencies intend the NSFR to complement the LCR, liquidity risk management, and stress testing requirements under the FRB's Regulation YY (enhanced prudential standards for bank holding companies with total consolidated assets of $50 billion or more). The NSFR would be effective January 1, 2018.

Capital Planning; Stress Testing

Pursuant to the Dodd-Frank Act, BHCs are required to conduct company-run stress tests and to perform supervisory stress tests directed by the FRB. BHCs with more than $10 billion in total consolidated assets must conduct an annual company-run stress test, and those with total consolidated assets exceeding $50 billion must conduct an additional mid-cycle stress test. For company-run stress tests, BHCs use the same planning horizon, capital action assumptions, and scenarios as those used in the supervisory stress tests. Stress testing is designed to assess whether the covered Company's capital is sufficient to absorb losses during stressful conditions, while meeting obligations to creditors and counterparties, and, to the extent applicable, continuing to serve as credit intermediaries.

The Company also is subject to supervisory stress testing requirements under the FRB's Capital Plan Rule, which the FRB implements as part of its CCAR process. CCAR is a broad supervisory program that includes stress testing and assesses a covered company's practices for determining capital needs,

including its risk measurement and management practices, capital planning and decision-making, and associated internal controls and governance. The Company is required to publish a summary of the results of its annual stress test and the FRB publishes the results of the stress testing under adverse and severely adverse scenarios.

The Capital Plan Rule finalized in late 2011, requires a U.S. BHC with consolidated assets of $50 billion or more to develop and maintain a capital plan which is reviewed and approved by its board of directors or a committee thereof. Capital plans are intended to allow the FRB to assess the BHC’s systems and processes of incorporating forward-looking projections of assets and liabilities, revenues and losses, and to monitor and maintain their internal capital adequacy. Under the Capital Plan Rule, each capital plan must address, among other capital actions, projected capital ratios under stress scenarios, planned dividends and other capital distributions, and share repurchases over a minimum nine quarter planning horizon. Prior to executing a capital plan, a non-objection notification must be received from the FRB. If the FRB objects to our capital plan, we may not make certain capital distributions until the FRB's non-objection to the distribution is received.

In January 2017, the FRB released a final rule that revises capital plan and stress test rules, whereby certain BHCs with $50 billion or more in total consolidated assets will no longer be subject to the qualitative component of the FRB’s annual CCAR. The final rule also modifies certain regulatory reports to collect additional information on nonbank assets and to reduce reporting burdens for large and noncomplex firms.

Regulatory Regime for Swaps

The Dodd-Frank Act established a new comprehensive regulatory regime for the OTC swaps market, aimed at increasing transparency and reducing systemic risk in the derivatives markets, including requirements for central clearing, exchange trading, capital, margin, reporting, and recordkeeping. The Dodd-Frank Act requires that certain swap dealers register with one or both of the SEC and CFTC, depending on the nature of the swaps business. The Bank provisionally registered with the CFTC as a swaps dealer, subjecting the Bank to new requirements under this regulatory regime including trade reporting and record keeping requirements, business conduct requirements (including daily valuations, disclosure of material risks associated with swaps and disclosure of material incentives and conflicts of interest), mandatory clearing and exchange trading requirements for certain standardized swaps designated by the CFTC, and increased capital requirements established by the FRB. Subject to the SEC's finalization of certain rules applicable to security-based swaps, the Bank expects to register with the SEC as a security-based swap dealer, which may occur as early as the second half of 2017. Such registration will subject the Bank’s security-based swaps business to similar Dodd-Frank Act requirements, including trade reporting, business conduct standards, recordkeeping, and mandatory clearing and exchange requirements. In 2020, our derivatives business involving uncleared swaps is expected to become subject to margin requirements established by the FRB in excess of current market practice.

Resolution Planning

BHCs with total consolidated assets of $50 billion or more must submit resolution plans to the FRB and FDIC addressing the company's strategy for rapid and orderly resolution in case of material financial distress or failure.

The FRB and FDIC have widely promoted resolution plans as core elements of reforms intended to mitigate risks to the U.S. financial system, and to end the “too big to fail” status of the largest financial institutions. Covered institutions are expected to file their resolution plans annually, regardless of the financial condition or nature of operations of the institution. Preparation and review of these resolution plans is a major undertaking for covered financial institutions. If a plan is not approved, the Company and the Bank may be restricted in expansionary activities, or subjected to more stringent capital, leverage, or liquidity requirements. The Company and the Bank submitted their latest resolution plan to the FRB and FDIC in December 2015. During 2016, the FRB and FDIC waived the covered financial institutions' requirement to file their resolution plans to provide them with additional time to address joint FRB and FDIC resolution plan guidance issued in April 2016. Consequently, the Company and Bank are expected to file their next resolution plan by December 2017; however, final guidance and specific feedback on the Company's 2015 resolution plan is pending.

The FDIC issued a final rule in November 2016 requiring insured depository institutions with more than two million deposit accounts to create and maintain comprehensive and detailed deposit account records to facilitate the determination of FDIC insured deposits in the event of a bank failure. Under the rule, the FDIC must be able to use the failing bank's systems, data, and staff to calculate the insured and uninsured amounts for each depositor and place holds on portions of uninsured deposits. The Bank will be required to be in compliance with this rule by May 2020.

Deposit Insurance

The Bank’s depositors are insured by the FDIC up to the applicable limits, which is currently $250,000 per account ownership type. The FDIC provides deposit insurance through the DIF, which the FDIC maintains by assessing depository institutions, including the Bank, an insurance premium. The Dodd-Frank Act changed the statutory regime governing the DIF. By September 30, 2020, the FDIC must increase the amount in the deposit insurance fund to 1.35% of insured deposits, impose a premium on banks to reach this goal, and offset the effect of assessment increases for institutions with less than $10 billion in total consolidated assets. In March 2016, the FDIC issued a final rule to address this surcharge on banks, by collecting those premiums from banks with more than $10 billion in consolidated assets. This surcharge began in the third quarter of 2016.

Source of Strength

FRB policy requires BHCs to act as a source of financial strength to each subsidiary bank, and to commit resources to support each subsidiary. This policy was codified in the Dodd-Frank Act, though no regulations have been proposed to define the scope of this financial support.

Anti-Money Laundering ("AML"), PATRIOT ACT; OFAC Sanctions

Anti-money laundering measures and economic sanctions have long been a matter of regulatory focus in the U.S. The Currency and Foreign Transactions Reporting Act of 1970, commonly referred to as the "Bank Secrecy Act" or "BSA," requires U.S. financial institutions to assist U.S. government agencies to detect and prevent money laundering by imposing various reporting and recordkeeping requirements on financial institutions. Passage of the Patriot Act renewed and expanded this focus, extending greatly the breadth and depth of anti-money laundering measures required under the BSA. The Patriot Act requires all financial institutions to establish certain anti-money laundering compliance and due diligence programs, including enhanced due diligence policies, procedures, and controls for certain types of relationships deemed to pose heightened risks. In cooperation with federal banking regulatory agencies, the Financial Crimes Enforcement Network ("FinCEN") is responsible for implementing, administering, and enforcing BSA compliance.

Federal banking regulators and FinCEN continue to emphasize their expectation that financial institutions establish and implement robust BSA/AML compliance programs. Consistent with this supervisory emphasis, in August 2014, FinCEN issued an advisory stressing its expectations for financial institutions' BSA/AML compliance programs, including specific governance, staffing and resource allocation, and testing and monitoring requirements. Furthermore, FinCEN proposed a rule that would require financial institutions to obtain beneficial ownership information from all legal entities with which they conduct business.

OFAC has primary responsibility for administering and enforcing economic and trade sanctions, which are broad-based measures, derived from U.S. foreign policy and national security objectives. These sanctions are imposed on designated foreign countries and persons, terrorists, international narcotics traffickers, and persons involved in activities relating to proliferation of weapons of mass destruction. While the sanctions laws are separate from the BSA and AML laws, these regimes overlap in purpose. All U.S. persons must comply with U.S. sanctions laws. The Company must ensure that its operations, including its provision of services to clients, are designed to ensure compliance with U.S. sanctions laws. Among other things, the Company must block accounts of, and transactions with, sanctioned persons, and report blocked transactions after their occurrence.

Over the past several years, federal banking regulators, FinCEN, and OFAC have increased supervisory and enforcement attention on U.S. anti-money laundering and sanctions laws, as evidenced by a significant increase in enforcement activity, including several high profile enforcement actions. Several of these actions have addressed violations of AML laws, U.S. sanctions laws, or both, resulting in instances in the imposition of substantial civil monetary penalties. In both the BSA/AML and sanctions areas, enforcement actions have increasingly focused on publicly identifying individuals and holding those individuals, including compliance officers, accountable for deficiencies in BSA/AML compliance programs. State attorneys general and the DOJ have also pursued enforcement actions against banking entities alleged to have willfully violated AML and U.S. sanctions laws.

Consumer Financial Protection

The CFPB, established by the Dodd-Frank Act, has broad rulemaking, supervisory, and enforcement powers under various federal consumer financial protection laws. Furthermore, the CFPB is authorized to engage in consumer financial education, track consumer complaints, request data, and promote the availability of financial services to under-served consumers and communities. The CFPB has primary examination and enforcement authority over institutions with assets of $10 billion or more. We are subject to a number of federal and state consumer protection laws including the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Truth in Savings Act, the Electronic Fund Transfer Act, the Expedited Funds Availability Act, the Home Mortgage Disclosure Act, the Fair Housing Act, the Real Estate Settlement Procedures Act, the Fair Debt Collection Practices Act, the Service Members Civil Relief Act, and these laws' respective state-law counterparts. The Company also is subject to state usury laws and state laws regarding unfair and deceptive acts and practices. Violations of applicable consumer protection laws can result in significant liability from litigation brought by customers, including actual damages, restitution, and attorneys' fees. In addition, federal bank regulators, state attorneys general, and state and local consumer protection agencies may pursue remedies, such as imposition of regulatory sanctions and penalties, restrictions on expansionary activities, and requiring customer rescission rights.

Prompt Corrective Action

The federal banking agencies have broad powers with which to require companies to take prompt corrective action to resolve problems of insured depository institutions that do not meet minimum capital requirements. The law establishes five capital categories for this purpose: (i) well-capitalized, (ii) adequately capitalized, (iii) undercapitalized, (iv) significantly undercapitalized, and (v) critically undercapitalized. The Capital Rules amended the thresholds in the prompt corrective action framework to reflect the higher capital ratios required in the Capital Rules. Under the Capital Rules, to be considered well-capitalized, an institution generally must have risk-based Total capital and Tier 1 capital ratios of at least 10% and 6%, respectively, and must not be subject to any order or written directive to meet and maintain a specific capital level for any capital measure. While the prompt corrective action rules apply to banks and not BHCs, the FRB is authorized to take actions at the holding company level. The banking regulatory agencies are required to take mandatory supervisory actions, and have the discretion to take other actions, as to insured depository institutions in the three undercapitalized categories, the severity of which depends on the assigned capital category. For example, an insured depository institution is generally prohibited from paying dividends or making capital distributions if it would be undercapitalized as a result. An undercapitalized institution must submit a capital restoration plan, which must be guaranteed up to certain amounts by its parent holding company. Significantly

undercapitalized institutions may be subject to various requirements and restrictions, such as mandates to sell voting stock, reduce total assets, and receipt of correspondent bank deposits. Critically undercapitalized institutions are subject to appointment of a receiver or conservator.

Volcker Rule

Through the "Volcker Rule," the Dodd-Frank Act amends the BHC Act by generally prohibiting a banking entity from engaging in proprietary trading and investing in, sponsoring, or having certain other relationships with, a private equity or hedge fund. The term "banking entity" covers insured depository institutions, their holding companies, and certain other entities and their affiliates. There are limited exceptions to the prohibition on proprietary trading, such as trading in certain U.S. government or agency securities, engaging in certain underwriting or market-making activities, and certain hedging activities. All permitted activities are subject to applicable federal or state laws, restrictions or limitations that may be imposed by the regulator, including capital and quantitative limitations as well as diversification requirements, and must not, among other things, pose a threat to the safety and soundness of the banking entity or the financial stability of the U.S. Further, the Volcker Rule's anti-evasion authority grant to the regulatory agencies requires them to impose extensive internal controls and recordkeeping requirements on banking organizations to ensure their compliance with the Volcker Rule.

Branching

The Dodd-Frank Act relaxed existing interstate branching restrictions by modifying the federal statute governing de novo interstate branching by state member banks. Consequently, a state member bank may open its initial branch in a state outside of the bank's home state by way of an interstate bank branch.

Restrictions on Affiliate Transactions

There are limits and restrictions on transactions in which the Bank and its subsidiaries may engage with the Company and other Company subsidiaries. Sections 23A and 23B of the Federal Reserve Act and FRB's Regulation W, among other things, governs terms and conditions and limits the amount of extensions of credit, and the amount of collateral required to secure extensions of credit by the Bank and its subsidiaries to the Company and other Company subsidiaries, and limits purchases of assets by the Bank and its subsidiaries from the Company and other Company subsidiaries. The Dodd-Frank Act significantly enhanced and expanded the scope and coverage of the limitations imposed by Sections 23A and 23B, specifically, by including derivative transactions as credit extensions subject to Section 23A and 23B. Furthermore, the Dodd-Frank Act requires that conforming collateral be maintained for the duration of covered transactions, rather than only at the time of the transaction. The FRB has increased its scrutiny of Regulation W transactions, and has supported its supervision over Regulation W compliance with information received through the resolution planning process. The FRB has yet to amend Regulation W or provide guidance in light of the Dodd-Frank Act's changes to Sections 23A and 23B of the Federal Reserve Act.

Interchange Rules; "Durbin Amendment"

The Dodd-Frank Act, through a provision known as the "Durbin Amendment," required the FRB to establish a cap on the interchange fees that merchants pay banks for electronic clearing of debit transactions. In 2011, the FRB issued final rules that significantly limit the amount of interchange fees a bank may charge for electronic debit transactions.

Incentive Compensation

In 2010, the FRB and other regulators jointly published final guidance for structuring incentive compensation arrangements at financial organizations. The guidance does not set forth any formulas or pay caps, but contains certain principles that companies are required to follow with respect to employees and groups of employees that may expose the company to material amounts of risk. The three primary principles are: (i) balanced risk-taking incentives, (ii) compatibility with effective controls and risk management, and (iii) strong corporate governance. The FRB monitors compliance with this guidance as part of its safety and soundness oversight.

In 2016, the FRB and other regulators jointly published proposed rules on incentive compensation under Section 956 of the Dodd-Frank Act. The proposed rules will impose several substantive requirements on the form of our incentive compensation, including (i) requiring that incentive compensation payable to a "senior executive officer" or "significant-risk taker" be subject to a 7-year clawback requirement; (ii) requiring a substantial portion of incentive compensation payable to a "senior executive officer" or "significant-risk taker" to be deferred and subject to the risk of forfeiture; (iii) prohibiting the acceleration of incentive compensation that is required to be deferred, other than in the event of death or disability; (iv) limiting the amount of incentive compensation payable to "senior executive officers" and "significant risk-takers" for the attainment of performance measures in excess of target measures (to 125% and 150% of target for "senior executive officers" and "significant risk-takers," respectively); and (v) requiring the implementation of an independent risk-monitoring framework.

Privacy and Cyber-security

We are subject to many U.S. federal, state, and international laws and regulations governing requirements for maintaining policies and procedures to protect non-public confidential information of our customers. The GLB Act requires us to periodically disclose our privacy policies and practices relating to sharing such information and permits retail customers to opt out of our ability to share information with unaffiliated third parties under certain circumstances. Other laws and regulations, at both the federal and state level, impact our ability to share certain information with affiliates and non-affiliates for marketing and/or non-marketing purposes, or to contact customers with marketing offers. The GLB Act also requires banking institutions to implement a comprehensive information security program that includes administrative, technical, and physical safeguards

to ensure the security and confidentiality of customer records and information. These security and privacy policies and procedures, for the protection of personal and confidential information, are in effect across all businesses and geographic locations.

Acquisitions

Our ability to grow through acquisitions is limited by various regulatory approval requirements. The FRB's prior approval is required if we wish to (i) acquire all, or substantially all, of the assets of any bank, (ii) acquire direct or indirect ownership or control of more than 5% of any class of voting securities of any bank or thrift, or (iii) merge or consolidate with any other BHC.

Pursuant to the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, as amended by the Dodd-Frank Act, bank holding companies from any state may acquire banks located in any other state, subject to certain conditions, including concentration limits. Additionally, the BHC Act enumerates the factors the FRB must consider when reviewing the merger of BHCs, the acquisition of banks, or the acquisition of voting securities of a bank or BHC. These factors include the competitive effects of the proposal in the relevant geographic markets, the financial and managerial resources and future prospects of the companies and banks involved in the transaction, the effect of the transaction on the financial stability of the U.S., the organizations' compliance with anti-money laundering laws and regulations, the convenience and needs of the communities to be served, and the records of performance, under the CRA, of the insured depository institutions involved in the transaction. In addition, in cases involving interstate bank acquisitions, the FRB must consider the concentration of deposits nationwide and in certain individual states. Under the Dodd-Frank Act, a BHC is generally prohibited from merging, consolidating with, or acquiring, another company if the resulting company's liabilities upon consummation would exceed 10% of the aggregate liabilities of the U.S. financial sector, including the U.S. liabilities of foreign financial companies.

In the fourth quarter of 2016, we completed the acquisition of substantially all of the assets of the operating subsidiaries of Pillar. Additional information regarding this transaction is included in Note 2, "Acquisitions/Dispositions," to the Consolidated Financial Statements in Item 8 of this Form 10-K, which is incorporated herein by reference.

Competition

We face competition from domestic and foreign lending institutions and numerous other providers of financial services. The Company competes using a client-centered model that focuses on working together as OneTeam to deliver high quality service, while offering a broad range of products and services. We believe this approach better positions us to increase loyalty and expand existing relationships, while attracting new customers. Furthermore, the Company maintains a strong presence within the high-growth Southeast and Mid-Atlantic states, thereby enhancing its competitive position. While we believe the Company is well positioned within the highly competitive financial services industry, the industry could become even more competitive as a result of legislative, regulatory, economic, and technological changes, as well as continued consolidation. The ability of non-banking financial institutions to provide services previously limited to commercial banks has intensified competition. Because non-banking financial institutions are not subject to many of the same regulatory restrictions as banks and bank holding companies, they can often operate with greater flexibility and with lower cost and capital structures. However, non-banking financial institutions may not have the same access to deposit funds or government programs and, as a result, those non-banking financial institutions may elect, as some have done, to become financial holding companies to gain such access. Securities firms and insurance companies that elect to become financial holding companies may acquire banks and other financial institutions, which could further alter the competitive environment in which we conduct business.

Employees

At December 31, 2016, the Company had 24,375 full-time equivalent employees. None of the domestic employees within the Company are subject to a collective bargaining agreement. Management considers its employee relations to be in good standing.

Additional Information

See also the following additional information which is incorporated herein by reference: Business Segments (under the captions "Business Segments" and "Business Segment Results" in Item 7, MD&A, in this Form 10-K, and "Business Segment Reporting" in Note 20 to the Consolidated Financial Statements in Item 8, Financial Statements and Supplementary Data); Net Interest Income (under the captions "Net Interest Income/ Margin" in the MD&A and "Selected Financial Data" in Item 6); Securities (under the caption "Securities Available for Sale" in the MD&A and Note 5 to the Consolidated Financial Statements); Loans and Leases (under the captions "Loans", "Allowance for Credit Losses", and "Nonperforming Assets" in the MD&A and "Loans" and "Allowance for Credit Losses" in Notes 6 and 7, respectively, to the Consolidated Financial Statements); Deposits (under the caption "Deposits" in the MD&A); Short-Term Borrowings (under the caption "Short-Term Borrowings" in the MD&A and "Borrowings and Contractual Commitments" in Note 11 to the Consolidated Financial Statements); Trading Activities and Trading Assets and Liabilities (under the caption "Trading Assets and Liabilities and Derivatives" in the MD&A and "Trading Assets and Liabilities and Derivatives" and "Fair Value Election and Measurement" in Notes 4 and 18, respectively, to the Consolidated Financial Statements); Market Risk Management (under the caption "Market Risk Management" in the MD&A); Liquidity Risk Management (under the caption "Liquidity Risk Management" in the MD&A); Credit Risk Management (under the caption "Credit Risk Management" in the MD&A); and Operational Risk Management (under the caption "Operational Risk Management" in the MD&A).

The Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to

Section 13(a) or 15(d) of the Exchange Act are available free of charge on the Company's investor relations website at http://investors.suntrust.com, as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the SEC. Furthermore, on the Company's investor relations website, the Bank makes available, under the heading "Governance" its: (i) codes of ethics for the Board, senior financial officers, and employees, (ii) its Corporate Governance Guidelines, and (iii) the charters of SunTrust Board committees. Reports filed or furnished to the SEC are available at http://www.sec.gov. The Company's 2016 Annual Report on Form 10-K is being distributed to shareholders in lieu of a separate annual report containing financial statements of the Company and its consolidated subsidiaries.

Item 1A. RISK FACTORS

The risks described in this Form 10-K are not the only risks we face. Additional risks that are not presently known or that we deem to be immaterial also may have a material adverse effect on our financial condition, results of operations, business, and prospects.

Regulatory Risks

Current and future legislation and regulation could require us to change our business practices, reduce revenue, impose additional costs, or otherwise adversely affect business operations or competitiveness.

As a financial institution, we are subject to extensive state and federal regulation in the U.S. and in those jurisdictions outside of the U.S. where we conduct certain limited operations. Our industry is facing more intense scrutiny from regulators and bank supervisors in the examination process, and more aggressive enforcement. This, together with increased reporting and significant existing and proposed legislation and regulatory requirements, limit the manner in which we do business and may restrict our ability to compete in our current businesses; to engage in new or expanded business; to offer certain products and services; reduce or limit our revenue; subject us to increased and additional fees, assessments, or taxes; and otherwise adversely affect our business and operations. Our failure to comply with the laws, regulations, and rules governing our business may result in fines, sanctions, and damage to reputation. Further, regulators and bank supervisors continue to exercise qualitative supervision and regulation of our industry and specific business operations and related matters, such as resolution planning, AML and OFAC compliance programs, and incentive compensation. Any failure to satisfy regulators' substantive and qualitative expectations may adversely affect our business and operations. Violations of laws and regulations or deemed deficiencies in risk management or other qualitative practices also may be incorporated into the Company's bank supervisory ratings. A downgrade in these ratings, or other regulatory actions and settlements can limit the Company's ability to pursue acquisitions or conduct other expansionary activities for a period of time and require new or additional regulatory approvals before engaging in certain other business activities.

Also, in general, the amounts paid by financial institutions in settlement of proceedings or investigations and the severity of other terms of regulatory settlements have been increasing dramatically and are likely to continue to increase. In some cases, governmental authorities have required criminal pleas, admissions of wrongdoing, or other extraordinary terms as part of such settlements, which could have significant consequences for a financial institution, including loss of customers, restrictions on the ability to access the capital markets, and the inability to operate certain businesses or offer certain products for a period of time. These enforcement trends also increase the exposure of financial institutions to civil litigation and reputation damage, leading to potential loss of customers.

As the primary focus of financial services regulation is the protection of depositors, FDIC funds, consumers, and the banking system as a whole, and not protection of shareholders, this regulation may be adverse to our shareholders' interests.

Legislation or regulation also may impose unexpected or unintended consequences, the impact of which is difficult to predict. In particular, recent rulemaking under the Dodd-Frank Act includes new areas of regulation for which guidance is still being developed. Other additional regulation that may be adopted could have a material adverse effect on our business operations, income, and competitive position, and other negative consequences.

For more detailed information regarding the regulatory framework to which we are subject, and a discussion of key aspects of the Dodd-Frank Act, see the "Regulation and Supervision" section within Item 1 of this Form 10-K.

We are subject to stringent capital adequacy and liquidity requirements and our failure to meet these would adversely affect our financial condition.

We, together with our banking subsidiary and broker-dealer subsidiaries, must satisfy various and substantial capital and liquidity requirements, subject to qualitative and quantitative review and assessment by our regulators. Regulatory capital and liquidity requirements limit how we use our capital and manage our balance sheet, and can restrict our ability to pay dividends or to make stock repurchases.

Market Risks

The monetary and fiscal policies of the federal government and its agencies could have a material adverse effect on our earnings.

The Federal Reserve regulates the supply of money and credit in the U.S. Its policies significantly impact the cost of funds for lending and investing and the return earned on those loans and investments, both of which affect our net interest margin. They can also materially affect the value of financial assets we hold, such as debt securities, hedging instruments such as swaps, and servicing rights. Federal Reserve policies can also adversely affect borrowers, potentially increasing the risk that they may fail to repay their loans, or could adversely create asset bubbles which result from prolonged periods of accommodative policy, and which can in turn result in volatile markets and rapidly declining collateral values. Changes in Federal Reserve policies are beyond our control and difficult to predict; consequently, the impact of these changes on our activities and results of operations is also difficult to predict.

Additionally, the effect of any proposed tax reforms on us is uncertain. Although proposed decreases to the federal corporate income tax rate could be favorable to SunTrust, there can be no assurance that tax reform will occur. In addition, the potential elimination of tax credits and tax deductions, such as interest and other expenses, could partially or fully offset the reduction in the federal income tax rate and also could adversely affect loan growth and the value of certain tax-advantaged investments.

Our financial results have been, and may continue to be, materially affected by general economic conditions, and a deterioration of economic conditions or of the financial markets may materially adversely affect our lending and other businesses and our financial results and condition.

We generate revenue from the interest and fees we charge on the loans and other products and services we provide, and a substantial amount of our revenue and earnings come from the net interest income and fee income that we earn from our consumer, wholesale, and mortgage banking businesses. These businesses have been, and may continue to be, materially affected by the state of the U.S. economy. Although the U.S. economy has continued to gradually improve from severely depressed levels during the last economic recession, economic growth has been uneven. In addition, financial uncertainty stemming from changes in oil and commodity prices, a strong U.S. dollar, U.S. debt and budget matters, significant central bank stimulus, a changing interest rate environment in the U.S., geopolitical turmoil, uncertainty with regards to the U.S. political landscape and impacts of any changes in law, regulation, and policy, deceleration of economic activity in other large countries, as well as the uncertainty surrounding financial regulatory reform, have impacted and may continue to impact the continuing global economic recovery.

A prolonged period of slow growth in the U.S. economy or in any regional markets that we serve, any deterioration in economic conditions or the financial markets resulting from the above matters, or any other events or factors that may disrupt or dampen the economic recovery, could materially adversely affect our financial results and condition. Also, any further deterioration in global economic conditions could slow the recovery of the domestic economy or negatively impact the Company's borrowers or other counterparties that have direct or indirect exposure to these regions. Such global disruptions can undermine investor confidence, cause a contraction of available credit, or create market volatility, any of which could have significant adverse effects on the Company's businesses, results of operations, financial condition and liquidity, even if the Company's direct exposure to the affected region is limited.

Further, if unemployment levels increase or if home prices decrease, we would expect to incur higher charge-offs and provision expense from increases in our allowance for credit losses. These conditions may adversely affect not only consumer loan performance but also C&I and CRE loans, especially for those businesses that rely on the health of industries or properties that may suffer from deteriorating economic conditions. The ability of these borrowers to repay their loans may be reduced, causing us to incur higher credit losses.

A deterioration in business and economic conditions may also erode consumer and investor confidence levels and/or result in a lower demand for loans by creditworthy customers, potentially reducing our interest income. It also could adversely affect financial results for our fee-based businesses, including our wealth management, investment advisory, trading, and investment banking businesses. We earn fee income from managing assets for others and providing brokerage and other investment advisory and wealth management services. Because investment management fees are often based on the value of assets under management, a decrease in the market prices of those assets could reduce our fee income. Changes in stock or fixed income market prices or client preferences could affect the trading activity of investors, reducing commissions and other fees we earn from our brokerage business. Poor economic conditions and volatile or unstable financial markets would likely adversely affect our capital markets-related businesses.

Changes in market interest rates or capital markets could adversely affect our revenue and expenses, the value of assets and obligations, and the availability and cost of capital and liquidity.

Market risk refers to potential losses arising from changes in interest rates, foreign exchange rates, equity prices, commodity prices, and other relevant market rates or prices. Interest rate risk, defined as the exposure of net interest income and MVE to adverse movements in interest rates, is our primary market risk, and mainly arises from the nature of the loans and interest-bearing liabilities on our balance sheet. We are also exposed to market risk in our trading instruments, AFS investment portfolio, residential MSRs, loan warehouse and pipeline, and debt and brokered deposits measured at fair value. Our ALCO meets regularly and is responsible for reviewing our open positions and establishing policies to monitor and limit exposure to market risk. The policies established by ALCO are reviewed and approved by our Board. See additional discussion of changes in market interest rates in the "Market Risk Management" section of Item 7, MD&A, in this Form 10-K.

Given our business mix, and the fact that most of our assets and liabilities are financial in nature, we tend to be sensitive to market interest rate movements and the performance of the financial markets. In addition to the impact of the general economy, changes in interest rates or in valuations in the debt or equity markets could directly impact us in one or more of the following ways:

- The yield on earning assets and rates paid on interest-bearing liabilities may change in disproportionate ways; or
- The value of certain on-balance sheet and off-balance sheet financial instruments that we hold could change adversely.

Our net interest income is the interest we earn on loans, debt securities, and other assets we hold less the interest we pay on our deposits, long-term and short-term debt, and other liabilities. Net interest income is a function of both our net interest margin (the difference between the yield we earn on our earning assets and the interest rate we pay for deposits and our other sources of funding) and the amount of earning assets we hold. Changes in either our net interest margin or the amount of earning assets we hold could affect our net interest income and our earnings.

Changes in interest rates can affect our net interest margin. Although the yield we earn on our assets and our funding costs tend to move in the same direction in response to changes in interest rates, one can rise or fall faster than the other, causing our net interest margin to expand or contract. When interest rates rise, our funding costs may rise faster than the yield we earn on our assets, causing our net interest margin to contract. Higher interest rates may also tend to result in lower mortgage production income and elevated charge-offs in certain segments of the loan portfolio, such as CRE, leveraged lending, credit card, and home equity.

The amount and type of earning assets we hold can affect our yield and net interest margin. We hold earning assets in the form of loans and investment securities, among other assets. As noted above, if economic conditions deteriorate, we may see lower demand for loans by creditworthy customers, reducing our interest income. In addition, we may invest in lower yielding investment securities for a variety of reasons.

Changes in the slope of the "yield curve," or the spread between short-term and long-term interest rates, could also reduce our net interest margin. Normally, the yield curve is upward sloping, meaning short-term rates are lower than long-term rates. The interest we earn on our assets and our costs to fund those assets may be affected by changes in market interest rates, changes in the slope of the yield curve, and our cost of funding. This could lower our net interest margin and our net interest income. We discuss these topics in greater detail in the "Enterprise Risk Management" section of Item 7, MD&A, in this Form 10-K.

We assess our interest rate risk by estimating the effect on our earnings under various scenarios that differ based on assumptions about the direction, magnitude, and speed of interest rate changes and the slope of the yield curve. We hedge some of that interest rate risk with interest rate derivatives.

We may not hedge all of our interest rate risk. There is always the risk that changes in interest rates could reduce our net interest income and our earnings in material amounts, especially if actual conditions turn out to be materially different than what we assumed. For example, if interest rates rise or fall faster than we assumed or the slope of the yield curve changes, we may experience net interest margin compression and/or incur significant valuation losses on debt securities or hedging instruments we hold as investments. To reduce our interest rate risk, we may rebalance our investment and loan portfolios, refinance our debt, and take other strategic actions. We may incur losses when we take such actions. For additional information, see the "Enterprise Risk Management" and "Net Interest Income/Margin" sections of Item 7, MD&A, in this Form 10-K.

Our earnings may be affected by volatility in mortgage production and servicing revenues, and by changes in carrying values of our servicing assets and mortgages held for sale due to changes in interest rates.

We earn revenue from originating mortgage loans and from fees for servicing loans. When rates rise, the demand for mortgage loans usually tends to fall, reducing the revenue we receive from loan originations.

Changes in interest rates can affect prepayment assumptions, and thus, the fair value of our residential MSRs and other servicing assets, such as consumer indirect and commercial mortgage loan servicing rights. A servicing right is the right to service a loan (collect principal, interest, and escrow amounts) for a fee. When interest rates fall, borrowers are usually more likely to prepay their loans by refinancing them at a lower rate. As the likelihood of prepayment increases, the fair value of our residential MSRs and other servicing rights can decrease. We regularly evaluate the fair value of our residential MSRs and any related hedges, and any net decrease in the fair value reduces the fair value of the MSR asset, which in turn reduce earnings in the period in which the fair value reduction occurs.

Similarly, we measure at fair value mortgages held for sale for which an active secondary market and readily available market prices exist. Similar to other interest-bearing securities, the value of these mortgages held for sale may be adversely affected by changes in interest rates. For example, if market interest rates increase relative to the yield on these mortgages held for sale and other interests, their fair value may fall. For additional information, see the "Enterprise Risk Management —Other Market Risk" and "Critical Accounting Policies" sections of Item 7, MD&A, and Note 9, "Goodwill and Other Intangible Assets," to the Consolidated Financial Statements in this Form 10-K.

We use financial instruments, including derivatives, to hedge the risk of changes in the fair value of mortgage loans held for sale and the fair value of residential mortgage loan servicing rights, exclusive of decay. These hedges may not be effective and may cause volatility, or losses, in our mortgage production and servicing income. We generally do not hedge all of our risk, and we may not be successful in hedging any of the risk. Hedging is a complex process, requiring sophisticated models and constant monitoring and re-balancing. We may use hedging instruments tied to U.S. Treasury rates, LIBOR or Eurodollars that may not perfectly correlate with the value or income being hedged. We could incur significant losses from our hedging activities. There may be periods where we elect not to use derivatives and other instruments to hedge mortgage banking interest rate risk. For additional information, see Note 17, "Derivative Financial Instruments," to the Consolidated Financial Statements in this Form 10-K.

Disruptions in our ability to access global capital markets may adversely affect our capital resources and liquidity.

In managing our consolidated balance sheet, we depend on access to global capital markets to provide us with sufficient capital resources and liquidity to meet our commitments and business needs, and to accommodate the transaction and cash management needs of our clients. Other sources of contingent funding available to us include inter-bank borrowings, repurchase agreements, FHLB capacity, and borrowings from the Federal Reserve discount window. Any occurrence that may limit our access to the capital markets, such as a decline in the confidence of debt investors, our depositors or counterparties participating in the capital markets, or a downgrade of any of our debt ratings, may adversely affect our funding costs and our ability to raise funding and, in turn, our liquidity.

Credit Risks

We are subject to credit risk.

When we lend money, commit to lend money or enter into a letter of credit or other contract with a counterparty, we incur credit risk, which is the risk of losses if our borrowers do not repay their loans or if our counterparties fail to perform according to the terms of their contracts. A number of our products expose us to credit risk, including loans, leveraged loans, leases and lending commitments, derivatives, trading assets, insurance arrangements with respect to such products,

and assets held for sale. The credit quality of our portfolio can have a significant impact on our earnings. We estimate and establish reserves for credit risks and credit losses inherent in our credit exposure (including unfunded credit commitments). This process, which is critical to our financial results and condition, requires difficult, subjective, and complex judgments, including about how economic conditions might impair the ability of our borrowers to repay their loans. As is the case with any such assessments, there is always the chance that we will fail to identify the proper factors or that we will fail to accurately estimate the impacts of factors that we do identify.

We might underestimate the credit losses inherent in our loan portfolio and have credit losses in excess of the amount reserved. We might increase the allowance because of changing economic conditions, including falling real estate or commodity prices and higher unemployment, or other factors such as changes in borrower behavior. As an example, borrowers may discontinue making payments on their real estate-secured loans if the value of the real estate is less than what they owe, even if they are still financially able to make the payments.

Also, to the extent we increase our consumer credit portfolio, we may be subject to greater risk than we have experienced in the past since such loans typically are unsecured and may be subject to greater fraud risk to the extent such loans are originated online.

While we believe that our allowance for credit losses was appropriate at December 31, 2016, there is no assurance that it will be sufficient to cover all incurred credit losses. In the event of significant deterioration in economic conditions, we may be required to increase reserves in future periods, which would reduce our earnings and potentially capital. For additional information, see the “Risk Management—Credit Risk Management” and “Critical Accounting Policies—Allowance for Credit Losses” sections of Item 7, MD&A, in this Form 10-K.

We may have more credit risk and higher credit losses to the extent that our loans are concentrated by loan type, industry segment, borrower type, or location of the borrower or collateral.

Our credit risk and credit losses can increase if our loans are concentrated in borrowers engaged in the same or similar activities or in borrowers who as a group may be uniquely or disproportionately affected by economic or market conditions. Deterioration in economic conditions, housing conditions, or real estate values in the markets in which we operate could result in materially higher credit losses. For additional information, see the “Loans,” “Allowance for Credit Losses,” “Risk Management—Credit Risk Management,” and “Critical Accounting Policies—Allowance for Credit Losses” sections of Item 7, MD&A, and Notes 6 and 7, “Loans” and “Allowance for Credit Losses,” to the Consolidated Financial Statements in this Form 10-K.

Liquidity Risks

We rely on the mortgage secondary market and GSEs for some of our liquidity.

We sell most of the mortgage loans that we originate to reduce our credit risk and to provide funding for additional loans. We rely on GSEs to purchase loans that meet their conforming loan requirements. Investor demand for nonconforming loans has fallen sharply, resulting in decreased origination of nonconforming loans, which reduces our revenue. When we retain a loan not only do we keep the credit risk of the loan but we also do not receive any sale proceeds that could be used to generate new loans. A persistent lack of liquidity could limit our ability to fund and thus originate new mortgage loans, reducing the fees we earn from originating and servicing loans. In addition, we cannot provide assurance that GSEs will not materially limit their purchases of conforming loans due to capital constraints or change their criteria for conforming loans (e.g., maximum loan amount or borrower eligibility). Proposals have been presented to reform the housing finance market in the U.S., including the role of the GSEs in the housing finance market. The extent and timing of any such regulatory reform of the housing finance market and the GSEs, as well as any effect on our business and financial results, are uncertain.

Loss of customer deposits could increase our funding costs.

We rely heavily on bank deposits as a low cost and stable source of funding for the loans we make. We compete with banks and other financial services companies for deposits. If our competitors raise the rates they pay on deposits, our funding costs may increase, either because we raise our rates to avoid losing deposits or because we lose deposits and must rely on more expensive sources of funding. Also, clients could pursue alternatives to bank deposits if clients perceive alternative investments as providing superior expected returns. When clients move money out of bank deposits in favor of alternative investments, we can lose a relatively inexpensive source of funds, increasing our funding costs. Clients typically move money from bank deposits to alternatives during rising interest rate environments, an environment that the U.S. is expected to see over the medium-term. Higher funding costs reduce our net interest margin and net interest income.

Any reduction in our credit rating could increase the cost of our funding from the capital markets.

The rating agencies regularly evaluate us, and their ratings are based on a number of factors, including our financial strength as well as factors not entirely within our control, including conditions affecting the financial services industry generally. Our failure to maintain those ratings could adversely affect the cost and other terms upon which we are able to obtain funding and increase our cost of capital. Credit ratings are one of numerous factors that influence our funding costs. A credit downgrade might also affect our ability to attract or retain deposits from commercial and corporate customers and our ability to conduct derivative business with certain clients and counterparties. See the "Liquidity Risk Management" section of Item 7, MD&A, in this Form 10-K.

Legal Risks

We are subject to litigation, and our expenses related to this litigation may adversely affect our results.

From time to time we are subject to litigation in the course of our business. These claims and legal actions, including supervisory actions by our regulators, could involve large monetary claims and significant defense costs. During the recent financial crisis, we observed both the number of cases and our expenses related to those cases increase. The outcome of some of these cases is uncertain.

We establish reserves for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. We may still incur legal costs for a matter even if we have not established a reserve. In addition, the actual cost of resolving a legal claim may be substantially higher than any amounts reserved for that matter. The ultimate resolution of a pending legal proceeding, depending on the remedy sought and granted, could materially adversely affect our results of operations and financial condition.

Substantial legal liability or significant regulatory action against us could have material adverse financial effects or cause significant reputational harm to us, which in turn could seriously harm our business prospects. We may be exposed to substantial uninsured liabilities, which could adversely affect our results of operations and financial condition. For additional information, see Note 19, "Contingencies," to the Consolidated Financial Statements in this Form 10-K.

We may incur fines, penalties and other negative consequences from regulatory violations, possibly even inadvertent or unintentional violations.

We maintain systems and procedures designed to ensure that we comply with applicable laws and regulations, but there can be no assurance that these will be effective. In addition to fines and penalties, we may suffer other negative consequences from regulatory violations including restrictions on certain activities, such as our mortgage business, which may affect our relationship with the GSEs and may also damage our reputation, and this in turn might materially affect our business and results of operations.

Further, some legal/regulatory frameworks provide for the imposition of fines or penalties for noncompliance even though the noncompliance was inadvertent or unintentional and even though there were in place at the time systems and procedures designed to ensure compliance. For example, we are subject to regulations issued by OFAC that prohibit financial institutions from participating in the transfer of property belonging to the governments of certain foreign countries and designated nationals of those countries. OFAC may impose penalties for inadvertent or unintentional violations even if reasonable processes are in place to prevent the violations. Additionally, federal regulators have begun pursuing financial institutions with emerging theories of recovery under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). Courts may uphold significant additional penalties on financial institutions, even where the financial institution had already reimbursed the government or other counterparties for actual losses.

Other Business Risks

We are subject to certain risks related to originating and selling mortgages. We may be required to repurchase mortgage loans or indemnify mortgage loan purchasers as a result of breaches of representations and warranties, or borrower fraud, and this could harm our liquidity, results of operations, and financial condition.

We originate and often sell mortgage loans. When we sell mortgage loans, whether as whole loans or pursuant to a securitization, we are required to make customary representations and warranties to the purchaser about the mortgage loans and the manner in which they were originated. Between 2006 and 2013, we received an elevated number of repurchase and indemnity demands from purchasers. These resulted in an increase in the amount of losses for repurchases. In September 2013, we reached a settlement with Fannie Mae and Freddie Mac to address outstanding and potential repurchase obligations.

Also, the Company bears a risk of loss of up to one-third of the incurred losses resulting from borrower defaults for multi-family commercial mortgage loans that the Company sells to Fannie Mae (and that Pillar sold to Fannie Mae prior to SunTrust's acquisition of Pillar). See the discussion of "Commercial Mortgage Loan Loss Share Guarantee" in See Note 16, "Guarantees," for additional information.

In addition to repurchase claims from the GSEs, we have received indemnification claims from, and in some cases, have been sued by, non-GSE purchasers of our loans. These claims allege that we sold loans that failed to conform to statements regarding the quality of the mortgage loans sold, the manner in which the loans were originated and underwritten, and the compliance of the loans with state and federal law. See additional discussion in Note 19, "Contingencies," to the Consolidated Financial Statements and the "Critical Accounting Policies" section of Item 7, MD&A, in this Form 10-K.

We face risks as a servicer of loans.

We act as servicer and/or master servicer for mortgage loans included in securitizations and for unsecuritized mortgage loans owned by investors. As a servicer or master servicer for those loans, we have certain contractual obligations to the securitization trusts, investors or other third parties, including, in our capacity as a servicer, foreclosing on defaulted mortgage loans or, to the extent consistent with the applicable securitization or other investor agreement, considering alternatives to foreclosure such as loan modifications or short sales and, in our capacity as a master servicer, overseeing the servicing of mortgage loans by the servicer. Generally, our servicing obligations are set by contract, for which we receive a contractual fee. However, GSEs can amend their servicing guidelines, which can increase the scope or costs of the services we are required to perform without any corresponding increase in our servicing fee. Further, the CFPB has implemented national servicing standards which have increased the scope and costs of services which we are required to perform. In addition, there has been a significant increase in state laws that impose additional servicing requirements that increase the scope and cost of our servicing obligations. Also, as a servicer, we advance

expenses on behalf of investors which we may be unable to collect.

If we commit a material breach of our obligations as servicer or master servicer, we may be subject to termination if the breach is not cured within a specified period of time following notice, which can generally be given by the securitization trustee or a specified percentage of security holders, causing us to lose servicing income. In addition, we may be required to indemnify the securitization trustee against losses from any failure by us, as a servicer or master servicer, to perform our servicing obligations or any act or omission on our part that involves willful misfeasance, bad faith, or gross negligence. For certain investors and/or certain transactions, we may be contractually obligated to repurchase a mortgage loan or reimburse the investor for credit losses incurred on the loan as a remedy for servicing errors with respect to the loan. If we experience increased repurchase obligations because of claims that we did not satisfy our obligations as a servicer or master servicer, or increased loss severity on such repurchases, we may have to materially increase our repurchase reserve.

We also have received indemnification requests related to our servicing of loans owned or insured by other parties, primarily GSEs. Typically, such a claim seeks to impose a compensatory fee on us for departures from GSE service levels. In most cases, this is related to delays in the foreclosure process. Additionally, we have received indemnification requests where an investor or insurer has suffered a loss due to a breach of the servicing agreement. While the number of such claims has been small, these could increase in the future. See additional discussion in Note 16, "Guarantees," to the Consolidated Financial Statements in this Form 10-K.

We are subject to risks related to delays in the foreclosure process.

When we originate a mortgage loan, we do so with the expectation that if the borrower defaults, our ultimate loss is mitigated by the value of the collateral which secures the mortgage loan. Our ability to do so depends upon our ability to promptly foreclose upon such collateral after an appropriate cure period. Any delay in the foreclosure process will adversely affect us by increasing our expenses related to carrying such assets, such as taxes, insurance, and other carrying costs, and exposes us to losses as a result of potential additional declines in the value of such collateral.

Consumers and small businesses may decide not to use banks to complete their financial transactions, which could affect net income.

Technology, "FinTech" start-ups, increased use of peer-to-peer and other technology-based lenders, and other changes now allow parties to complete financial transactions and obtain certain loan products without banks. For example, consumers and small businesses can pay bills, transfer funds, and borrow money without banks. This could result in the loss of fee income, the loss of client deposits, and consumer and small business loan balances and the income generated from those deposits and loans.

We have businesses other than banking which subject us to a variety of risks.

We are a diversified financial services company, which we consider a positive in that it may enhance our growth prospects and may reduce our overall volatility. However, this diversity subjects our earnings to a broader variety of risks and uncertainties than if we were a less diversified company. Other businesses in addition to banking that we operate include investment banking, securities underwriting and market making, loan syndications, and retail and wholesale brokerage services offered through our subsidiaries. These businesses entail significant market, operational, credit, legal, and other risks that could materially adversely impact us and our results of operations.

Negative public opinion could damage our reputation and adversely impact business and revenues.

As a financial institution, our earnings and capital are subject to risks associated with negative public opinion. The reputation of the financial services industry, in general, has been damaged as a result of the financial crisis and other matters affecting the financial services industry, including mortgage foreclosure issues. Negative public opinion regarding us could result from our actual or alleged conduct in any number of activities, including lending practices, a breach of client information, the failure of any product or service sold by us to meet our clients' expectations or applicable regulatory requirements, corporate governance and acquisitions, or from actions taken by government regulators and community organizations in response to those activities. Negative public opinion can adversely affect our ability to attract and/or retain clients and personnel and can expose us to litigation and regulatory action. Actual or alleged conduct by one of our businesses can result in negative public opinion about our other businesses.

We may face more intense scrutiny of our sales, training, and incentive compensation practices.

We face increased scrutiny of our consumer sales practices, training practices, incentive compensation design and governance, and quality assurance and customer complaint resolution practices. Although we have invested significant resources enhancing these processes in recent years, there can be no assurance that our processes or their results will meet regulatory standards or expectations. Findings from self-identified or regulatory reviews may require responsive actions, including increased investments in compliance systems and personnel, or the payment of fines, penalties, increased regulatory assessments, or client redress, and may increase legal or reputational risk exposures.

We rely on other companies to provide key components of our business infrastructure.

Third parties provide key components of our business infrastructure, such as banking services, processing, and internet connections and network access. Any disruption in such services provided by these third parties or any failure of these third parties to handle current or higher volumes of use could adversely affect our ability to deliver products and services to clients and

otherwise to conduct business. Technological or financial difficulties of a third party service provider could adversely affect our business to the extent those difficulties result in the interruption or discontinuation of services provided by that party. Further, in some instances we may be responsible for failures of such third parties to comply with government regulations. We may not be insured against all types of losses as a result of third party failures, and our insurance coverage may be inadequate to cover all losses resulting from system failures or other disruptions. Failures in our business infrastructure could interrupt the operations or increase the costs of doing business.

Competition in the financial services industry is intense and we could lose business or suffer margin declines as a result.

We operate in a highly competitive industry that could become even more competitive as a result of reform of the financial services industry resulting from the Dodd-Frank Act and other legislative, regulatory, and technological changes, and from continued consolidation. We face aggressive competition from other domestic and foreign lending institutions and from numerous other providers of financial services. The ability of nonbanking financial institutions to provide services previously limited to commercial banks has intensified competition. Because nonbanking financial institutions are not subject to the same regulatory restrictions as banks and bank holding companies, they can often operate with greater flexibility and lower cost structures. Securities firms and insurance companies that have elected to become financial holding companies can offer virtually any type of financial service, including banking, securities underwriting, insurance (both agency and underwriting), and merchant banking, and may acquire banks and other financial institutions. These new competitors have significantly changed the competitive environment in which we conduct business. Some of our competitors have greater financial resources and/or face fewer regulatory constraints. As a result of these various sources of competition, we could lose business to competitors or be forced to price products and services on less advantageous terms to retain or attract clients, either of which would adversely affect our profitability.

We continually encounter technological change and must effectively develop and implement new technology.

The financial services industry is undergoing rapid technological change with frequent introductions of new technology-driven products and services. We have invested in technology and connectivity to automate functions previously performed manually, to facilitate the ability of customers to engage in financial transactions, and otherwise to enhance the customer experience with respect to our products and services. On the retail side, this has included developments such as more sophisticated ATMs and expanded access to banking transactions through the internet, smart phones, tablets and other remote devices. This has allowed us to better serve our clients and to reduce costs. Our continued success depends, in part, upon our ability to address the needs of our customers by using technology to provide products and services that satisfy customer demands, including demands for faster and more secure payment services, to create efficiencies in our operations, and to integrate those offerings with legacy platforms or to renovate those legacy platforms. A failure to maintain or enhance our competitive position with respect to technology, whether because we fail to anticipate customer expectations or because our technological developments fail to perform as desired or are not rolled out in a timely manner, may cause us to lose market share or incur additional expense.

Maintaining or increasing market share depends on market acceptance and regulatory approval of new products and services.

Our success depends, in part, on our ability to adapt products and services to evolving market and industry standards. The widespread adoption of new technologies has required, and likely will continue to require, us to make substantial capital expenditures to modify or adapt existing products and services or develop new products and services. In addition, there is increasing pressure to provide products and services at lower prices. This can reduce net interest income and noninterest income from fee-based products and services. We may not be successful in introducing new products and services in response to industry trends or developments in technology, or those new products may not achieve market acceptance. As a result, we could lose business, be forced to price products and services on less advantageous terms to retain or attract clients, or be subject to cost increases, any of which would adversely affect our profitability.

We have in the past and may in the future pursue acquisitions, which could affect costs and from which we may not be able to realize anticipated benefits.

We have historically pursued acquisitions, and may seek acquisitions in the future. We may not be able to successfully identify suitable candidates, negotiate appropriate acquisition terms, complete proposed acquisitions, successfully integrate acquired businesses into the existing operations, or expand into new markets. Once integrated, acquired operations may not achieve levels of revenues, profitability, or productivity comparable with those achieved by our existing operations, or otherwise perform as expected.

Acquisitions involve numerous risks, including difficulties in the integration of the operations, technologies, services, and products of the acquired companies, and the diversion of management's attention from other business concerns. We may not properly ascertain all such risks prior to an acquisition or prior to such a risk impacting us while integrating an acquired company. As a result, difficulties encountered with acquisitions could have a material adverse effect on our business, financial condition, and results of operations.

Furthermore, we must generally receive federal regulatory approval before we can acquire a bank or BHC. In determining whether to approve a proposed bank acquisition, federal bank regulators will consider, among other factors, the effect of the acquisition on competition, financial condition, future prospects, including current and projected capital levels, the competence, experience, and integrity of management, compliance with laws and regulations, the convenience and needs of the communities to be served, including the acquiring institution's record of compliance under the CRA, and the

effectiveness of the acquiring institution in combating money laundering activities. In addition, we cannot be certain when or if, or on what terms and conditions, any required regulatory approvals will be granted. Consequently, we might be required to sell portions of the acquired institution as a condition to receiving regulatory approval or we may not obtain regulatory approval for a proposed acquisition on acceptable terms or at all, in which case we would not be able to complete the acquisition despite the time and expenses invested in pursuing it.

Additionally, our regulatory requirements increase as our size increases. We become subject to enhanced capital and liquidity requirements after our consolidated assets exceed $250 billion, and our regulators may expect us to begin voluntarily complying with those requirements as we approach that size.

We depend on the expertise of key personnel. If these individuals leave or change their roles without effective replacements, operations may suffer.

Our success depends, to a large degree, on the continued services of executive officers and other key personnel who have extensive experience in the industry. We generally do not carry key person life insurance on any of our executive officers or other key personnel. If we lose the services of any of these persons and fail to manage a smooth transition to new personnel, our business could be adversely impacted.

We may not be able to hire or retain additional qualified personnel and recruiting and compensation costs may increase as a result of turnover, both of which may increase costs and reduce profitability and may adversely impact our ability to implement our business strategies.

Our success depends upon the ability to attract and retain highly motivated, well-qualified personnel. We face significant competition in the recruitment of qualified employees. Our ability to execute our business strategy and provide high quality service may suffer if we are unable to recruit or retain a sufficient number of qualified employees or if the costs of employee compensation or benefits increase substantially. Further, in June 2010, the Federal Reserve and other federal banking regulators jointly issued comprehensive final guidance designed to ensure that incentive compensation policies do not undermine the safety and soundness of banking organizations by encouraging employees to take imprudent risks. This proposed regulation may significantly affect the amount, form, and context in which we pay incentive compensation. Additionally, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the SEC have jointly proposed rules which affect incentive compensation. These rules, if finalized, may adversely affect us by imposing costs and restrictions on certain of our businesses which are not imposed on non-bank competitors.

Other Risks

Our framework for managing risks may not be effective in mitigating risk and loss to us.

Our risk management framework seeks to mitigate risk and loss to us. We have established processes and procedures intended to identify, measure, monitor, report and analyze the types of risk to which we are subject, including liquidity risk, credit risk, market risk, interest rate risk, operational risk, reputational risk, and legal, model and compliance risk, among others. However, as with any risk management framework, there are inherent limitations to our risk management strategies as risks may exist, or develop in the future, that we have not appropriately anticipated or identified. The recent financial and credit crisis and resulting regulatory reform highlighted both the importance and some of the limitations of managing unanticipated risks. If our risk management framework proves ineffective, we could suffer unexpected losses and could be materially adversely affected.

Our controls and procedures may not prevent or detect all errors or acts of fraud.

Our controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is accurately accumulated and communicated to management, and recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. We believe that any disclosure controls and procedures or internal controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met, due to certain inherent limitations. These include the realities that judgments in decision making can be faulty, that alternative reasoned judgments can be drawn, or that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected, which could result in a material weakness in our internal controls over financial reporting and/ or the restatement of previously filed financial statements.

We are at risk of increased losses from fraud.

Criminals committing fraud increasingly are using more sophisticated techniques and in some cases are part of larger criminal rings, which allow them to be more effective.

The fraudulent activity has taken many forms, ranging from debit card/credit card fraud, check fraud, mechanical devices attached to ATM machines, social engineering and phishing attacks to obtain personal information, or impersonation of our clients through the use of falsified or stolen credentials. Additionally, an individual or business entity may properly identify themselves, yet seek to establish a business relationship for the purpose of perpetrating fraud. An emerging type of fraud even involves the creation of synthetic identification in which fraudsters “create” individuals for the purpose of perpetrating fraud. Further, in addition to fraud committed against us, we may suffer losses as a result of fraudulent activity committed against third parties. Increased deployment of technologies, such as chip card technology, defray and reduce aspects of fraud; however, criminals are turning to other sources to steal personally identifiable information, such as unaffiliated healthcare providers and government entities, in order to

impersonate the consumer to commit fraud. Many of these data compromises were widely reported in the media. Further, as a result of the increased sophistication of fraud activity, we have increased our spending on systems and controls to detect and prevent fraud. This will result in continued ongoing investments in the future.

A failure in, or breach of, our operational or security systems or infrastructure, or those of our third party vendors and other service providers, including as a result of cyber-attacks, could disrupt our businesses, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, increase our costs and cause losses.

We depend upon our ability to process, record, and monitor a large number of client transactions on a continuous basis and, in an ever-increasing environment of faster transactions, to do so in real time. As client, public, and regulatory expectations regarding operational and information security have increased, our operational systems and infrastructure must continue to be safeguarded and monitored for potential failures, disruptions, and breakdowns. Our business, financial, accounting, data processing, or other operating systems and facilities may stop operating properly or become disabled or damaged as a result of a number of factors, including events that are wholly or partially beyond our control. For example, there could be sudden increases in client transaction volume; electrical or telecommunications outages; natural disasters such as earthquakes, tornadoes, floods, and hurricanes; disease pandemics; events arising from local or larger scale political or social matters, including terrorist acts; and, as described below, cyber-attacks. Although we have business continuity plans and other safeguards in place, our business operations may be adversely affected by significant and widespread disruption to our physical infrastructure or operating systems that support our businesses and clients.

Information security risks for large financial institutions such as ours have generally increased in recent years in part because of the proliferation of new technologies, the use of the internet and telecommunications technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, terrorists, activists, and other external parties, including hostile nation state actors. As noted above, our operations rely on the secure processing, transmission, and storage of confidential information in our computer systems and networks. Our banking, brokerage, investment advisory, and capital markets businesses rely on our digital technologies, computer and email systems, software, and networks to conduct their operations. In addition, to access our products and services, our clients may use personal smartphones, tablet PCs, personal computers, and other mobile devices or software that are beyond our control. Although we have information security procedures and controls in place, our technologies, systems, networks, and our clients' devices and software may become the target of cyber-attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of our or our clients' confidential, proprietary and other information, or otherwise disrupt our or our clients' or other third parties' business operations. The internet and computing devices in general are prime targets for criminals and others who utilize sophisticated technology to seek, discover and exploit vulnerabilities that may, or may not, be generally known.

Third parties with whom we do business or that facilitate our business activities, including exchanges, clearing houses, financial intermediaries, or vendors that provide services or security solutions for our operations, could also be sources of operational and information security risk to us, including from breakdowns or failures of their own systems or capacity constraints.

Although to date we have not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that we will not suffer such losses in the future. Our risk and exposure to these matters remains heightened because of, among other things, the evolving nature of these threats, our prominent size and scale, our role in the financial services industry, our plans to continue to implement our internet banking and mobile banking channel strategies and develop additional remote connectivity solutions to serve our clients, our expanded geographic footprint, the outsourcing of some of our business operations, and the continued uncertain global economic and political environment. As a result, cyber-security and the continued development and enhancement of our controls, processes, and practices designed to protect our systems, computers, software, data and networks from attack, damage, or unauthorized access remain a focus for us. As threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate information security vulnerabilities.

As a necessary aspect of operating our business we must provide access to customer and sensitive company information to our employees, contractors, consultants, third parties and other authorized entities. Controls and oversight mechanisms are in place to limit access to this information and protect it from unauthorized disclosure, theft, and disruption. Control systems and policies pertaining to system access are subject to errors in design, oversight failure, software failure, intentional subversion or other compromise resulting in theft, error, loss or inappropriate use of information or systems to commit fraud, cause embarrassment to the company or its executives or to gain competitive advantage.

Additionally, the FRB, the CFPB, and other regulators expect financial institutions to be responsible for all aspects of their performance, including aspects which they delegate to third parties. Disruptions or failures in the physical infrastructure or operating systems that support our businesses and clients, or cyber-attacks or security breaches of the networks, systems, devices, or software that our clients use to access our products and services could result in client attrition, regulatory fines, penalties or intervention, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, any of which could materially adversely affect our results of operations or financial condition.

The soundness of other financial institutions could adversely affect us.

Our ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness

of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. We have exposure to many different industries and counterparties, and we routinely execute transactions with counterparties in the financial industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. As a result, defaults by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, in the past have led to market-wide liquidity problems and could lead to losses or defaults by us or by other institutions. Many of these transactions expose us to credit risk in the event of default of our counterparty or client. In addition, our credit risk may be exacerbated when the collateral held by us cannot be realized or is liquidated at prices not sufficient to recover the full amount of the exposure due us. There is no assurance that any such losses would not materially and adversely affect our results of operations.

We depend on the accuracy and completeness of information about clients and counterparties.

In deciding whether to extend credit or enter into other transactions with clients and counterparties, we may rely on information furnished by or on behalf of clients and counterparties, including financial statements and other financial information. We also may rely on representations of clients and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors.

Our accounting policies and processes are critical to how we report our financial condition and results of operation. They require management to make estimates about matters that are uncertain.

Accounting policies and processes are fundamental to how we record and report our financial condition and results of operation. Some of these policies require use of estimates and assumptions that may affect the value of our assets or liabilities and financial results. Several of our accounting policies are critical because they require management to make difficult, subjective, and complex judgments about matters that are inherently uncertain and because it is likely that materially different amounts would be reported under different conditions or using different assumptions. Pursuant to U.S. GAAP, we are required to make certain assumptions and estimates in preparing our financial statements, including in determining credit loss reserves, reserves related to litigation and the fair value of certain assets and liabilities, including the value of goodwill, among other items. If assumptions or estimates underlying our financial statements are incorrect, or are adjusted periodically, we may experience material losses.

Management has identified certain accounting policies as being critical because they require management's judgment to ascertain the valuations of assets, liabilities, commitments, and contingencies. A variety of factors could affect the ultimate value that is obtained either when earning income, recognizing an expense, recovering an asset, valuing an asset or liability, or recognizing or reducing a liability. We have established detailed policies and control procedures that are intended to ensure these critical accounting estimates and judgments are well controlled and applied consistently. In addition, the policies and procedures are intended to ensure that the process for changing methodologies occurs in an appropriate manner. Because of the uncertainty surrounding our judgments and the estimates pertaining to these matters, we cannot guarantee that we will not be required to adjust accounting policies or restate prior period financial statements. We discuss these topics in greater detail in the "Critical Accounting Policies” section of Item 7, MD&A, and Note 1, “Significant Accounting Policies,” to the Consolidated Financial Statements in this Form 10-K.

Further, from time to time, the FASB and SEC change the financial accounting and reporting standards that govern the preparation of our financial statements. In addition, accounting standard setters and those who interpret the accounting standards may change or even reverse their previous interpretations or positions on how these standards should be applied. Changes in financial accounting and reporting standards and changes in current interpretations may be beyond our control, can be hard to predict and could materially affect how we report our financial results and condition. In some cases, we could be required to apply a new or revised standard retroactively, resulting in us restating prior period financial statements. We discuss recently issued accounting pronouncements, including both those which we have already adopted in full or in part, and those which we will adopt in the future, at Note 1, “Significant Accounting Policies,” to the Consolidated Financial Statements in this Form 10-K.

Depressed market values for our stock and adverse economic conditions sustained over a period of time may require us to write down some portion of our goodwill.

Goodwill is tested for impairment by comparing the fair value of a reporting unit to its carrying value. If the fair value is greater than the carrying value, then the reporting unit’s goodwill is not impaired. The fair value of a reporting unit is impacted by the reporting unit's expected financial performance and susceptibility to adverse economic, regulatory, and legislative changes. The estimated fair values of the individual reporting units are assessed for reasonableness by reviewing a variety of indicators, including comparing these estimated fair values to our market capitalization over a reasonable period of time. While this comparison provides some relative market information regarding the estimated fair value of the reporting units, it is not determinative and needs to be evaluated in the context of the current economic environment. However, significant and sustained declines in our market capitalization could be an indication of potential goodwill impairment. See the "Critical Accounting Policies" section of Item 7, MD&A, in this Form 10-K for additional information.

Our financial instruments measured at fair value expose us to certain market risks.

We maintain at fair value a securities AFS portfolio and trading assets and liabilities and derivatives, which include various types of instruments and maturities. Additionally, we elected to measure selected fixed-rate debt, mortgage loans, residential MSRs and other financial instruments at fair value. Changes in fair value of the financial instruments measured at

fair value are recognized in earnings (or in other comprehensive income in some circumstances). These financial instruments are exposed to market risks related to changes in interest rates, market liquidity, and our market-based credit spreads, as well as to the risk of default by specific borrowers. We manage the market risks associated with these instruments through active hedging arrangements or broader ALM strategies. Changes in the market values of these financial instruments could have a material adverse impact on our financial condition or results of operations. We may elect to measure additional financial assets or financial liabilities at fair value in the future. See Note 18, “Fair Value Election and Measurement" to the Consolidated Financial Statements in this Form 10-K.

Risks Related to Our Common Stock

Our stock price can be volatile.

Our stock price can fluctuate widely in response to a variety of factors including:

- variations in our quarterly results
- changes in market valuations of companies in the financial services industry
- governmental and regulatory legislation or actions
- issuances of shares of common stock or other securities in the future
- changes in dividends and capital returns
- the addition or departure of key personnel
- cyclical fluctuations
- changes in financial estimates or recommendations by securities analysts regarding us or shares of our common stock
- announcements by us or our competitors of new services or technology, acquisitions, or joint ventures
- activity by short sellers and changing government restrictions on such activity

General market fluctuations, industry factors, and general economic and political conditions and events, such as terrorist attacks, economic slowdowns or recessions, interest rate changes, credit loss trends, or currency fluctuations, also could cause our stock price to decrease regardless of operating results. For the above and other reasons, the market price of our securities may not accurately reflect the underlying value of our securities, and you should consider this before relying on the market prices of our securities when making an investment decision.

We might not pay dividends on our stock.

Holders of our stock are only entitled to receive such dividends that our Board declares out of funds legally available for such payments. Although we have historically declared cash dividends on our stock, we are not required to do so.

The Federal Reserve has indicated that increased capital distributions generally would not be considered prudent in the absence of a well-developed capital plan and a capital position that would remain strong even under adverse conditions. As a result, any increase in our dividend requires a non-objection from the Federal Reserve.

Additionally, our obligations under the warrant agreements that we entered into with the U.S. Treasury as part of the CPP will increase to the extent that we pay dividends on our common stock prior to December 31, 2018 exceeding $0.54 per share per quarter, which was the amount of dividends we paid when we first participated in the CPP. Specifically, the exercise price and the number of shares to be issued upon exercise of the warrants will be adjusted proportionately (that is, adversely to us) as specified in a formula contained in the warrant agreements.

Our ability to receive dividends from our subsidiaries or other investments could affect our liquidity and ability to pay dividends.

We are a separate and distinct legal entity from our subsidiaries, including the Bank. We receive substantially all of our revenue from dividends from our subsidiaries and other investments. These dividends are the principal source of funds to pay dividends on our common stock and interest and principal on our debt. Various federal and/or state laws and regulations limit the amount of dividends that our Bank and certain of our nonbank subsidiaries may pay us. Also, our right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of the subsidiary's creditors. Limitations on our ability to receive dividends from our subsidiaries could have a material adverse effect on our liquidity and on our ability to pay dividends on common stock. Additionally, if our subsidiaries' earnings are not sufficient to make dividend payments to us while maintaining adequate capital levels, we may not be able to make dividend payments to our common shareholders.

Certain banking laws and certain provisions of our articles of incorporation may have an anti-takeover effect.

Provisions of federal banking laws, including regulatory approval requirements, could make it difficult for a third party to acquire us, even if doing so would be perceived to be beneficial to our shareholders. Acquisition of 10% or more of any class of voting stock of a bank holding company or depository institution, including shares of our common stock, generally creates a rebuttable presumption that the acquirer “controls” the bank holding company or depository institution, and thus, unless the acquirer is able to rebut this presumption, it would be subject to various laws and regulations that bank holding companies are subject to. Also, a bank holding company must obtain the prior approval of the Federal Reserve before, among other things, acquiring direct or indirect ownership or control of more than 5% of the voting shares of any bank, including our bank.

There also are provisions in our amended and restated articles of incorporation and amended and restated bylaws, such as limitations on the ability to call a special meeting of our shareholders, that may be used to delay or block a takeover attempt. In addition, our Board will be authorized under our amended and restated articles of incorporation to issue shares of our preferred stock and to determine the rights, terms, conditions, and privileges of such preferred stock, without shareholder approval. These provisions may effectively inhibit a non-negotiated merger or other business combination.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

Our principal executive offices are located in SunTrust Plaza, Atlanta, Georgia. The 60-story office building is majority-owned by SunTrust Banks, Inc. At December 31, 2016, the Bank operated 1,367 full-service banking offices, of which 567 were owned and the remainder were leased. Full-service banking offices are located primarily in Florida, Georgia, Maryland, North Carolina, South Carolina, Tennessee, Virginia, and the District of Columbia. See Note 8, “Premises and Equipment,” to the Consolidated Financial Statements in Item 8 of this Form 10-K for further discussion of our properties.

Item 3. LEGAL PROCEEDINGS

The Company and its subsidiaries are parties to numerous claims and lawsuits arising in the normal course of its business activities, some of which involve claims for substantial amounts. Although the ultimate outcome of these suits cannot be ascertained at this time, it is the opinion of management that none of these matters, when resolved, will have a material effect on the Company’s consolidated results of operations, cash flows, or financial condition. For additional information, see Note 19, “Contingencies,” to the Consolidated Financial Statements in this Form 10-K, which is incorporated herein by reference.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

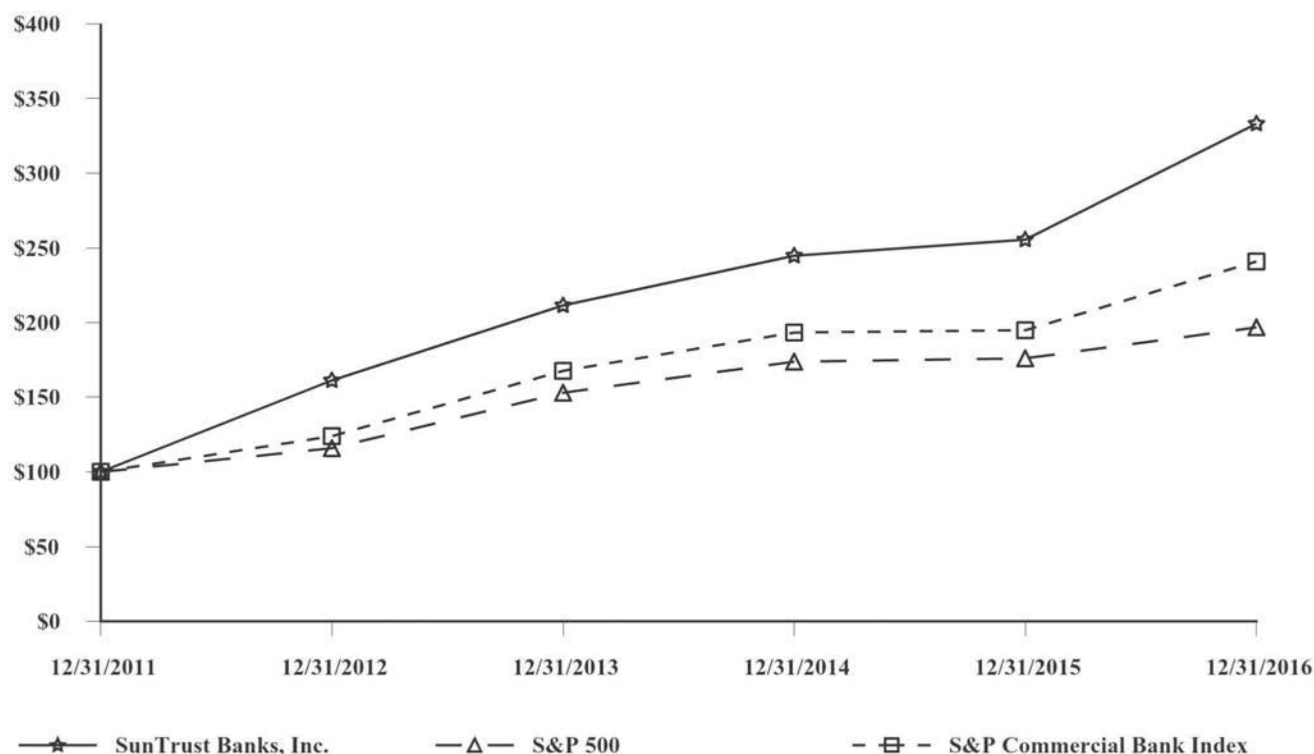
Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The principal market in which SunTrust common stock is traded is the NYSE. For the quarterly high and low sales prices of SunTrust common stock for the last two years, see Table 30 in Item 7, "MD&A," which is incorporated herein by reference. During the year ended December 31, 2016, the Company paid a quarterly dividend on common stock of $0.24 per common share for the first and second quarters and $0.26 per common share for the third and fourth quarters, compared to a quarterly dividend on common stock of $0.20 per common share for the first quarter of 2015 and $0.24 per common share for each of the second, third, and fourth quarters of 2015. SunTrust common stock was held by 23,119 holders of record at December 31, 2016. See the "Equity Securities" section in this Item 5 for information on share repurchase activity, announced programs, and the remaining buy back authority under the announced programs.

Please also refer to Item 1, "Business," for a discussion of legal restrictions that affect the Company's ability to pay dividends, Item 1A, "Risk Factors," for a discussion of some risks related to the Company's dividend, and Item 7, "MD&A—Capital Resources," for a discussion of the dividends paid during the year and factors that may affect the future level of dividends.

The information under the caption "Equity Compensation" in the Company's definitive proxy statement to be filed with the SEC is incorporated by reference into this Item 5.

The following graph and table compare the cumulative total shareholder return on SunTrust common stock compared to the cumulative total return of the S&P Composite-500 Stock Index and the S&P Commercial Bank Industry Index for the five years commencing December 31, 2011 (at market close) and ending December 31, 2016. The foregoing analysis assumes simultaneous initial investments of $100 in SunTrust common stock and in each of the above indices, as well as the reinvestment of all dividends during the periods presented.



	Cumulative Total Return for the Years Ended December 31					
	2011	2012	2013	2014	2015	**2016**
SunTrust Banks, Inc.	$100.00	$161.30	$211.42	$244.68	$255.54	**$333.15**
S&P 500 Index	100.00	115.88	153.01	173.69	176.07	196.78
S&P Commercial Bank Index	100.00	123.95	167.68	193.36	194.94	240.91

Equity Securities

Issuer purchases of equity securities during the year ended December 31, 2016 are presented in the following table:

	Common Stock [1]			
	Total Number of Shares Purchased	Average Price Paid per Share	Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Equity that May Yet Be Purchased Under the Plans or Programs at Period End *(in millions)*
January 1 - 31 [2]	4,224,215	$35.37	4,224,215	$180
February 1 - 29 [2]	36,212	34.66	36,212	175
March 1 - 31	—	—	—	175
Total during first quarter of 2016	4,260,427	35.36	4,260,427	175
April 1 - 30	4,783,004	36.59	4,783,004	—
May 1 - 31	—	—	—	—
June 1 - 30	—	—	—	—
Total during second quarter of 2016	4,783,004	36.59	4,783,004	—
July 1 - 31	5,734,988	41.85	5,734,988	720
August 1 - 31	—	—	—	720
September 1 - 30	—	—	—	720
Total during third quarter of 2016	5,734,988	41.85	5,734,988	720
October 1 - 31	5,308,166	45.21	5,308,166	480
November 1 - 30	—	—	—	480
December 1 - 31	—	—	—	480
Total during fourth quarter of 2016	5,308,166	45.21	5,308,166	480
Total year-to-date 2016	**20,086,585**	**$40.11**	**20,086,585**	**$480**

[1] During the year ended December 31, 2016, no shares of SunTrust common stock were surrendered by participants in SunTrust's employee stock option plans, where participants may pay the exercise price upon exercise of SunTrust stock options by surrendering shares of SunTrust common stock that the participant already owns. SunTrust considers any such shares surrendered by participants in SunTrust's employee stock option plans to be repurchased pursuant to the authority and terms of the applicable stock option plan rather than pursuant to publicly announced share repurchase programs.

[2] During the first quarter of 2016, the Company also repurchased $24 million of its outstanding common stock warrants as part of its 2015 CCAR capital plan. In January 2016, 1,035,800 Series A warrants were repurchased at an average price paid of $6.91 per warrant, and 4,272,780 Series B warrants were repurchased at an average price paid of $3.14 per warrant. In February 2016, 14,451 Series A warrants were repurchased at an average price paid of $7.18 per warrant, and 1,120,089 Series B warrants were repurchased at an average price paid of $3.25 per warrant. No warrants were repurchased during the remainder of 2016.

During the second quarter of 2016, the Company completed its repurchase of authorized common equity under the 2015 CCAR capital plan, which the Company initially announced on March 11, 2015 and which effectively expired on June 30, 2016.

On June 29, 2016, the Company announced that the Federal Reserve had no objections to the repurchase of up to $960 million of the Company's outstanding common stock to be completed between July 1, 2016 and June 30, 2017, as part of the Company's 2016 capital plan submitted in connection with the 2016 CCAR. During the second half of 2016, the Company repurchased $480 million of its outstanding common stock at market value as part of this publicly announced 2016 plan. At December 31, 2016, the Company had $480 million of remaining common stock repurchase capacity under its 2016 capital plan (reflected in the table above).

At December 31, 2016, 7.4 million warrants remained outstanding.

SunTrust did not repurchase any of its Series A Preferred Stock Depositary Shares, Series B Preferred Stock, Series E Preferred Stock Depositary Shares, or Series F Preferred Stock Depositary Shares during the year ended December 31, 2016, and there was no unused Board authority to repurchase any of its Series A Preferred Stock Depositary Shares, Series B Preferred Stock, Series E Preferred Stock Depositary Shares, or the Series F Preferred Stock Depositary Shares.

See Note 13, "Capital," to the Consolidated Financial Statements in Item 8 of this Form 10-K for additional information regarding the Company's equity securities.

Item 6. SELECTED FINANCIAL DATA

(Dollars in millions and shares in thousands, except per share data)	Year Ended December 31				
	2016	2015	2014	2013	2012
Summary of Operations:					
Interest income	**$5,778**	$5,265	$5,384	$5,388	$5,867
Interest expense	**557**	501	544	535	765
Net interest income	**5,221**	4,764	4,840	4,853	5,102
Provision for credit losses	**444**	165	342	553	1,395
Net interest income after provision for credit losses	**4,777**	4,599	4,498	4,300	3,707
Noninterest income	**3,383**	3,268	3,323	3,214	5,373
Noninterest expense [1]	**5,468**	5,160	5,543	5,831	6,284
Income before provision for income taxes	**2,692**	2,707	2,278	1,683	2,796
Provision for income taxes [1]	**805**	764	493	322	812
Net income attributable to noncontrolling interest	**9**	10	11	17	26
Net income	**$1,878**	$1,933	$1,774	$1,344	$1,958
Net income available to common shareholders	**$1,811**	$1,863	$1,722	$1,297	$1,931
Adjusted net income available to common shareholders [2]	**$1,811**	$1,863	$1,729	$1,476	$1,178
Net interest income-FTE [2]	**$5,359**	$4,906	$4,982	$4,980	$5,225
Total revenue	**8,604**	8,032	8,163	8,067	10,475
Total revenue-FTE [2]	**8,742**	8,174	8,305	8,194	10,598
Total revenue-FTE, excluding net securities gains/(losses) [2]	**8,738**	8,153	8,320	8,192	8,624
Total adjusted revenue-FTE [2]	**8,742**	8,174	8,200	8,257	9,123
Net income per average common share:					
Diluted	**$3.60**	$3.58	$3.23	$2.41	$3.59
Adjusted diluted [2]	**3.60**	3.58	3.24	2.74	2.19
Basic	**3.63**	3.62	3.26	2.43	3.62
Dividends paid per average common share	**1.00**	0.92	0.70	0.35	0.20
Book value per common share [3]	**45.38**	43.45	41.32	38.39	37.38
Tangible book value per common share [2, 3]	**32.95**	31.45	29.62	26.79	25.77
Market capitalization	**26,942**	21,793	21,978	19,734	15,279
Period End Balances:					
Total assets	**$204,875**	$190,817	$190,328	$175,335	$173,442
Earning assets	**184,610**	172,114	168,678	156,856	151,223
Loans	**143,298**	136,442	133,112	127,877	121,470
ALLL	**1,709**	1,752	1,937	2,044	2,174
Consumer and commercial deposits	**158,864**	148,921	139,234	127,735	130,180
Long-term debt	**11,748**	8,462	13,022	10,700	9,357
Total shareholders' equity	**23,618**	23,437	23,005	21,422	20,985
Selected Average Balances:					
Total assets	**$199,004**	$188,892	$182,176	$172,497	$176,134
Earning assets	**178,825**	168,813	162,189	153,728	153,479
Loans	**141,118**	133,558	130,874	122,657	122,893
Intangible assets including MSRs	**7,545**	7,604	7,630	7,535	7,322
MSRs	**1,190**	1,250	1,255	1,121	887
Consumer and commercial deposits	**154,189**	144,202	132,012	127,076	126,249
Long-term debt	**10,767**	10,873	12,359	9,872	11,806
Preferred stock	**1,225**	1,225	800	725	290
Total shareholders' equity	**24,068**	23,346	22,170	21,167	20,495
Average common shares - diluted	**503,466**	520,586	533,391	539,093	538,061
Average common shares - basic	**498,638**	514,844	527,500	534,283	534,149
Financial Ratios:					
Effective tax rate [1]	**30%**	28%	22%	19%	29%
ROA	**0.94**	1.02	0.97	0.78	1.11
ROE [3]	**7.97**	8.46	8.10	6.38	9.61
ROTCE [2, 3]	**10.91**	11.75	11.49	9.36	14.30
Net interest margin	**2.92**	2.82	2.98	3.16	3.32
Net interest margin-FTE [2]	**3.00**	2.91	3.07	3.24	3.40
Efficiency ratio [1]	**63.55**	64.24	67.90	72.28	59.99
Efficiency ratio-FTE [1, 2]	**62.55**	63.13	66.74	71.16	59.29
Tangible efficiency ratio-FTE [1, 2]	**61.99**	62.64	66.44	70.89	58.86
Adjusted tangible efficiency ratio-FTE [1, 2]	**61.99**	62.64	63.34	65.27	66.91
Total average shareholders' equity to total average assets	**12.09**	12.36	12.17	12.27	11.64
Tangible common equity to tangible assets [2]	**8.15**	8.67	8.44	8.50	8.32
ALLL to period-end LHFI	**1.19**	1.29	1.46	1.60	1.80

Common dividend payout ratio	**27.5**	25.5	21.5	14.5	5.6
Capital Ratios at period end [4]:					
CET1 (Basel III)	**9.59%**	9.96%	N/A	N/A	N/A
CET1 - fully phased-in (Basel III) [2]	**9.43**	9.80	N/A	N/A	N/A
Tier 1 common equity (Basel I)	**N/A**	N/A	9.60%	9.82%	10.04%
Tier 1 capital	**10.28**	10.80	10.80	10.81	11.13
Total capital	**12.26**	12.54	12.51	12.81	13.48
Leverage	**9.22**	9.69	9.64	9.58	8.91

[1] Amortization expense related to qualified affordable housing investment costs is recognized in provision for income taxes for the years ended December 31, 2016, 2015, and 2014, as allowed by an accounting standard adopted in 2014. For periods prior to 2014, these amounts were previously recognized in other noninterest expense and have been reclassified for comparability as presented. See Table 30 in the MD&A (Item 7) for additional information.

[2] See Table 30 in the MD&A for a reconcilement of non-U.S. GAAP measures and additional information.

[3] Beginning January 1, 2016, noncontrolling interest was removed from common shareholders' equity in these calculations to provide more accurate measures of the Company's return on common shareholders' equity and book value per common share. Prior period amounts have been updated for consistent presentation.

[4] Basel III Final Rules became effective for the Company on January 1, 2015; thus, Basel III CET1 ratios are not applicable ("N/A") in periods ending prior to January 1, 2015 and Basel I Tier 1 common equity ratio is N/A in periods ending after January 1, 2015. Tier 1 capital, Total capital, and Leverage ratios for periods ended prior to January 1, 2015 were calculated under Basel I. The CET1 ratio on a fully phased-in basis at December 31, 2016 and 2015 is estimated.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Important Cautionary Statement About Forward-Looking Statements

This report contains forward-looking statements. Statements regarding: (i) future levels of net interest margin, mortgage servicing income, personnel expenses, the provision for loan losses, the ratio of ALLL to period end LHFI, the net charge-off ratio, share repurchases, the efficiency ratio, the net charge-off ratio and future charge-offs in the energy portfolio, and wealth management revenue; (ii) efficiency goals; (iii) the contribution of our acquisition of Pillar to Wholesale Banking's annual revenue, the Company's net income and ROE, and growth in net income and ROE; (iv) the effect of final FRB rules regarding capital plans, and stress tests, and other elements of Basel III; (v) our ability to realize DTAs; (vi) the asset sensitivity of our balance sheet in future periods; (vii) planned reductions to our branch network; (viii) the size and composition of the securities AFS portfolio; (ix) future actions taken regarding the LCR and related effects, and our ability to comply with future regulatory requirements within regulatory timelines; and (x) our expectations regarding the return to accruing status for certain TDRs are forward-looking statements. Also, any statement that does not describe historical or current facts is a forward-looking statement. These statements often include the words "believes," "expects," "anticipates," "estimates," "intends," "plans," "targets," "strategies," "initiatives," "opportunity," "potentially," "probably," "projects," "outlook," or similar expressions or future conditional verbs such as "may," "will," "should," "would," and "could." Such statements are based upon the current beliefs and expectations of management and on information currently available to management. They speak as of the date hereof, and we do not assume any obligation to update the statements made herein or to update the reasons why actual results could differ from those contained in such statements in light of new information or future events.

Forward-looking statements are subject to significant risks and uncertainties. Investors are cautioned against placing undue reliance on such statements. Actual results may differ materially from those set forth in the forward-looking statements. Factors that could cause actual results to differ materially from those described in the forward-looking statements can be found in Part I, Item 1A., "Risk Factors" in this Form 10-K and also include risks discussed in this report and in other periodic reports that we file with the SEC. Additional factors include: current and future legislation and regulation could require us to change our business practices, reduce revenue, impose additional costs, or otherwise adversely affect business operations or competitiveness; we are subject to stringent capital adequacy and liquidity requirements and our failure to meet these would adversely affect our financial condition; the monetary and fiscal policies of the federal government and its agencies could have a material adverse effect on our earnings; our financial results have been, and may continue to be, materially affected by general economic conditions, and a deterioration of economic conditions or of the financial markets may materially adversely affect our lending and other businesses and our financial results and condition; changes in market interest rates or capital markets could adversely affect our revenue and expenses, the value of assets and obligations, and the availability and cost of capital and liquidity; our earnings may be affected by volatility in mortgage production and servicing revenues, and by changes in carrying values of our servicing assets and mortgages held for sale due to changes in interest rates; disruptions in our ability to access global capital markets may adversely affect our capital resources and liquidity; we are subject to credit risk; we may have more credit risk and higher credit losses to the extent that our loans are concentrated by loan type, industry segment, borrower type, or location of the borrower or collateral; we rely on the mortgage secondary market and GSEs for some of our liquidity; loss of customer deposits could increase our funding costs; any reduction in our credit rating could increase the cost of our funding from the capital markets; we are subject to litigation, and our expenses related to this litigation may adversely affect our results; we may incur fines, penalties and other negative consequences from regulatory violations, possibly even inadvertent or unintentional violations; we are subject to certain risks related to originating and selling mortgages, and may be required to repurchase mortgage loans or indemnify mortgage loan purchasers as a result of breaches of representations and warranties, or borrower fraud, and this could harm our liquidity, results of operations, and financial condition; we face risks as a servicer of loans; we are subject to risks related to delays in the foreclosure process; consumers and small businesses may decide not to use banks to complete their financial transactions, which could affect net income; we have businesses other than banking which subject us to a variety of risks; negative public opinion could damage our reputation and adversely impact business and revenues; we may face more intense scrutiny of our sales, training, and incentive compensation practices; we rely on other companies to provide key components of our business infrastructure; competition in the financial services industry is intense and we could lose business or suffer margin declines as a result; we continually encounter technological change and must effectively develop and implement new technology; maintaining or increasing market share depends on market acceptance and regulatory approval of new products and services; we have in the past and may in the future pursue acquisitions, which could affect costs and from which we may not be able to realize anticipated benefits; we depend on the expertise of key personnel, and if these individuals leave or change their roles without effective replacements, operations may suffer; we may not be able to hire or retain additional qualified personnel and recruiting and compensation costs may increase as a result of turnover, both of which may increase costs and reduce profitability and may adversely impact our ability to implement our business strategies; our framework for managing risks may not be effective in mitigating risk and loss to us; our controls and procedures may not prevent or detect all errors or acts of fraud; we are at risk of increased losses from fraud; a failure in, or breach of, our operational or security systems or infrastructure, or those of our third party vendors and other service providers,

including as a result of cyber-attacks, could disrupt our businesses, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, increase our costs and cause losses; the soundness of other financial institutions could adversely affect us; we depend on the accuracy and completeness of information about clients and counterparties; our accounting policies and processes are critical to how we report our financial condition and results of operation, and they require management to make estimates about matters that are uncertain; depressed market values for our stock and adverse economic conditions sustained over a period of time may require us to write down some portion of our goodwill; our financial instruments measured at fair value expose us to certain market risks; our stock price can be volatile; we might not pay dividends on our stock; our ability to receive dividends from our subsidiaries or other investments could affect our liquidity and ability to pay dividends; and certain banking laws and certain provisions of our articles of incorporation may have an anti-takeover effect.

INTRODUCTION

We are a leading provider of financial services with our headquarters located in Atlanta, Georgia. Our principal banking subsidiary, SunTrust Bank, offers a full line of financial services for consumers, businesses, corporations, and institutions, both through its branches (located primarily in Florida, Georgia, Maryland, North Carolina, South Carolina, Tennessee, Virginia, and the District of Columbia) and through other national delivery channels. We operate three business segments: Consumer Banking and Private Wealth Management, Wholesale Banking, and Mortgage Banking, with our functional activities included in Corporate Other. See Note 20, "Business Segment Reporting," to the Consolidated Financial Statements in this Form 10-K for a description of our business segments. In addition to deposit, credit, and trust and investment services offered by the Bank, our other subsidiaries provide capital markets, mortgage banking, securities brokerage, online consumer lending, and asset and wealth management services.

This MD&A is intended to assist readers in their analysis of the accompanying Consolidated Financial Statements and supplemental financial information. It should be read in conjunction with the Consolidated Financial Statements and Notes to the Consolidated Financial Statements in Item 8 of this Form 10-K, as well as other information contained in this document. When we refer to “SunTrust,” “the Company,” “we,” “our,” and “us” in this narrative, we mean SunTrust Banks, Inc. and the consolidated subsidiaries.

In the MD&A, consistent with SEC guidance in Industry Guide 3 that contemplates the calculation of tax exempt income on a tax equivalent basis, we present net interest income, net interest margin, total revenue, and efficiency ratios on an FTE basis. The FTE basis adjusts for the tax-favored status of net interest income from certain loans and investments using a federal tax rate of 35% and state income taxes, where applicable, to increase tax-exempt interest income to a taxable-equivalent basis. We believe this measure to be the preferred industry measurement of net interest income and that it enhances comparability of net interest income arising from taxable and tax-exempt sources. Additionally, we present other non-U.S. GAAP metrics to assist investors in understanding management’s view of particular financial measures, as well as to align presentation of these financial measures with peers in the industry who may also provide a similar presentation. Reconcilements for all non-U.S. GAAP measures are provided in Table 30.

EXECUTIVE OVERVIEW

Financial Performance

We delivered strong financial performance in 2016, marking the fifth consecutive year of EPS growth, improved efficiency, and increased capital returns for our shareholders. We enjoyed solid revenue growth across all of our business segments, which helped to offset an increase in expenses and provision for credit losses during the year.

Noteworthy 2016 items included:

- We improved efficiency for the fifth consecutive year, evidenced by the efficiency ratio and tangible efficiency ratio* improving to 62.6% and 62.0% in 2016 from 63.1% and 62.6% in 2015, respectively
- Average total loans increased 6% compared to the prior year, with 15% growth in consumer loans
- Our asset quality remained strong, which resulted in a 10 basis point decline in our ALLL to period-end LHFI ratio
- Average consumer and commercial deposits increased 7% compared to the prior year, with the favorable mix shift toward lower-cost deposits continuing
- We generated record investment banking income for the ninth consecutive year
- We maintained strong capital ratios that continue to be well above regulatory requirements, with our Basel III CET1 and estimated, fully phased-in CET1* ratios at 9.59% and 9.43%, respectively, as of December 31, 2016
- Our strong capital position enabled us to increase our capital return (which includes dividends and repurchases of common stock and warrants) by 15%
- We repurchased more than $800 million of our outstanding common stock, resulting in a 3% decline in outstanding common shares, and increased our quarterly common stock dividend by 8%
- Book value per share was $45.38, and tangible book value per share* was $32.95, up 4% and 5%, respectively, from the prior year
- Our LCR was above the January 1, 2017 regulatory requirement of 100% at December 31, 2016

* : *See Table 30 in this MD&A for a reconcilement of non-U.S. GAAP measures and additional information*

Total revenue for 2016 increased 7% compared to 2015, driven by increases in both net interest income and noninterest income. Net interest income for 2016 increased 9% compared to 2015, due to an increase in both average earning assets and net interest margin. Noninterest income for 2016 increased 4% compared to 2015, primarily due to higher mortgage and capital markets-related income, partially offset by a decline in wealth management-related income. The growth in noninterest income reflects our ongoing strategic investments in talent and capabilities across our diverse businesses, as well as a 29%

increase in mortgage origination volume due to lower interest rates during most of 2016.

Our net interest margin increased nine basis points compared to 2015, due to an 11 basis point increase in the average earning asset yields driven by higher loan and security yields. Average earning assets increased 6% compared to 2015, driven primarily by a 6% increase in average LHFI and a 7% increase in average securities AFS. The increase in average LHFI was due largely to growth in C&I, nonguaranteed residential mortgages, consumer direct, and commercial construction loans. These increases were partially offset by a decline in residential home equity products as paydowns exceeded new originations and draws. Looking forward, we expect the net interest margin to expand further by five to six basis points in the first quarter of 2017, compared to the fourth quarter of 2016. Net interest margin trends for the remainder of 2017 will be dependent on the interest rate environment. We will continue to manage to a moderately asset sensitive balance sheet while being cognizant of opportunities to add duration if the yield curve continues to steepen. See additional discussion related to revenue, noninterest income, and net interest income and margin in the "Noninterest Income" and "Net Interest Income/Margin" sections of this MD&A. Also in this MD&A, see Table 21, "Net Interest Income Asset Sensitivity," for an analysis of potential changes in net interest income due to instantaneous moves in benchmark interest rates.

Noninterest expense increased 6% compared to 2015. The increase was driven by higher employee compensation associated with improved business performance, increased operating losses, higher regulatory and compliance-related costs, higher costs associated with increased business activity, and ongoing strategic investments in driving growth and operational efficiencies. See additional discussion related to noninterest expense in the "Noninterest Expense" section of this MD&A. Also see Table 30, "Selected Financial Data and Reconcilement of Non-U.S. GAAP Measures," in this MD&A for additional information regarding, and a reconciliation of, adjusted noninterest expense.

During 2016, our efficiency ratio and tangible efficiency ratio both improved to 62.6% and 62.0%, compared to 63.1% and 62.6% for the same period in 2015, respectively, driven by positive operating leverage. Going forward, we are executing a number of strategies to continue to become more effective and efficient, including (i) reducing the size of our branch network by approximately 10% over the next two years, with the majority planned to be complete by mid-2017, (ii) realizing returns from technology investments we have made to increase productivity and reduce costs, and (iii) remaining highly focused on managing our supplier relationships. These strategies and activities, combined with the positive revenue momentum we have experienced, give us increased confidence to achieve our tangible efficiency ratio goal of below 60% by 2019, provided that the forward interest rate path generally follows current market expectations. For 2017, we expect to continue to improve and achieve a tangible efficiency ratio of between 61% and 62%, partially dependent on the economy and interest rates. This anticipated improvement relative to 2016 is particularly meaningful when considering that posting order changes, higher FDIC assessments, and the acquisition of Pillar are already known efficiency-related headwinds for the year. See Table 30, "Selected Financial Data and Reconcilement of Non-U.S. GAAP Measures," in this MD&A for additional information regarding, and a reconciliation of, our tangible efficiency ratio.

Overall asset quality remained strong during 2016, driven by economic growth, improved residential housing markets, and significant progress in working through problem energy-related exposures. Our loan portfolio continued to perform well, evidenced by stable delinquency levels and a modest net charge-off ratio of 0.34% for 2016, compared to 0.26% for 2015. The increase in the net charge-off ratio was driven predominantly by higher energy-related net charge-offs. We have charged-off approximately $160 million of energy loans over the past five quarters, which is the vast majority of our total expectations. Assuming no significant changes in the macroeconomic environment, we expect our overall net charge-off ratio to remain between 30 and 40 basis points for the full year 2017, as lower energy-related charge-offs may be offset by some modest normalization in other loan classes. The ALLL to period-end LHFI ratio declined ten basis points from the prior year driven primarily by continued improvements in the asset quality of the residential loan portfolio. We expect our ALLL to period-end LHFI ratio to remain relatively stable in 2017, which should result in a provision for loan losses that approximates net charge-offs, with some quarterly variability. See additional discussion of our credit and asset quality, in the “Loans,” “Allowance for Credit Losses,” and “Nonperforming Assets” sections of this MD&A.

Average total loans increased 6% compared to 2015, driven by growth across our consumer loan portfolios as well as growth in C&I loans and nonguaranteed residential mortgages, partially offset by a decrease in residential home equity products. Our consumer lending strategies continue to produce profitable growth through each of our major channels, while our overall lending pipelines remain healthy. During 2016, we sold approximately $1.0 billion of indirect automobile loans as part of our overall balance sheet optimization strategy, and separately, we reclassified $1.1 billion of CRE loans to the commercial construction loan portfolio in accordance with a revised interpretation of regulatory classification requirements. Going forward, if economic growth accelerates, we believe we have good relative opportunity given the investments we have made in our businesses combined with the above-average growth profile of our Southeast and Mid-Atlantic footprint. See additional loan discussion in the “Loans,” “Nonperforming Assets,” and "Net Interest Income/Margin" sections of this MD&A.

Average consumer and commercial deposits increased 7% compared to 2015, driven by strong and broad-based growth in lower cost deposits across all of our business segments, which reflects the Company-wide focus on, and success in, expanding and deepening client relationships. Our success in growing deposits reflects our overall strategic efforts to meet more clients’ deposit and payment needs and thereby improve profitability. Rates paid on our deposits increased four basis points compared to 2015, driven by the increase in short-term rates over the past year and a modest mix shift between our Wholesale Banking and Consumer Banking clients. Looking to 2017, we remain highly focused on maintaining our deposit growth momentum while also maintaining a disciplined approach to pricing with a focus on maximizing the value proposition for our clients, other than

rates paid. See additional discussion regarding average deposits in the "Net Interest Income/Margin" section of this MD&A.

Capital

Our regulatory capital ratios declined slightly during 2016, with a CET1 ratio of 9.59% at December 31, 2016, as growth in RWA exceeded the growth in regulatory capital. Additionally, our CET1 ratio, on a fully phased-in basis, was estimated to be 9.43% at December 31, 2016, which is well above the current regulatory requirement. Our book value and tangible book value per common share increased 4% and 5%, respectively, compared to December 31, 2015, due primarily to solid growth in retained earnings. See additional details related to our capital in Note 13, "Capital," to the Consolidated Financial Statements in this Form 10-K. Also see Table 30, "Selected Financial Data and Reconcilement of Non-U.S. GAAP Measures," in this MD&A for additional information regarding, and reconciliations of, tangible book value per common share and our fully phased-in CET1 ratio.

During the year, we increased our quarterly common stock dividend by 8% beginning in the third quarter of 2016, which resulted in dividends for 2016 of $1.00 per common share, an increase from $0.92 per common share in 2015. We also repurchased $830 million of our outstanding common stock and common stock warrants during the year, which included $350 million under our 2015 capital plan and $480 million under our 2016 capital plan. We will continue to seek opportunities to deploy capital on behalf of our shareholders, whether by investing in the growth of our businesses or by returning capital through share dividends and repurchases. See additional details related to our capital actions and share repurchases in the “Capital Resources” section of this MD&A and in Part II, Item 5 of this Form 10-K.

Business Segments Highlights

Consumer Banking and Private Wealth Management

Consumer Banking and Private Wealth Management net income decreased $45 million compared to 2015, due primarily to elevated expenses and a higher provision expense as a result of lower reserve releases related to our home equity portfolio. Revenue momentum has been solid, driven by increased net interest income of 5% for the year, benefiting from strong loan and deposit growth and our balance sheet optimization efforts. LightStream, in particular, continues to generate robust loan growth, growing approximately 70% compared to 2015. More broadly, our investments in digital continue to pay off, with self-service deposits, mobile usage, and digital sales all continuing to track upward. This progress, combined with changes in branch traffic and our already strong and dense market position, gives us further opportunity to optimize our network. Over the past five years, we reduced the size of our full-service branch network by 18%. We currently plan to close 99 branches and open eight new branches in 2017, so that on a net basis, our full-service branch network should decline further, by approximately 6% by mid-2017. Nonetheless, the branch system will continue to play a very important role in our delivery model, both with regard to maintaining and building our brand and meeting the more complex needs of our clients. Noninterest income declined 2% compared to 2015, due to lower wealth management-related income, both as a result of lower trust and investment management income, which was negatively impacted by volatile market conditions in the first half of 2016, and lower retail investment income, as we continue to make the strategic shift from more transaction-oriented business to managed-money solutions for our clients. While this is negative for near-term retail investment income growth, it is positive for our clients and the long-term health of our business. Assuming reasonably stable market conditions, we would expect wealth management-related revenue in 2017 to grow from 2016. Expenses increased 4% compared to 2015, due to continued investments in our branch network and associated optimization efforts, increased investments in technology and our growth businesses such as LightStream, and higher operating losses. We made significant progress this year in optimizing the balance sheet, meeting more client needs, and advancing our omni-channel strategy. The savings generated from optimizing our branch network will allow us to invest in increased talent and technology, thereby delivering more value for our clients, while also being a critical component of achieving our overall efficiency goals.

Wholesale Banking

Wholesale Banking had record revenue for the year due to strong execution across all lines of business. Specifically, revenue was up 4% for the year, due to growth in both noninterest income and net interest income. Net interest income was up 3% compared to 2015, as positive loan growth was partially offset by margin compression. Our 10% deposit growth reflects the success that our corporate liquidity product specialists are having in strengthening client relationships. Noninterest income increased 5% compared to 2015, due primarily to strength in our capital markets business and more favorable economic conditions. Investment banking income was up 7% compared to 2015, evidence of our consistent focus on expanding and deepening client relationships and meeting the capital markets needs of our clients. More specifically, our mergers and acquisitions and equity-related businesses, which have been key areas of investment for us, continue to grow faster than the rest of the platform. Further, our research rankings from institutional investors continue to improve, giving us a larger share of our investors’ trading commissions and validating our investment in talent in this business. Lastly, capital markets income from non-CIB clients was up 24% compared to 2015 as we are working together as OneTeam to become the preferred advisor for our commercial, CRE, and private wealth clients. Net income was down 9% compared to 2015, due to higher expenses and a higher provision for loan losses related to energy, a trend that began to abate in the fourth quarter of 2016. Lastly, we closed on our acquisition of Pillar in December 2016, which is expected to contribute roughly $90 million to Wholesale Banking’s annual revenue beginning in 2017. Pillar’s efficiency ratio is approximately 80-85%. While this will be dilutive to the overall efficiency ratio, we expect the acquisition of Pillar to be accretive to our capabilities, net income, and ROE. While market conditions can drive quarterly variability, our differentiated business model continues to deliver strong results and we expect to see further growth in 2017, particularly if economic growth accelerates and client sentiment remains strong.

Mortgage Banking

For the year, Mortgage Banking total revenue increased 7%, as increases in production and servicing income more than offset a decrease in net interest income. We grew our servicing portfolio by 8% year-over-year primarily as a result of portfolio acquisitions, and in the fourth quarter of 2016, we purchased an additional $8.8 billion in UPB of servicing rights, $2.9 billion of which was reflected in our servicing portfolio at December 31, 2016, with the majority of the remainder scheduled to transfer in the first quarter of 2017. Despite solid year-over-year revenue performance, fourth quarter revenue was down 23% sequentially as higher interest rates created a more challenging backdrop for the business. Mortgage production income declined 34% sequentially, as application volume declined 30% and gain on sale margins compressed given a more competitive environment. Servicing income also declined, as decay expense increased and the more volatile interest rate environment made hedging more expensive in the quarter. However, we expect these trends to be temporary and servicing income to normalize in the first quarter of 2017.

Net income was down $104 million compared to 2015, driven primarily by a lower benefit for loan losses. While the asset quality of the mortgage portfolio continues to be strong, reserve releases are abating. Overall, in 2016, we benefited from investments in improving the client experience, smart market share growth across production and servicing, and lower rates, creating value for our clients and contributing to the bottom line performance of the overall Company. While the higher interest rate environment will create challenges in 2017, growth in our servicing business, targeted market share gains, and reduced expenses will help to partially mitigate the decline in market refinance volumes.

Additional information related to our business segments can be found in Note 20, "Business Segment Reporting," to the Consolidated Financial Statements in this Form 10-K, and further discussion of our business segment results for 2016 and 2015 can be found in the "Business Segment Results" section of this MD&A.

Consolidated Daily Average Balances, Income/Expense, and Average Yields Earned/Rates Paid — Table 1

(Dollars in millions)	2016			2015			2014		
	Average Balances	**Income/ Expense**	**Yields/ Rates**	Average Balances	Income/ Expense	Yields/ Rates	Average Balances	Income/ Expense	Yields/ Rates
ASSETS									
LHFI: [1]									
C&I	**$68,406**	**$2,148**	**3.14%**	$65,786	$1,974	3.00%	$61,181	$2,045	3.34%
CRE	**5,808**	**169**	**2.92**	6,178	173	2.80	6,150	177	2.88
Commercial construction	**2,898**	**94**	**3.25**	1,603	50	3.12	1,078	35	3.28
Residential mortgages - guaranteed	**575**	**20**	**3.45**	636	24	3.77	1,890	70	3.68
Residential mortgages - nonguaranteed	**25,554**	**964**	**3.77**	23,759	913	3.84	23,691	944	3.99
Residential home equity products	**12,297**	**484**	**3.94**	13,535	501	3.70	14,329	512	3.57
Residential construction	**377**	**17**	**4.39**	384	19	4.85	457	21	4.64
Consumer student - guaranteed	**5,551**	**224**	**4.03**	4,584	173	3.78	5,375	197	3.66
Consumer other direct	**6,871**	**313**	**4.56**	5,344	230	4.30	3,635	153	4.22
Consumer indirect	**10,712**	**365**	**3.40**	10,262	333	3.24	11,459	366	3.19
Consumer credit cards	**1,188**	**120**	**10.10**	944	94	10.00	772	75	9.64
Nonaccrual [2]	**881**	**21**	**2.43**	543	22	4.13	857	22	2.59
Total LHFI	**141,118**	**4,939**	**3.50**	133,558	4,506	3.37	130,874	4,617	3.53
Securities AFS:									
Taxable	**28,216**	**645**	**2.29**	26,327	587	2.23	23,779	603	2.54
Tax-exempt	**189**	**6**	**3.37**	176	6	3.70	245	10	3.96
Total securities AFS	**28,405**	**651**	**2.29**	26,503	593	2.24	24,024	613	2.55
Fed funds sold and securities borrowed or purchased under agreements to resell	**1,241**	**1**	**0.10**	1,147	—	—	1,067	—	—
LHFS	**2,570**	**92**	**3.60**	2,348	82	3.47	2,085	78	3.75
Interest-bearing deposits in other banks	**24**	**—**	**0.40**	22	—	0.12	31	—	0.08
Interest earning trading assets	**5,467**	**95**	**1.73**	5,235	84	1.62	4,108	76	1.86
Total earning assets	**178,825**	**5,778**	**3.23**	168,813	5,265	3.12	162,189	5,384	3.32
ALLL	**(1,746)**			(1,835)			(1,995)		
Cash and due from banks	**4,999**			5,614			5,773		
Other assets	**14,880**			14,527			14,674		
Noninterest earning trading assets and derivative instruments	**1,388**			1,265			1,255		
Unrealized gains on securities available for sale, net	**658**			508			280		
Total assets	**$199,004**			$188,892			$182,176		
LIABILITIES AND SHAREHOLDERS' EQUITY									
Interest-bearing deposits:									
NOW accounts	**$40,949**	**$55**	**0.13%**	$35,161	$31	0.09%	$28,879	$22	0.08%
Money market accounts	**53,795**	**107**	**0.20**	50,518	85	0.17	44,813	66	0.15
Savings	**6,285**	**2**	**0.03**	6,165	2	0.03	6,076	2	0.04
Consumer time	**5,852**	**43**	**0.73**	6,443	49	0.77	7,539	66	0.88
Other time	**3,908**	**39**	**1.00**	3,813	39	1.02	4,294	46	1.06
Total interest-bearing consumer and commercial deposits	**110,789**	**246**	**0.22**	102,100	206	0.20	91,601	202	0.22
Brokered time deposits	**926**	**12**	**1.33**	888	13	1.41	1,584	33	2.08
Foreign deposits	**123**	**1**	**0.42**	218	—	0.13	146	—	0.12
Total interest-bearing deposits	**111,838**	**259**	**0.23**	103,206	219	0.21	93,331	235	0.25
Funds purchased	**1,055**	**4**	**0.37**	822	1	0.11	931	1	0.09
Securities sold under agreements to repurchase	**1,734**	**7**	**0.42**	1,821	4	0.21	2,202	3	0.14
Interest-bearing trading liabilities	**1,025**	**24**	**2.29**	881	22	2.44	806	21	2.65
Other short-term borrowings	**1,452**	**3**	**0.23**	2,135	3	0.16	6,135	14	0.23
Long-term debt	**10,767**	**260**	**2.42**	10,873	252	2.32	12,359	270	2.19
Total interest-bearing liabilities	**127,871**	**557**	**0.44**	119,738	501	0.42	115,764	544	0.47
Noninterest-bearing deposits	**43,400**			42,102			40,411		
Other liabilities	**3,252**			3,276			3,473		
Noninterest-bearing trading liabilities and derivative instruments	**413**			430			358		
Shareholders' equity	**24,068**			23,346			22,170		
Total liabilities and shareholders' equity	**$199,004**			$188,892			$182,176		
Interest rate spread			**2.79%**			2.70%			2.85%
Net interest income [3]		**$5,221**			$4,764			$4,840	
Net interest income-FTE [3, 4]		**$5,359**			$4,906			$4,982	
Net interest margin [5]			**2.92%**			2.82%			2.98%
Net interest margin-FTE [4, 5]			**3.00**			2.91			3.07

[1] Interest income includes loan fees of $165 million, $189 million, and $196 million for the years ended December 31, 2016, 2015, and 2014, respectively.
[2] Income on consumer and residential nonaccrual loans, if recognized, is recognized on a cash basis.
[3] Derivative instruments employed to manage our interest rate sensitivity increased net interest income $261 million, $300 million, and $419 million for the years ended December 31, 2016, 2015, and 2014, respectively.
[4] See Table 30, "Selected Financial Data and Reconcilement of Non-U.S. GAAP Measures," in this MD&A for additional information and reconciliations of non-U.S. GAAP performance measures. Approximately 95% of the total FTE adjustment for the years ended December 31, 2016, 2015, and 2014 was attributed to C&I loans.
[5] Net interest margin is calculated by dividing annualized net interest income by average total earning assets.

Analysis of Changes in Net Interest Income [1]

Table 2

(Dollars in millions)	**2016 Compared to 2015**			2015 Compared to 2014		
	Volume	**Rate**	**Net**	Volume	Rate	Net
Increase/(Decrease) in Interest Income:						
LHFI:						
C&I	**$80**	**$94**	**$174**	$147	($218)	($71)
CRE	**(11)**	**7**	**(4)**	1	(5)	(4)
Commercial construction	**42**	**2**	**44**	17	(2)	15
Residential mortgages - guaranteed	**(2)**	**(2)**	**(4)**	(47)	1	(46)
Residential mortgages - nonguaranteed	**68**	**(17)**	**51**	3	(34)	(31)
Residential home equity products	**(48)**	**31**	**(17)**	(29)	18	(11)
Residential construction	**—**	**(2)**	**(2)**	(3)	1	(2)
Consumer student - guaranteed	**39**	**12**	**51**	(30)	6	(24)
Consumer other direct	**69**	**14**	**83**	74	3	77
Consumer indirect	**15**	**17**	**32**	(39)	6	(33)
Consumer credit cards	**25**	**1**	**26**	16	3	19
Nonaccrual	**10**	**(11)**	**(1)**	(10)	10	—
Securities AFS:						
Taxable	**42**	**16**	**58**	61	(77)	(16)
Tax-exempt	**1**	**(1)**	**—**	(3)	(1)	(4)
Fed funds sold and securities borrowed or purchased under agreements to resell	**—**	**1**	**1**	—	—	—
LHFS	**7**	**3**	**10**	10	(6)	4
Interest earning trading assets	**4**	**7**	**11**	19	(11)	8
Total increase/(decrease) in interest income	**341**	**172**	**513**	187	(306)	(119)
Increase/(Decrease) in Interest Expense:						
NOW accounts	**7**	**17**	**24**	6	3	9
Money market accounts	**6**	**16**	**22**	9	10	19
Consumer time	**(4)**	**(2)**	**(6)**	(9)	(8)	(17)
Other time	**1**	**(1)**	**—**	(5)	(2)	(7)
Brokered time deposits	**—**	**(1)**	**(1)**	(12)	(8)	(20)
Foreign deposits	**—**	**1**	**1**	—	—	—
Funds purchased	**—**	**3**	**3**	—	—	—
Securities sold under agreements to repurchase	**—**	**3**	**3**	—	1	1
Interest-bearing trading liabilities	**3**	**(1)**	**2**	2	(1)	1
Other short-term borrowings	**(1)**	**1**	**—**	(7)	(4)	(11)
Long-term debt	**(2)**	**10**	**8**	(34)	16	(18)
Total increase/(decrease) in interest expense	**10**	**46**	**56**	(50)	7	(43)
Increase/(Decrease) in Net Interest Income	**$331**	**$126**	**$457**	$237	($313)	($76)
Increase/(Decrease) in Net Interest Income-FTE [2]			**$453**			($76)

[1] Changes in net interest income are attributed to either changes in average balances (volume change) or changes in average rates (rate change) for earning assets and sources of funds on which interest is received or paid. Volume change is calculated as change in volume times the previous rate, while rate change is change in rate times the previous volume. The rate/volume change, change in rate times change in volume, is allocated between volume change and rate change at the ratio each component bears to the absolute value of their total.

[2] See Table 30, "Selected Financial Data and Reconcilement of Non-U.S. GAAP Measures," in this MD&A for additional information and reconciliations of net interest income-FTE.

NET INTEREST INCOME/MARGIN (FTE)

Net interest income was $5.4 billion in 2016, an increase of $453 million, or 9%, compared to 2015. Net interest margin for 2016 increased nine basis points, to 3.00%, compared to 2015, due to an 11 basis point increase in the average earning asset yields driven by higher loan and securities AFS yields.

Average earning assets increased $10.0 billion, or 6%, for the year ended December 31, 2016, compared to 2015, driven primarily by a $7.6 billion, or 6%, increase in average LHFI and a $1.9 billion, or 7%, increase in average securities AFS. The increase in average LHFI was due largely to growth in C&I, nonguaranteed residential mortgages, and consumer direct loans. These increases were partially offset by a decline in residential home equity products as paydowns exceeded new originations and draws. See the "Loans" section in this MD&A for additional discussion regarding loan activity.

The 11 basis point increase in average earning asset yields during 2016 was driven primarily by a 13 basis point increase in LHFI yields, with a notable increase in yield on average commercial loans, particularly in our C&I portfolio, as well as an increase in yield on our consumer direct portfolio. These increases were driven by higher benchmark interest rates, which increased late in the fourth quarter of 2015 and 2016. Additionally, the yield on securities AFS increased five basis points compared to the year ended December 31, 2015, driven largely by lower premium amortization on MBS. See the "Securities Available for Sale" section in this MD&A for additional information regarding the composition and associated yields on our investment securities.

We utilize interest rate swaps to manage interest rate risk. These instruments are primarily receive-fixed, pay-variable swaps that synthetically convert a portion of our commercial loan portfolio from floating rates, based on LIBOR, to fixed rates. At December 31, 2016, the outstanding notional balance of active swaps that qualified as cash flow hedges on variable rate commercial loans was $16.7 billion, compared to active swaps of $16.9 billion at December 31, 2015.

In addition to the income recognized from active swaps, we recognize interest income from terminated or de-designated swaps that were previously designated as cash flow hedges on variable rate commercial loans. Interest income from our commercial loan swaps decreased to $244 million in 2016, compared to $261 million in 2015. As we manage our interest rate risk we may continue to purchase additional and/or terminate existing interest rate swaps.

Remaining swaps on commercial loans have maturities through 2022 and have an average maturity of 4.1 years at December 31, 2016. The weighted average rate on the receive-fixed rate leg of the commercial loan swap portfolio was 1.40%, and the weighted average rate on the pay-variable leg was 0.78%, at December 31, 2016.

Average interest-bearing liabilities increased $8.1 billion, or 7%, compared to 2015, primarily due to growth in NOW and money market account balances, partially offset by a decline in consumer time and other short-term borrowings. Average interest-bearing consumer and commercial deposits increased $8.7 billion, or 9%, compared to 2015, driven primarily by continued success in deepening client relationships. Average other short-term borrowings decreased $683 million, or 32%, due to a reduction in average short-term FHLB advances in 2016. Subsequent to December 31, 2016, we issued $1.0 billion of 3-year fixed rate senior notes and $300 million of 3-year floating rate senior notes under our Global Bank Note program. The notes pay a fixed annual coupon rate of 2.25% and a floating coupon rate of 3-month LIBOR plus 53 basis points, respectively. See the "Borrowings" section in this MD&A for additional information regarding other short-term borrowings and long-term debt.

Rates paid on average interest-bearing liabilities increased two basis points during 2016, compared to 2015, driven by increased rates on NOW and money market accounts. These increases were partially offset by declines in rates paid on consumer and other time deposits. Compared to 2015, the average rate paid on interest-bearing deposits increased two basis points.

Looking forward, we expect the net interest margin to expand further by five to six basis points in the first quarter of 2017, compared to the fourth quarter of 2016. Net interest margin trends for the remainder of 2017 will be dependent on the interest rate environment. We will continue to manage to a moderately asset sensitive balance sheet while being cognizant of opportunities to add duration if the yield curve continues to steepen. See Table 21, "Net Interest Income Asset Sensitivity," in this MD&A for an analysis of potential changes in net interest income due to instantaneous moves in benchmark interest rates.

Foregone Interest

Foregone interest income from NPLs reduced net interest margin by one basis point for the year ended December 31, 2016. Foregone interest income from NPLs had a limited effect on the net interest margin during the year ended December 31, 2015. See additional discussion of our expectations of future credit quality in the “Loans,” “Allowance for Credit Losses,” and “Nonperforming Assets” sections of this MD&A. In addition, Table 1 of this MD&A contains more detailed information concerning average balances, yields earned, and rates paid.

NONINTEREST INCOME

Table 3

(Dollars in millions)	Year Ended December 31		
	2016	2015	2014
Service charges on deposit accounts	**$630**	$622	$645
Other charges and fees	**380**	377	368
Card fees	**327**	329	320
Investment banking income	**494**	461	404
Trading income	**211**	181	182
Mortgage production related income	**366**	270	201
Mortgage servicing related income	**189**	169	196
Trust and investment management income	**304**	334	423
Retail investment services	**281**	300	297
Gain on sale of subsidiary	**—**	—	105
Net securities gains/(losses)	**4**	21	(15)
Other noninterest income	**197**	204	197
Total noninterest income	**$3,383**	$3,268	$3,323
Adjusted noninterest income [1]	**$3,383**	$3,268	$3,218

[1] See Table 30 in this MD&A for a reconcilement of non-U.S. GAAP measures and additional information.

Noninterest income increased $115 million, or 4%, compared to 2015, primarily due to higher mortgage and capital markets-related income, offset partially by a decline in wealth management-related income. The growth in noninterest income reflects our ongoing strategic investments in talent and capabilities across our businesses, as well as a 29% increase in mortgage origination volume due to lower interest rates during most of 2016.

Client transaction-related-fees, which include service charges on deposit accounts, other charges and fees, and card fees, increased $9 million, or 1%, compared to 2015. The increase was due primarily to increased client-related transactional activity. Consistent with our previous guidance, our enhanced posting order process was implemented in the fourth quarter of 2016, which resulted in a reduction in service charges on deposit accounts of approximately $10 million compared to prior quarters.

Investment banking income increased $33 million, or 7%, compared to 2015. The increase was driven by strong deal flow activity across most product categories. This growth was particularly noteworthy in equity capital markets and syndicated finance, as we continue to expand and deepen client relationships.

Trading income increased $30 million, or 17%, compared to 2015. The increase was driven primarily by higher client activity, more favorable market conditions, and higher core trading revenue, most notably fixed income sales and trading, which was offset partially by CVA-related valuation adjustments recognized in 2016.

Mortgage production related income increased $96 million, or 36%, compared to 2015. The increase was due primarily to increased purchase and refinancing activity, resulting from continued market share gains and higher gain on sale margins. Mortgage production volume increased 29% compared to 2015.

Mortgage servicing related income increased $20 million, or 12%, compared to 2015. The increase was due to higher servicing fees resulting from a larger servicing portfolio and improved net hedge performance, offset partially by higher servicing asset decay attributable to elevated refinance activity during the current year. The UPB of mortgage loans in the servicing portfolio was $160.2 billion at December 31, 2016, compared to $148.2 billion at December 31, 2015. The increase in our servicing portfolio was driven by MSR purchases with a UPB of $19.7 billion during the year ended December 31, 2016, $13.8 billion of which are reflected in the UPB amounts above and the transfer of servicing for the majority of the remainder is scheduled for the first quarter of 2017. Looking forward, assuming relatively stable interest rates, we expect servicing income to approximate $50 million in the first quarter of 2017, returning to a more normal run rate as compared to the fourth quarter of 2016, which reflected elevated decay expense and hedging costs.

Trust and investment management income decreased $30 million, or 9%, compared to 2015. The decrease was due primarily to a 4% decline in trust and institutional assets under management.

Retail investment services income decreased $19 million, or 6%, compared to 2015. The decline was due largely to reduced transactional activity, offset partially by an increase in retail brokerage managed assets.

Net securities gains decreased $17 million, or 81%, compared to 2015. The decrease was due to a repositioning of our investment portfolio, which resulted in higher gains recognized on the sale of MBS in 2015.

Other noninterest income decreased $7 million, or 3%, compared to 2015. The decrease was due largely to lower gains recognized on the sale of loans and leases as well as asset impairment charges recognized in 2016, along with an $18 million gain on the sale of legacy affordable housing investments recognized in 2015. This decrease was offset partially by a $52 million gain on sale associated with the sale-leaseback of one of our office buildings in 2016.

NONINTEREST EXPENSE

Table 4

(Dollars in millions)	Year Ended December 31		
	2016	2015	2014
Employee compensation	**$2,698**	$2,576	$2,576
Employee benefits	**373**	366	386
Total personnel expenses	**3,071**	2,942	2,962
Outside processing and software	**834**	815	741
Net occupancy expense	**349**	341	340
Regulatory assessments	**173**	139	142
Marketing and customer development	**172**	151	134
Equipment expense	**170**	164	169
Operating losses	**108**	56	441
Consulting and legal fees	**93**	73	71
Credit and collection services	**66**	71	91
Amortization	**49**	40	25
Other noninterest expense	**383**	368	427
Total noninterest expense	**$5,468**	$5,160	$5,543
Adjusted noninterest expense [1]	**$5,468**	$5,160	$5,219

[1] See Table 30 in this MD&A for a reconcilement of non-U.S. GAAP measures and additional information.

Noninterest expense increased $308 million, or 6%, compared to 2015. The increase was driven by higher employee compensation associated with improved business performance, increased operating losses, higher regulatory and compliance-related costs, and higher costs associated with increased business activity as well as ongoing, strategic investments in driving growth and operational efficiencies.

Personnel expenses increased $129 million, or 4%, compared to 2015. The increase was due primarily to higher incentive-based compensation related to improved business performance, continued investments in talent, and elevated compensation expense tied to the performance of the Company's stock price (which increased 28% during the year). Looking ahead to the first quarter of 2017, we anticipate an increase in our personnel expenses by approximately $75 million due to the typical seasonal increases in 401(k) and FICA expenses, a return to more normal accrual rates on certain incentive and benefit costs, and the Pillar acquisition.

Outside processing and software expense increased $19 million, or 2%, compared to 2015. The increase was driven by increased business activity levels, higher utilization of third party services, and increased investments in technology. As part of our ongoing efficiency initiatives, we remain focused on managing our supplier relationships and on realizing returns from the investments we have made in technology in our efforts to increase productivity and reduce costs.

Net occupancy expense increased $8 million, or 2%, compared to 2015. The increase was due to lower gains from prior sale-leaseback transactions during the current year. Looking forward, we plan to reduce the size of our branch network by approximately 10% over the next two years, with the majority planned to be completed by mid-2017.

Regulatory assessments expense increased $34 million, or 24%, compared to 2015. The increase was driven primarily by the FDIC surcharge on large banks, which became effective during the third quarter of 2016, and higher FDIC assessment fees due to asset growth and a higher assessment rate.

Marketing and customer development expense increased $21 million, or 14%, compared to 2015. The increase was due primarily to higher advertising costs during 2016 associated with our campaign to further advance the Company's purpose.

Operating losses increased $52 million, or 93%, compared to 2015. The increase was driven primarily by favorable developments related to previous mortgage-related matters in the prior year, which resulted in accrual reductions in 2015, as well as increased compliance-related losses recognized in 2016.

Credit and collection services decreased $5 million, or 7%, compared to 2015. The decrease was driven primarily by mortgage transaction related reserve releases due to the expiration of representation and warranty obligations, offset partially by the current year increase in credit-related expenses.

Consulting and legal fees increased $20 million, or 27%, compared to 2015. The increase was due to higher utilization of consulting services in response to regulatory and compliance initiatives.

Amortization expense increased $9 million, or 23%, compared to 2015. The increase was driven by increased investments in certain low-income community development projects, which also resulted in a similar increase in tax credits. See Note 10, "Certain Transfers of Financial Assets and Variable Interest Entities," for additional information regarding our community development investments.

Other noninterest expense increased $15 million, or 4%, compared to 2015. The increase was due primarily to recoveries of previously recognized losses in 2015 related to the financial crisis.

LOANS

Our disclosures about the credit quality of our loan portfolio and the related credit reserves (i) describe the nature of credit risk inherent in the loan portfolio, (ii) provide information on how we analyze and assess credit risk in arriving at an adequate and appropriate ALLL, and (iii) explain changes in the ALLL as well as reasons for those changes.

Our loan portfolio consists of three loan segments: commercial, residential, and consumer. Loans are assigned to these segments based on the type of borrower, purpose, collateral, and/or our underlying credit management processes. Additionally, we further disaggregate each loan segment into loan types based on common characteristics within each loan segment.

Commercial Loans

C&I loans include loans to fund business operations or activities, loans secured by owner-occupied properties, corporate credit cards, and other wholesale lending activities. Commercial loans secured by owner-occupied properties are classified as C&I loans because the primary source of loan repayment for these properties is business income and not real estate operations. CRE and commercial construction loans include investor loans where repayment is largely dependent upon the operation, refinance, or sale of the underlying real estate.

Residential Loans

Residential mortgages, both government-guaranteed and nonguaranteed, consist of loans secured by 1-4 family homes, mostly prime, first-lien loans. Residential home equity products consist of equity lines of credit and closed-end equity loans that may be in either a first lien or junior lien position. Residential construction loans include owner-occupied residential lot loans and construction-to-perm loans.

Consumer Loans

Consumer loans include government-guaranteed student loans, indirect loans (consisting of loans secured by automobiles, boats, and recreational vehicles), other direct loans (consisting primarily of unsecured loans, direct auto loans, loans secured by negotiable collateral, and private student loans), and consumer credit cards.

The composition of our loan portfolio at December 31 is presented in Table 5:

Loan Portfolio by Types of Loans **Table 5**

(Dollars in millions)	**2016**	2015	2014	2013	2012
Commercial loans:					
C&I	**$69,213**	$67,062	$65,440	$57,974	$54,048
CRE	**4,996**	6,236	6,741	5,481	4,127
Commercial construction	**4,015**	1,954	1,211	855	713
Total commercial loans	**78,224**	75,252	73,392	64,310	58,888
Residential loans:					
Residential mortgages - guaranteed	**537**	629	632	3,416	4,252
Residential mortgages - nonguaranteed [1]	**26,137**	24,744	23,443	24,412	23,389
Residential home equity products	**11,912**	13,171	14,264	14,809	14,805
Residential construction	**404**	384	436	553	753
Total residential loans	**38,990**	38,928	38,775	43,190	43,199
Consumer loans:					
Guaranteed student	**6,167**	4,922	4,827	5,545	5,357
Other direct	**7,771**	6,127	4,573	2,829	2,396
Indirect	**10,736**	10,127	10,644	11,272	10,998
Credit cards	**1,410**	1,086	901	731	632
Total consumer loans	**26,084**	22,262	20,945	20,377	19,383
LHFI	**$143,298**	$136,442	$133,112	$127,877	$121,470
LHFS [2]	**$4,169**	$1,838	$3,232	$1,699	$3,399

[1] Includes $222 million, $257 million, $272 million, $302 million, and $379 million of LHFI measured at fair value at December 31, 2016, 2015, 2014, 2013, and 2012, respectively.

[2] Includes $3.5 billion, $1.5 billion, $1.9 billion, $1.4 billion, and $3.2 billion of LHFS measured at fair value at December 31, 2016, 2015, 2014, 2013, and 2012, respectively.

Table 6 presents maturities and sensitivities of certain LHFI to changes in interest rates:

Table 6

(Dollars in millions)	At December 31, 2016 Total	Due in 1 Year or Less	Due After 1 Year through 5 Years	Due After 5 Years
Loan Maturity				
C&I and CRE [1]	$69,796	$19,105	$42,036	$8,655
Commercial construction	4,015	612	3,073	330
Total	$73,811	$19,717	$45,109	$8,985
Interest Rate Sensitivity				
Selected loans with:				
Predetermined interest rates			$3,823	$3,554
Floating or adjustable interest rates			41,286	5,431
Total			$45,109	$8,985

[1] Excludes $3.7 billion in lease financing and $729 million in installment loans.

Table 7 presents our outstanding commercial LHFI by industry:

Table 7

	December 31, 2016		December 31, 2015	
(Dollars in millions)	Commercial Loans	% of Total Commercial	Commercial Loans	% of Total Commercial
Real estate	$13,028	17%	$12,529	17%
Consumer products and services	9,450	12	8,157	11
Diversified financials and insurance	8,627	11	8,529	11
Health care & pharmaceuticals	7,437	10	7,090	9
Automotive	7,012	9	6,012	8
Diversified commercial services and supplies	4,149	5	3,945	5
Government	3,775	5	4,450	6
Retail	3,588	5	4,279	6
Technology (hardware & software)	3,259	4	2,411	3
Capital goods	3,226	4	3,536	5
Media & telecommunication services	2,593	3	2,672	4
Energy	2,584	3	3,073	4
Utilities	2,119	3	1,873	2
Transportation	2,103	3	2,156	3
Materials	2,083	3	1,982	3
Not-for-profits/religious organizations	1,768	2	1,771	2
Other	1,423	2	787	1
Total commercial loans	$78,224	100%	$75,252	100%

Table 8 presents our LHFI portfolio by geography (based on the U.S. Census Bureau's classifications of U.S. regions):

Table 8

	December 31, 2016							
	Commercial		Residential		Consumer		Total LHFI	
(Dollars in millions)	Balance	% of Total Commercial	Balance	% of Total Residential	Balance	% of Total Consumer	Balance	% of Total LHFI
South region:								
Florida	$13,143	17%	$9,416	24%	$4,071	16%	$26,630	19%
Georgia	9,991	13	5,909	15	2,215	8	18,115	13
Virginia	6,727	9	5,924	15	1,614	6	14,265	10
Maryland	4,100	5	4,536	12	1,377	5	10,013	7
North Carolina	4,211	5	3,509	9	1,645	6	9,365	7
Tennessee	4,631	6	2,003	5	989	4	7,623	5
Texas	3,794	5	485	1	2,995	11	7,274	5
South Carolina	1,707	2	1,723	4	599	2	4,029	3
District of Columbia	1,330	2	874	2	102	—	2,306	2
Other Southern states	3,884	5	583	1	1,547	6	6,014	4
Total South region	53,518	68	34,962	90	17,154	66	105,634	74
Northeast region:								
New York	4,906	6	127	—	917	4	5,950	4
Pennsylvania	1,534	2	108	—	981	4	2,623	2
New Jersey	1,353	2	133	—	504	2	1,990	1
Other Northeastern states	2,856	4	216	1	625	2	3,697	3
Total Northeast region	10,649	14	584	1	3,027	12	14,260	10
West region:								
California	4,137	5	2,069	5	1,269	5	7,475	5
Other Western states	2,384	3	845	2	1,232	5	4,461	3
Total West region	6,521	8	2,914	7	2,501	10	11,936	8
Midwest region:								
Illinois	1,614	2	213	1	559	2	2,386	2
Ohio	638	1	41	—	581	2	1,260	1
Other Midwestern states	3,157	4	276	1	2,193	8	5,626	4
Total Midwest region	5,409	7	530	1	3,333	13	9,272	6
Foreign loans	2,127	3	—	—	69	—	2,196	2
Total	$78,224	100%	$38,990	100%	$26,084	100%	$143,298	100%

	December 31, 2015							
	Commercial		Residential		Consumer		Total LHFI	
(Dollars in millions)	Balance	% of Total Commercial	Balance	% of Total Residential	Balance	% of Total Consumer	Balance	% of Total LHFI
South region:								
Florida	$12,712	17%	$9,752	25%	$3,764	17%	$26,228	19%
Georgia	9,820	13	5,917	15	1,769	8	17,506	13
Virginia	6,650	9	5,976	15	1,446	6	14,072	10
Maryland	4,220	6	4,280	11	1,262	6	9,762	7
North Carolina	4,106	5	3,549	9	1,419	6	9,074	7
Tennessee	4,710	6	2,123	5	818	4	7,651	6
Texas	3,362	4	351	1	2,592	12	6,305	5
South Carolina	1,517	2	1,796	5	497	2	3,810	3
District of Columbia	1,375	2	790	2	85	—	2,250	2
Other Southern states	4,100	5	556	1	1,346	6	6,002	4
Total South region	52,572	70	35,090	90	14,998	67	102,660	75
Northeast region:								
New York	4,489	6	142	—	717	3	5,348	4
Pennsylvania	1,651	2	111	—	776	3	2,538	2
New Jersey	1,563	2	137	—	400	2	2,100	2
Other Northeastern states	2,165	3	230	1	516	2	2,911	2
Total Northeast region	9,868	13	620	2	2,409	11	12,897	9
West region:								
California	3,368	4	1,954	5	1,091	5	6,413	5
Other Western states	2,059	3	752	2	1,037	5	3,848	3
Total West region	5,427	7	2,706	7	2,128	10	10,261	8
Midwest region:								
Illinois	1,614	2	185	—	420	2	2,219	2
Ohio	885	1	52	—	457	2	1,394	1
Other Midwestern states	3,360	4	275	1	1,803	8	5,438	4
Total Midwest region	5,859	8	512	1	2,680	12	9,051	7
Foreign loans	1,526	2	—	—	47	—	1,573	1
Total	$75,252	100%	$38,928	100%	$22,262	100%	$136,442	100%

Loans Held for Investment

LHFI totaled $143.3 billion at December 31, 2016, an increase of $6.9 billion, or 5%, from December 31, 2015, driven by growth in consumer loans, C&I loans, and nonguaranteed residential mortgages, partially offset by a decrease in residential home equity products.

Average LHFI during 2016 totaled $141.1 billion, up $7.6 billion, or 6%, compared to 2015, driven largely by the same factors described above impacting the period end balances. See the "Net Interest Income/Margin" section of this MD&A for more information regarding average loan balances.

Commercial loans increased $3.0 billion, or 4%, during 2016, driven largely by a $2.2 billion, or 3%, increase in C&I loans resulting from growth in a number of industry verticals and client segments. Commercial construction loans increased by $2.1 billion, compared to December 31, 2015, due largely to a reclassification of $1.1 billion of CRE loans to the commercial construction loan portfolio in the third quarter of 2016 in accordance with our revised interpretation of regulatory classification requirements. CRE loans decreased $1.2 billion, or 20%, compared to December 31, 2015, due primarily to the aforementioned reclassification.

Residential loans increased $62 million, compared to December 31, 2015, driven by a $1.4 billion, or 6%, increase in nonguaranteed residential mortgages as new originations exceeded paydowns. The increase in nonguaranteed residential mortgages was offset largely by a $1.3 billion, or 10%, decrease in residential home equity products as paydowns exceeded new originations and draws during 2016.

At December 31, 2016, 40% of our residential home equity products were in a first lien position and 60% were in a junior lien position. For residential home equity products in a junior lien position, we own or service 30% of the loans that are senior to the home equity product. Approximately 36% of the home equity line portfolio is due to convert to amortizing term loans by the end of 2019.

We perform credit management activities to limit our loss exposure on home equity accounts. These activities may result in the suspension of available credit and curtailment of available draws of most home equity junior lien accounts when the first lien position is delinquent, including when the junior lien is still current. We monitor the delinquency status of first mortgages serviced by other parties and actively monitor refreshed credit bureau scores of borrowers with junior liens, as these scores are highly sensitive to first lien mortgage delinquency. The loss severity on home equity junior lien accounts was approximately 74% and 75% at December 31, 2016 and 2015, respectively. The average borrower FICO score related to loans in our home equity portfolio was approximately 765 and 760 at December 31, 2016 and 2015, respectively, and the average outstanding loan size was approximately $46,000 at both December 31, 2016 and 2015.

Consumer loans increased $3.8 billion, or 17%, during 2016, driven by growth across all consumer loan classes as our consumer lending strategies continue to produce profitable growth through each of our major channels. Specifically, other direct loans increased $1.6 billion, or 27%, guaranteed student loans increased $1.2 billion, or 25%, indirect loans increased

$609 million, or 6%, and credit card loans increased $324 million, or 30%. These increases were partially offset by a $1.0 billion indirect automobile loan sale in the third quarter of 2016, as part of our overall balance sheet optimization strategy, resulting in a gain of $8 million.

Loans Held for Sale

LHFS increased $2.3 billion during 2016, driven primarily by increased mortgage production.

Asset Quality

Our asset quality was strong during 2016, driven by economic growth, improved residential housing markets, and significant progress in working through problem energy-related exposure. Our solid position reflects the proactive actions we have taken over the past several years to de-risk, diversify, and improve the quality of our loan portfolio.

NPAs increased $184 million, or 25%, compared to December 31, 2015, driven primarily by increases in energy-related C&I NPLs and residential home equity NPLs, the latter of which was associated with changes to our home equity line risk mitigation program implemented during the first quarter of 2016. At December 31, 2016, the majority of home equity NPLs modified in 2016 were current with respect to payments and are expected to return to accruing status after the borrowers have demonstrated six months of consistent payment history. At December 31, 2016, NPLs to total LHFI was 0.59%, an increase of 10 basis points compared to December 31, 2015, due to the aforementioned increase in home equity and energy-related NPLs.

Net charge-offs were $483 million and the net charge-off ratio increased to 0.34% in 2016, compared to $341 million and 0.26% in 2015, respectively. The increase in net charge-offs was driven by $143 million in energy-related net charge-offs during 2016. We have charged-off approximately $160 million of energy loans over the past five quarters, which is the vast majority of our total expectations.

Early stage delinquencies increased two basis points from December 31, 2015, to 0.72% of total loans at December 31, 2016, driven by increases across all consumer loans, particularly consumer indirect loans. Early stage delinquencies, excluding government-guaranteed loans, were 0.27% and 0.30% at December 31, 2016 and 2015, respectively.

Going forward, assuming no significant changes in the macroeconomic environment, we expect our overall net charge-off ratio to remain between 30 and 40 basis points for the full year 2017, as lower energy-related charge-offs may be offset by some modest normalization in other loan classes. We also expect our ALLL to period-end LHFI ratio to remain relatively stable in 2017, which should result in a provision for loan losses that approximates net charge-offs, with some quarterly variability.

ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses consists of the ALLL and the reserve for unfunded commitments. A rollforward of our allowance for credit losses and summarized credit loss experience is shown in Table 9. See Note 1, "Significant Accounting Policies," and Note 7, "Allowance for Credit Losses," to the Consolidated Financial Statements in this Form 10-K, as well as the "Critical Accounting Policies" section of this MD&A for further information regarding our ALLL accounting policy, determination, and allocation.

Summary of Credit Losses Experience **Table 9**

	Year Ended December 31				
(Dollars in millions)	**2016**	2015	2014	2013	2012
Allowance for Credit Losses					
Balance - beginning of period	**$1,815**	$1,991	$2,094	$2,219	$2,505
Provision/(benefit) for unfunded commitments	**4**	9	4	5	(3)
Provision/(benefit) for loan losses:					
Commercial loans	**329**	133	111	197	241
Residential loans	**(59)**	(67)	126	243	1,062
Consumer loans	**170**	90	101	108	95
Total provision for loan losses	**440**	156	338	548	1,398
Charge-offs:					
Commercial loans	**(287)**	(117)	(128)	(219)	(457)
Residential loans	**(136)**	(218)	(344)	(531)	(1,316)
Consumer loans	**(168)**	(135)	(135)	(119)	(134)
Total charge-offs	**(591)**	(470)	(607)	(869)	(1,907)
Recoveries:					
Commercial loans	**35**	45	57	66	154
Residential loans	**30**	42	65	87	31
Consumer loans	**43**	42	40	38	41
Total recoveries	**108**	129	162	191	226
Net charge-offs	**(483)**	(341)	(445)	(678)	(1,681)
Balance - end of period	**$1,776**	$1,815	$1,991	$2,094	$2,219
Components:					
ALLL	**$1,709**	$1,752	$1,937	$2,044	$2,174
Unfunded commitments reserve [1]	**67**	63	54	50	45
Allowance for credit losses	**$1,776**	$1,815	$1,991	$2,094	$2,219
Average LHFI	**$141,118**	$133,558	$130,874	$122,657	$122,893
Period-end LHFI outstanding	**143,298**	136,442	133,112	127,877	121,470
Ratios:					
ALLL to period-end LHFI [2]	**1.19%**	1.29%	1.46%	1.60%	1.80%
ALLL to NPLs [3]	**2.03x**	2.62x	3.07x	2.12x	1.42x
ALLL to net charge-offs	**3.54x**	5.14x	4.35x	3.01x	1.29x
Net charge-offs to average LHFI	**0.34%**	0.26%	0.34%	0.55%	1.37%

[1] The unfunded commitments reserve is recorded in other liabilities in the Consolidated Balance Sheets.

[2] $222 million, $257 million, $272 million, $302 million, and $379 million of LHFI measured at fair value at December 31, 2016, 2015, 2014, 2013, and 2012, respectively, were excluded from period-end LHFI in the calculation, as no allowance is recorded for loans measured at fair value. We believe that this presentation more appropriately reflects the relationship between the ALLL and loans that attract an allowance.

[3] $3 million, $3 million, $3 million, $7 million, and $19 million of NPLs measured at fair value at December 31, 2016, 2015, 2014, 2013, and 2012, respectively, were excluded from NPLs in the calculation, as no allowance is recorded for NPLs measured at fair value. We believe that this presentation more appropriately reflects the relationship between the ALLL and NPLs that attract an allowance.

Provision for Credit Losses

The total provision for credit losses includes the provision/(benefit) for loan losses and the provision/(benefit) for unfunded commitments. The provision for loan losses is the result of a detailed analysis performed to estimate an appropriate and adequate ALLL. For 2016, the total provision for loan losses increased $284 million compared to 2015, driven primarily by higher energy-related charge-offs, loan growth, and moderating asset quality improvements, partially offset by lower charge-offs on residential loans.

Our quarterly review processes to determine the level of reserves and provision are informed by trends in our LHFI portfolio (including historical loss experience, expected loss calculations, delinquencies, performing status, size and composition of the loan portfolio, and concentrations within the portfolio) combined with a view on economic conditions. In addition to internal credit quality metrics, the ALLL estimate is impacted by other indicators of credit risk associated with the portfolio, such as geopolitical and economic risks, and the increasing availability of credit and resultant higher levels of leverage for consumers and commercial borrowers.

Allowance for Loan and Lease Losses

ALLL by Loan Segment **Table 10**

	At December 31				
(Dollars in millions)	**2016**	2015	2014	2013	2012
ALLL:					
Commercial loans	**$1,124**	$1,047	$986	$946	$902
Residential loans	**369**	534	777	930	1,131
Consumer loans	**216**	171	174	168	141
Total	**$1,709**	$1,752	$1,937	$2,044	$2,174
Segment ALLL as a % of total ALLL:					
Commercial loans	**66%**	60%	51%	46%	41%
Residential loans	**21**	30	40	46	52
Consumer loans	**13**	10	9	8	7
Total	**100%**	100%	100%	100%	100%
Segment LHFI as a % of total LHFI:					
Commercial loans	**55%**	55%	55%	50%	48%
Residential loans	**27**	29	29	34	36
Consumer loans	**18**	16	16	16	16
Total	**100%**	100%	100%	100%	100%

The ALLL decreased $43 million, or 2%, from December 31, 2015, to $1.7 billion at December 31, 2016. The decrease reflects continued improvements in the asset quality of the residential loan portfolio. The ALLL to period-end LHFI ratio (excluding loans measured at fair value) decreased 10 basis points from December 31, 2015, to 1.19% at December 31, 2016. The ratio of the ALLL to total NPLs decreased to 2.03x at December 31, 2016, compared to 2.62x at December 31, 2015, reflecting the first quarter of 2016 migration of energy loans to nonperforming status, higher residential NPLs associated with changes to our home equity line risk mitigation program, and a decrease in the ALLL.

NONPERFORMING ASSETS

Table 11 presents our NPAs at December 31:

Table 11

(Dollars in millions)	**2016**	2015	2014	2013	2012
Nonaccrual/NPLs:					
Commercial loans:					
C&I	**$390**	$308	$151	$196	$194
CRE	**7**	11	21	39	66
Commercial construction	**17**	—	1	12	34
Total commercial NPLs	**414**	319	173	247	294
Residential loans:					
Residential mortgages - nonguaranteed	**177**	183	254	441	775
Residential home equity products	**235**	145	174	210	341
Residential construction	**12**	16	27	61	112
Total residential NPLs	**424**	344	455	712	1,228
Consumer loans:					
Other direct	**6**	6	6	5	6
Indirect	**1**	3	—	7	19
Total consumer NPLs	**7**	9	6	12	25
Total nonaccrual/NPLs [1]	**$845**	$672	$634	$971	$1,547
OREO [2]	**60**	56	$99	$170	$264
Other repossessed assets	**14**	7	9	7	9
Nonperforming LHFS	**—**	—	38	17	37
Total NPAs	**$919**	$735	$780	$1,165	$1,857
Accruing LHFI past due 90 days or more	**$1,288**	$981	$1,057	$1,228	$782
Accruing LHFS past due 90 days or more	**1**	—	1	—	1
TDRs:					
Accruing restructured loans	**$2,535**	$2,603	$2,592	$2,749	$2,501
Nonaccruing restructured loans [1]	**306**	176	273	391	639
Ratios:					
NPLs to period-end LHFI	**0.59%**	0.49%	0.48%	0.76%	1.27%
NPAs to period-end LHFI, OREO, other repossessed assets, and nonperforming LHFS	**0.64**	0.54	0.59	0.91	1.52

[1] Nonaccruing restructured loans are included in total nonaccrual/NPLs.
[2] Does not include foreclosed real estate related to loans insured by the FHA or the VA. Proceeds due from the FHA and the VA are recorded as a receivable in other assets in the Consolidated Balance Sheets until the property is conveyed and the funds are received. The receivable related to proceeds due from the FHA or the VA totaled $50 million, $52 million, $57 million, $88 million, and $140 million at December 31, 2016, 2015, 2014, 2013, and 2012, respectively.

NPAs increased $184 million, or 25%, during 2016, and our ratio of NPLs to period-end LHFI was 0.59% at December 31, 2016, up 10 basis points from December 31, 2015. The increases were driven primarily by a deterioration of certain energy-related loans as well as higher residential home equity NPLs resulting from changes to our home equity line risk mitigation program implemented during the first quarter of 2016.

Problem loans or loans with potential weaknesses, such as nonaccrual loans, loans over 90 days past due and still accruing, and TDR loans, are disclosed in the NPA table above. Loans with known potential credit problems that may not otherwise be disclosed in this table include accruing criticized commercial loans, which are disclosed along with additional credit quality information in Note 6, “Loans,” to the Consolidated Financial Statements in this Form 10-K. At December 31, 2016 and December 31, 2015, there were no known significant potential problem loans that are not otherwise disclosed.

Nonperforming Loans

NPLs at December 31, 2016 totaled $845 million, an increase of $173 million, or 26%, from December 31, 2015. Commercial NPLs increased $95 million, or 30%, driven by an $82 million increase in C&I NPLs due largely to downgrades of certain energy-related loans. While certain of these loans may be current with respect to their contractual debt service agreements, the decline in oil prices over the last two years, combined with facts and circumstances associated with these specific loan arrangements, raised uncertainty regarding the full collectability of principal or interest. See the "Critical Accounting Policies" section of this Form 10-K for additional information regarding

our policy on loans classified as nonaccrual. See the "Loans" section of this MD&A for additional information regarding our energy-related loan exposure. Commercial construction NPLs increased $17 million from December 31, 2015, driven by the downgrade of one borrower.

Residential NPLs increased $80 million, or 23%, from December 31, 2015, due primarily to an increase in residential home equity NPLs resulting from changes to our home equity line risk mitigation program implemented during the first quarter of 2016. At December 31, 2016, the majority of home equity NPLs modified in 2016 were current with respect to payments and are expected to return to accruing status after the borrowers have demonstrated six months of consistent payment history.

Interest income on consumer and residential nonaccrual loans, if recognized, is recognized on a cash basis. Interest income on commercial nonaccrual loans is not generally recognized until after the principal amount has been reduced to zero. We recognized $21 million and $22 million of interest income related to nonaccrual loans during 2016 and 2015, respectively. If all such loans had been accruing interest according to their original contractual terms, estimated interest income of $48 million and $28 million would have been recognized in 2016 and 2015, respectively.

Other Nonperforming Assets

OREO increased $4 million, or 7%, during 2016 to $60 million at December 31, 2016. Sales of OREO resulted in proceeds of $59 million and $120 million during 2016 and 2015, respectively, contributing to net gains of $11 million and $23 million, respectively, inclusive of valuation reserves.

Most of our OREO properties are located in Florida, Georgia, Maryland, and Virginia. Residential and commercial real estate properties comprised 84% and 12%, respectively, of the $60 million in total OREO at December 31, 2016, with the remainder related to land. Upon foreclosure, the values of these properties were reevaluated and, if necessary, written down to their then-current estimated fair value less estimated costs to sell. Any further decreases in property values could result in additional losses as they are periodically revalued. See the "Non-recurring Fair Value Measurements" section within Note 18, "Fair Value Election and Measurement," to the Consolidated Financial Statements in this Form 10-K for additional information.

Gains and losses on the sale of OREO are recorded in other noninterest expense in the Consolidated Statements of Income. Sales of OREO and the related gains or losses are highly dependent on our disposition strategy and buyer opportunities. We are actively managing and disposing of these foreclosed assets to minimize future losses.

Accruing loans past due 90 days or more included LHFI and LHFS, and totaled $1.3 billion and $981 million at December 31, 2016 and 2015, respectively. Of these, 97% and 96% were government-guaranteed at December 31, 2016 and 2015, respectively. Accruing LHFI past due 90 days or more increased $307 million, or 31%, during 2016, driven primarily by a $366 million increase in government-guaranteed student loans, offset partially by a $51 million decrease in government-guaranteed residential mortgages.

Restructured Loans

To maximize the collection of loan balances, we evaluate troubled loans on a case-by-case basis to determine if a loan modification is appropriate. We pursue loan modifications when there is a reasonable chance that an appropriate modification would allow our client to continue servicing the debt. For loans secured by residential real estate, if the client demonstrates a loss of income such that the client cannot reasonably support a modified loan, we may pursue short sales and/or deed-in-lieu arrangements. For loans secured by income producing commercial properties, we perform an in-depth and ongoing programmatic review of a number of factors, including cash flows, loan structures, collateral values, and guarantees to identify loans within our income producing commercial loan portfolio that are most likely to experience distress.

Based on our review of the aforementioned factors and our assessment of overall risk, we evaluate the benefits of proactively initiating discussions with our clients to improve a loan's risk profile. In some cases, we may renegotiate terms of their loans so that they have a higher likelihood of continuing to perform. To date, we have restructured loans in a variety of ways to help our clients service their debt and to mitigate the potential for additional losses. The restructuring methods being offered to our residential clients are reductions in interest rates, extensions of terms, or forgiveness of principal. Specifically, for home equity lines nearing the end of the draw period and for commercial loans, the primary restructuring method is an extension of terms.

Loans with modifications deemed to be economic concessions resulting from borrower financial difficulties are reported as TDRs. Accruing loans may retain accruing status at the time of restructure and the status is determined by, among other things, the nature of the restructure, the borrower's repayment history, and the borrower's repayment capacity.

Nonaccruing loans that are modified and demonstrate a sustainable history of repayment performance in accordance with their modified terms, typically six months, are usually reclassified to accruing TDR status. Generally, once a residential loan becomes a TDR, we expect that the loan will continue to be reported as a TDR for its remaining life, even after returning to accruing status (unless the modified rates and terms at the time of modification were available in the market at the time of the modification, or if the loan is subsequently remodified at market rates). Some restructurings may not ultimately result in the complete collection of principal and interest (as modified by the terms of the restructuring), culminating in default, which could result in additional incremental losses. These potential incremental losses are factored into our ALLL estimate. The level of re-defaults will likely be affected by future economic conditions. See Note 6, "Loans," to the Consolidated Financial Statements in this Form 10-K for additional information.

Table 12 presents our recorded investment of residential TDRs by payment status. Guaranteed loans that have been repurchased from Ginnie Mae under an early buyout clause and subsequently modified have been excluded from the table. Such loans totaled approximately $53 million and $61 million at December 31, 2016 and 2015, respectively.

Residential TDR Data **Table 12**

	December 31, 2016					
	Accruing TDRs			Nonaccruing TDRs		
(Dollars in millions)	Current	Delinquent [1]	Total	Current	Delinquent [1]	Total
Residential mortgages - nonguaranteed	**$1,527**	**$36**	**$1,563**	**$12**	**$73**	**$85**
Residential home equity products	**628**	**23**	**651**	**108**	**36**	**144**
Residential construction	**110**	**1**	**111**	**—**	**4**	**4**
Total residential TDRs	**$2,265**	**$60**	**$2,325**	**$120**	**$113**	**$233**

	December 31, 2015					
	Accruing TDRs			Nonaccruing TDRs		
(Dollars in millions)	Current	Delinquent [1]	Total	Current	Delinquent [1]	Total
Residential mortgages - nonguaranteed	$1,627	$47	$1,674	$18	$79	$97
Residential home equity products	601	25	626	16	28	44
Residential construction	125	1	126	1	6	7
Total residential TDRs	$2,353	$73	$2,426	$35	$113	$148

[1] TDRs considered delinquent for purposes of this table were those at least thirty days past due.

At December 31, 2016, our total TDR portfolio was $2.8 billion and was comprised of $2.6 billion, or 90%, of residential loans (predominantly first and second lien residential mortgages and home equity lines of credit), $168 million, or 6%, of consumer loans, and $115 million, or 4%, of commercial loans. Total TDRs increased $62 million, or 2%, from December 31, 2015. Nonaccruing TDRs increased $130 million, or 74%, and accruing TDRs decreased $68 million, or 3%, from December 31, 2015. The increase in nonaccruing TDRs was driven largely by the changes to our home equity line risk mitigation program implemented during the first quarter of 2016.

Generally, interest income on restructured loans that have met sustained performance criteria and returned to accruing status is recognized according to the terms of the restructuring. Such recognized interest income was $112 million and $115 million for 2016 and 2015, respectively. If all such loans had been accruing interest according to their original contractual terms, estimated interest income of $138 million and $146 million for 2016 and 2015, respectively, would have been recognized.

SELECTED FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The following is a discussion of the more significant financial assets and financial liabilities that are measured at fair value on the Consolidated Balance Sheets at December 31, 2016 and 2015. For a complete discussion of our financial instruments measured at fair value and the methodologies used to estimate the fair values of our financial instruments, see Note 18, "Fair Value Election and Measurement," to the Consolidated Financial Statements in this Form 10-K.

Trading Assets and Liabilities and Derivative Instruments

Trading assets and derivative instruments decreased $52 million, or 1%, compared to December 31, 2015. This decrease was due primarily to decreases in net derivative instruments, trading loans, and federal agency securities, offset largely by increases in corporate and other debt securities, U.S. states and political subdivisions, and CP. These changes were driven by normal changes in the trading portfolio product mix as we manage our business and continue to meet our clients' needs, as well as increased MSR hedging activity related to the fluctuations in long-term interest rates. Trading liabilities and derivative instruments increased $88 million, or 7%, compared to December 31, 2015, due to an increase in U.S. Treasury securities, offset partially by decreases in net derivative instruments and agency MBS. For composition and valuation assumptions related to our trading products, as well as additional information on our derivative instruments, see Note 4, "Trading Assets and Liabilities and Derivative Instruments," Note 17, "Derivative Financial Instruments," and the "Trading Assets and Derivative Instruments and Securities Available for Sale" section of Note 18, "Fair Value Election and Measurement," to the Consolidated Financial Statements in this Form 10-K. Also, for a discussion of market risk associated with our trading activities, refer to the "Market Risk Management—Market Risk from Trading Activities" section of this MD&A.

Securities Available for Sale

Table 13

(Dollars in millions)	**December 31, 2016**			
	Amortized Cost	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
U.S. Treasury securities	**$5,486**	**$5**	**$86**	**$5,405**
Federal agency securities	**310**	**5**	**2**	**313**
U.S. states and political subdivisions	**279**	**5**	**5**	**279**
MBS - agency	**23,642**	**313**	**293**	**23,662**
MBS - non-agency residential	**71**	**3**	**—**	**74**
MBS - non-agency commercial	**257**	**—**	**5**	**252**
ABS	**8**	**2**	**—**	**10**
Corporate and other debt securities	**34**	**1**	**—**	**35**
Other equity securities [1]	**642**	**1**	**1**	**642**
Total securities AFS	**$30,729**	**$335**	**$392**	**$30,672**

[1] At December 31, 2016, the fair value of other equity securities was comprised of the following: $132 million of FHLB of Atlanta stock, $402 million of Federal Reserve Bank of Atlanta stock, $102 million of mutual fund investments, and $6 million of other.

(Dollars in millions)	December 31, 2015			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury securities	$3,460	$3	$14	$3,449
Federal agency securities	402	10	1	411
U.S. states and political subdivisions	156	8	—	164
MBS - agency	22,877	397	150	23,124
MBS - non-agency residential	92	2	—	94
ABS	11	2	1	12
Corporate and other debt securities	37	1	—	38
Other equity securities [1]	533	1	1	533
Total securities AFS	$27,568	$424	$167	$27,825

[1] At December 31, 2015, the fair value of other equity securities was comprised of the following: $32 million of FHLB of Atlanta stock, $402 million of Federal Reserve Bank of Atlanta stock, $93 million of mutual fund investments, and $6 million of other.

(Dollars in millions)	December 31, 2014			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury securities	$1,913	$9	$1	$1,921
Federal agency securities	471	15	2	484
U.S. states and political subdivisions	200	9	—	209
MBS - agency	22,573	558	83	23,048
MBS - non-agency residential	122	2	1	123
ABS	19	2	—	21
Corporate and other debt securities	38	3	—	41
Other equity securities [1]	921	2	—	923
Total securities AFS	$26,257	$600	$87	$26,770

[1] At December 31, 2014, the fair value of other equity securities was comprised of the following: $376 million of FHLB of Atlanta stock, $402 million of Federal Reserve Bank of Atlanta stock, $138 million of mutual fund investments, and $7 million of other.

Maturity Distribution of Debt Securities Available for Sale **Table 14**

(Dollars in millions)	December 31, 2016 Due in 1 Year or Less	Due After 1 Year through 5 Years	Due After 5 Years through 10 Years	Due After 10 Years	Total
Amortized Cost [1]:					
U.S. Treasury securities	$—	$2,344	$3,142	$—	$5,486
Federal agency securities	114	87	7	102	310
U.S. states and political subdivisions	10	21	83	165	279
MBS - agency	1,889	12,667	8,847	239	23,642
MBS - non-agency residential	—	48	23	—	71
MBS - non-agency commercial	—	12	245	—	257
ABS	7	—	1	—	8
Corporate and other debt securities	15	19	—	—	34
Total debt securities	$2,035	$15,198	$12,348	$506	$30,087
Fair Value [1]:					
U.S. Treasury securities	$—	$2,332	$3,073	$—	$5,405
Federal agency securities	114	91	7	101	313
U.S. states and political subdivisions	10	22	86	161	279
MBS - agency	1,989	12,788	8,645	240	23,662
MBS - non-agency residential	—	50	24	—	74
MBS - non-agency commercial	—	12	240	—	252
ABS	8	—	2	—	10
Corporate and other debt securities	16	19	—	—	35
Total debt securities	$2,137	$15,314	$12,077	$502	$30,030
Weighted average yield [2]:					
U.S. Treasury securities	—%	1.58%	1.87%	—%	1.75%
Federal agency securities	5.00	3.67	2.55	2.83	3.85
U.S. states and political subdivisions	6.42	5.18	4.92	3.04	3.88
MBS - agency	2.85	2.51	2.57	3.33	2.57
MBS - non-agency residential	—	8.74	6.78	—	8.11
MBS - non-agency commercial	—	2.26	3.04	—	3.00
ABS	2.91	—	8.34	—	3.59
Corporate and other debt securities	5.74	2.64	—	—	4.06
Total debt securities	3.01%	2.40%	2.42%	3.14%	2.46%

[1] The amortized cost and fair value of investments in debt securities are presented based on remaining contractual maturity, with the exception of MBS and ABS, which are based on estimated average life. Actual cash flows may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.

[2] Weighted average yields are based on amortized cost and presented on an FTE basis.

The securities AFS portfolio is managed as part of our overall liquidity management and ALM process to optimize income and portfolio value over an entire interest rate cycle while mitigating the associated risks. Changes in the size and composition of the portfolio reflect our efforts to maintain a high quality, liquid portfolio, while managing our interest rate risk profile. The amortized cost of the portfolio increased $3.2 billion during the year ended December 31, 2016, primarily driven by increases in U.S. Treasury securities and agency MBS to support LCR requirements that increased effective January 1, 2017. The fair value of the securities AFS portfolio increased $2.8 billion compared to December 31, 2015, primarily due to the aforementioned additions, offset partially by a $314 million increase in net unrealized losses, most notably on agency MBS and U.S. Treasury securities, due to an increase in market interest rates. At December 31, 2016, the overall securities AFS portfolio was in a $57 million net unrealized loss position.

For the year ended December 31, 2016 and 2015, we recorded $4 million and $21 million, respectively, in net realized gains related to the sale of securities AFS, compared to a net realized loss of $15 million for the year ended December 31, 2014. There were no OTTI losses recognized in earnings for the year ended December 31, 2016, and OTTI losses recognized in earnings for the years ended December 31, 2015 and 2014 were immaterial. For additional information on our accounting policies, composition, and valuation assumptions related to the securities AFS portfolio, see Note 1, "Significant Accounting Policies," Note 5, "Securities Available for Sale," and the “Trading Assets and Derivative Instruments and Securities Available for Sale” section of Note 18, “Fair Value Election and Measurement,” to the Consolidated Financial Statements in this Form 10-K.

For the year ended December 31, 2016, the average yield on the securities AFS portfolio was 2.29%, compared to 2.24% for the year ended December 31, 2015. The increase in average yield was primarily due to lower MBS premium amortization in the current year. See additional discussion related to average

yields on securities AFS in the "Net Interest Income/Margin" section of this MD&A.

The securities AFS portfolio had an effective duration of 4.6 years at December 31, 2016 compared to 4.5 years at December 31, 2015. Effective duration is a measure of price sensitivity of a bond portfolio to an immediate change in market interest rates, taking into consideration embedded options. An effective duration of 4.6 years suggests an expected price change of approximately 4.6% for a 100 basis point instantaneous and parallel change in market interest rates.

The credit quality and liquidity profile of the securities AFS portfolio remained strong at December 31, 2016 and consequently, we believe that we have the flexibility to respond to changes in the economic environment and take actions as opportunities arise to manage our interest rate risk profile and balance liquidity risk against investment returns. Over the longer term, the size and composition of the securities AFS portfolio will reflect balance sheet trends, our overall liquidity objectives, and interest rate risk management objectives. Accordingly, the size and composition of the securities AFS portfolio could change over time.

Federal Home Loan Bank and Federal Reserve Bank Stock

We previously acquired capital stock in the FHLB of Atlanta as a precondition for becoming a member of that institution. As a member, we are able to take advantage of competitively priced advances as a wholesale funding source and to access grants and low-cost loans for affordable housing and community development projects, among other benefits. At December 31, 2016, we held a total of $132 million of capital stock in the FHLB of Atlanta, an increase of $100 million compared to December 31, 2015. This increase was due to our purchase of FHLB of Atlanta capital stock in 2016 related to an increase in FHLB borrowings during the same period. For the years ended December 31, 2016, 2015, and 2014, we recognized dividends related to FHLB capital stock of $5 million, $11 million, and $13 million, respectively.

Similarly, to remain a member of the Federal Reserve System, we are required to hold a certain amount of capital stock, determined as either a percentage of the Bank’s capital or as a percentage of total deposit liabilities. At December 31, 2016, we held $402 million of Federal Reserve Bank of Atlanta stock, unchanged from December 31, 2015. For the year ended December 31, 2016, we recognized dividends related to Federal Reserve Bank of Atlanta stock of $8 million, compared to $24 million for both of the years ended December 31, 2015 and 2014. The decline in dividends recognized was due to legislation passed by the U.S. Congress in December 2015, which changed the dividend rate on our statutory investment in Federal Reserve Bank of Atlanta stock from 6% to the lower of 6% or the 10-year Treasury note rate (which, at December 31, 2016, was 2.45%).

DEPOSITS

Composition of Average Deposits **Table 15**

	Year Ended December 31			% of Total Deposits		
(Dollars in millions)	**2016**	2015	2014	**2016**	2015	2014
Noninterest-bearing deposits	**$43,400**	$42,102	$40,411	**28%**	29%	30%
Interest-bearing deposits:						
NOW accounts	**40,949**	35,161	28,879	**26**	24	22
Money market accounts	**53,795**	50,518	44,813	**35**	35	33
Savings	**6,285**	6,165	6,076	**4**	4	5
Consumer time	**5,852**	6,443	7,539	**4**	4	6
Other time	**3,908**	3,813	4,294	**2**	3	3
Total consumer and commercial deposits	**154,189**	144,202	132,012	**99**	99	99
Brokered time deposits	**926**	888	1,584	**1**	1	1
Foreign deposits	**123**	218	146	**—**	—	—
Total deposits	**$155,238**	$145,308	$133,742	**100%**	100%	100%

During 2016, we experienced solid deposit growth and improved deposit mix as the proportion of lower-cost deposit account balances increased, while higher-cost consumer time deposit account balances decreased. See Table 1 and the "Net Interest Income/Margin" section in this MD&A for additional information regarding average deposit balances and related rates paid. See Note 5, "Securities Available for Sale," to the Consolidated Financial Statements in this Form 10-K for information regarding collateral pledged to secure public deposits.

Average consumer and commercial deposits increased $10.0 billion, or 7%, compared to 2015, driven by broad-based growth across all of our business segments, which reflects the Company-wide focus on, and success in, expanding and deepening client relationships. Consumer deposit growth was driven by targeted client outreach, improved execution across our branch network, the deployment of new pricing capabilities, and a daily focus on meeting our clients' deposit needs across all channels. Commercial deposit growth was driven by our continued focus on meeting client needs through the deployment of new deposit product offerings combined with the growth of our liquidity specialist team, which attracted new deposits and business relationships.

Consumer and commercial deposit growth remains one of our key areas of focus. During 2016, we continued to deepen our relationships with existing clients, grow our client base, and increase deposits, while managing the rates we pay for deposits. We maintained pricing discipline through a judicious use of competitive rates in select products and markets as we allowed higher rate time deposits to run-off, while growing balances in other deposit categories. Looking forward to 2017, we will remain highly focused on maintaining our strong momentum with regards to deposit growth while also ensuring that our approach towards deposit pricing focuses on maximizing the value proposition for our clients outside of the rate paid.

Contractual maturities of time deposits in denominations of $100,000 or more at December 31, 2016 are presented in Table 16:

Table 16

(Dollars in millions)	Consumer and Other Time	Brokered Time	Foreign Time	Total
Remaining Contractual Maturity:				
3 months or less	**$555**	**$132**	**$610**	**$1,297**
Over 3 through 6 months	**433**	**2**	—	**435**
Over 6 through 12 months	**575**	**27**	—	**602**
Over 12 months	**2,370**	**763**	—	**3,133**
Total	**$3,933**	**$924**	**$610**	**$5,467**

Refer to the "Contractual Obligations" section of this MD&A and Note 11, "Borrowings and Contractual Commitments," to the Consolidated Financial Statements in this Form 10-K for additional information regarding time deposit maturities.

BORROWINGS

Short-Term Borrowings

Short-term borrowings at December 31 consisted of the following:

Table 17

(Dollars in millions)	2016	2015
Funds purchased	**$2,116**	$1,949
Securities sold under agreements to repurchase	**1,633**	1,654
Other short-term borrowings	**1,015**	1,024
Total short-term borrowings	**$4,764**	$4,627

Our total period end short-term borrowings at December 31, 2016 increased $137 million, or 3%, from December 31, 2015, driven by a $167 million increase in funds purchased, offset partially by decreases of $21 million and $9 million in securities sold under agreements to repurchase and other short-term borrowings, respectively. The decrease in other short-term borrowings was due primarily to a $99 million decline in master notes outstanding, offset largely by the addition of $81 million in other borrowings related to the Pillar acquisition. See Note 2, "Acquisitions/Dispositions," to the Consolidated Financial Statements in this Form 10-K for additional information on the Pillar acquisition.

Long-Term Debt

Long-term debt at December 31 consisted of the following:

Table 18

(Dollars in millions)	2016	2015
Parent Company Only:		
Senior, fixed rate	**$3,818**	$3,614
Senior, variable rate	**314**	331
Subordinated, fixed rate	**200**	200
Junior subordinated, variable rate	**627**	627
Total	**4,959**	4,772
Less: Debt issuance costs [1]	**9**	
Total Parent Company debt	**4,950**	4,772
Subsidiaries [2]:		
Senior, fixed rate [3]	**2,539**	1,620
Senior, variable rate	**2,613**	1,097
Subordinated, fixed rate [4]	**1,651**	973
Total	**6,803**	3,690
Less: Debt issuance costs [1]	**5**	
Total subsidiaries debt	**6,798**	3,690
Total long-term debt	**$11,748**	$8,462

[1] Related to the Company's adoption of ASU 2015-03. Debt issuance costs were immaterial in the comparative prior year period, and accordingly, were not reclassified from other assets to long-term debt. See Note 1, "Significant Accounting Policies," for additional information.

[2] 88% and 81% of total subsidiary debt was issued by the Bank as of December 31, 2016 and 2015, respectively.

[3] Includes leases and other obligations that do not have a stated interest rate.

[4] Includes $963 million and $973 million of subordinated debt measured at fair value at December 31, 2016 and 2015, respectively.

During the year ended December 31, 2016, our long-term debt increased by $3.3 billion, or 39%. This increase was due primarily to the addition of $3.8 billion of long-term FHLB advances and the issuance of $750 million of 10-year fixed rate subordinated notes, offset partially by the termination of $1.4 billion of long-term FHLB advances. Additionally, in the first quarter of 2016, we issued $1.0 billion of 5-year fixed rate senior notes and used the proceeds to redeem $1.0 billion of higher cost, fixed rate senior notes that were due in 2016. In the fourth quarter of 2016, we also issued $1.0 billion of 5-year fixed rate senior notes and used the proceeds to redeem $750 million of higher cost, fixed rate senior notes due early in 2017.

In January 2017, we issued $1.0 billion of 3-year senior notes under our Global Bank Note program. The notes pay a fixed annual coupon rate of 2.25%. Also in January 2017, we issued $300 million of 3-year floating rate senior notes under our Global Bank Note program. The notes pay a floating coupon rate of 3-month LIBOR plus 53 basis points. We may call both issuances beginning on December 31, 2019, and they will mature on January 31, 2020. Similar to our debt issuances in 2016, these issuances allowed us to add to our funding sources at favorable borrowing rates and pay down maturing Bank debt.

CAPITAL RESOURCES

Regulatory Capital

Our primary federal regulator, the Federal Reserve, measures capital adequacy within a framework that sets capital requirements relative to the risk profiles of individual banks. The framework assigns risk weights to assets and off-balance sheet risk exposures according to predefined classifications, creating a base from which to compare capital levels. We measure capital adequacy using the standardized approach to the FRB's Basel III Final Rule.

In January 2017, the FRB released a final rule that revises capital plan and stress test rules, whereby certain BHCs, such as us, will no longer be subject to the qualitative component of the annual CCAR. The final rule also modifies certain regulatory reports to collect additional information on nonbank assets and to reduce reporting burdens for large and noncomplex firms. This final rule has no impact on our minimum capital requirements.

CET1 is limited to common equity and related surplus (net of treasury stock), retained earnings, AOCI, and common equity minority interest, subject to limitations. Certain regulatory adjustments and exclusions are made to CET1, including removal of goodwill, other intangible assets, certain DTAs, the impact on capital arising from mark-to-market adjustments related to our credit spreads, which, beginning in 2016 is included in AOCI, and certain defined benefit pension fund net assets. Further, banks employing the standardized approach to Basel III were granted a one-time permanent election to exclude AOCI from the calculation of regulatory capital. We elected to exclude AOCI from the calculation of our CET1.

Tier 1 capital includes CET1, qualified preferred equity instruments, qualifying minority interest not included in CET1, subject to limitations, and certain other regulatory deductions. Tier 1 capital included a portion of trust preferred securities in 2015; however, those instruments were completely phased-out of Tier 1 capital effective January 1, 2016 and were classified as Tier 2 capital in 2016. As a result, the $627 million in principal amount of Parent Company trust preferred securities outstanding that received partial Tier 1 capital treatment in 2015 were treated as Tier 2 capital in 2016 using the methodology specified in Basel III.

Total capital consists of Tier 1 capital and Tier 2 capital, which includes qualifying portions of subordinated debt, trust preferred securities and minority interest not included in Tier 1 capital, ALLL up to a maximum of 1.25% of RWA, and a limited percentage of unrealized gains on equity securities.

To be considered "adequately capitalized," we are subject to minimum CET1, Tier 1 capital, and Total capital ratios of 4.5%, 6%, and 8%, respectively, plus, beginning in 2016, a CCB amount of 0.625% is required to be maintained above the minimum capital ratios. The CCB will continue to increase each year through January 1, 2019, when the CCB amount will be fully phased-in at 2.5% above the minimum capital ratios. The CCB places restrictions on the amount of retained earnings that may be used for capital distributions or discretionary bonus payments as risk-based capital ratios approach their respective “adequately capitalized” minimum capital ratios plus the CCB. To be considered “well-capitalized,” Tier 1 and Total capital ratios of 6% and 10%, respectively, are required.

We are also subject to a Tier 1 leverage ratio requirement, which measures Tier 1 capital against average total assets less certain deductions, as calculated in accordance with regulatory guidelines. The minimum leverage ratio threshold is 4% and is not subject to the CCB.

A transition period applies to certain capital elements and risk weighted assets, where phase-in percentages are applicable in the calculations of capital and RWA. One of the more significant transitions required by the Basel III Final Rule relates to the risk weighting applied to MSRs, which will impact the CET1 ratio during the transition period when compared to the CET1 ratio that is calculated on a fully phased-in basis. Specifically, the fully phased-in risk weight of MSRs is 250%, while the risk weight to be applied during the transition period is 100%. The transition period is applicable from January 1, 2015 through December 31, 2017. Table 19 presents transitional Basel III regulatory capital metrics at December 31, 2016 and 2015, and Basel I regulatory capital metrics at December 31, 2014.

Regulatory Capital Metrics [1] **Table 19**

(Dollars in millions)	Under Basel III		Under Basel I
	December 31, 2016	December 31, 2015	December 31, 2014
Regulatory capital:			
CET1	**$16,953**	$16,421	N/A
Tier 1 common equity	**N/A**	N/A	$15,694
Tier 1 capital	**$18,186**	$17,804	17,554
Total capital	**21,685**	20,668	20,338
Assets:			
RWA	**$176,825**	$164,851	$162,516
Average total assets for leverage ratio	**197,272**	183,763	182,186
Risk-based ratios:			
CET1	**9.59%**	9.96%	N/A
CET1 - fully phased-in [2]	**9.43**	9.80	N/A
Tier 1 common equity	**N/A**	N/A	9.60%
Tier 1 capital	**10.28%**	10.80%	10.80
Total capital	**12.26**	12.54	12.51
Leverage	**9.22**	9.69	9.64
Total shareholders' equity to assets	**11.53**	12.28	12.09

[1] Basel III Final Rules became effective for us on January 1, 2015; thus, CET1 is not applicable ("N/A") under the previous Basel I capital rules to which we were subject at December 31, 2014. Tier 1 common equity under Basel I represents the portion of Tier 1 capital that is attributable to common shareholders. We calculated these measures based on the methodology specified by our primary regulator, which may differ from the calculations used by other financial services companies that present similar metrics.
[2] The CET1 ratio on a fully phased-in basis at December 31, 2016 is estimated. See Table 30, "Selected Financial Data and Reconcilement of Non-U.S. GAAP Measures," in this MD&A for a reconciliation of our transitional CET1 ratio to our fully phased-in, estimated CET1 ratio.

Our capital ratios declined compared to December 31, 2015, as growth in retained earnings was more than offset by the impacts of growth in RWA due to increased on- and off-balance sheet exposures. Further, as mentioned above, the phase-out of the trust preferred securities from Tier 1 capital to Tier 2 capital resulted in an additional decline in the Tier 1 capital and Leverage ratios. At December 31, 2016, our capital ratios were well above current regulatory requirements.

Our estimate of the fully phased-in CET1 ratio of 9.43% at December 31, 2016 considers a 250% risk-weighting for MSRs, which is the primary driver for the difference in the CET1 ratio at December 31, 2016 compared to December 31, 2015. Our estimated fully phased-in ratio is in excess of the 4.5% minimum CET1 ratio, and is also in excess of the 7.0% limit that includes the minimum level of 4.5% plus the 2.5% fully phased-in CCB. See Table 30, "Selected Financial Data and Reconcilement of Non-U.S. GAAP Measures," in this MD&A for a reconciliation of our fully phased-in CET1 ratio. Also see Note 13, "Capital," to the Consolidated Financial Statements in this Form 10-K for additional information regarding our regulatory capital adequacy requirements and metrics.

Capital Actions

We declared and paid common dividends of $498 million, or $1.00 per common share, during the year ended December 31, 2016, compared to $475 million, or $0.92 per common share, during the year ended December 31, 2015 and $371 million, or $0.70 per common share, during the year ended December 31, 2014. Additionally, we paid dividends on our preferred stock of $66 million, $64 million, and $42 million during the years ended December 31, 2016, 2015, and 2014, respectively.

Various regulations administered by federal and state bank regulatory authorities restrict the Bank's ability to distribute its retained earnings. At December 31, 2016, 2015, and 2014, the Bank's capacity to pay cash dividends to the Parent Company under these regulations totaled approximately $2.5 billion, $2.7 billion, and $2.9 billion, respectively.

During the first quarter of 2016, we repurchased $151 million of our outstanding common stock and $24 million of our outstanding common stock warrants as part of our 2015 capital plan. During the second quarter of 2016, we repurchased an additional $175 million of our outstanding common stock at market value, which completed our authorized $875 million common equity repurchases as approved by the Board in conjunction with the 2015 capital plan.

In the second quarter of 2016, we announced capital plans in response to the Federal Reserve's review of and non-objection to our capital plan submitted in conjunction with the 2016 CCAR. Our 2016 capital plan included increases in our share repurchase program and quarterly common stock dividend, while maintaining the current level of preferred stock dividends. Specifically, the 2016 capital plan authorized the repurchase of up to $960 million of our outstanding common stock between the third quarter of 2016 and the second quarter of 2017, as well as an 8% increase in our quarterly common stock dividend from $0.24 per share to $0.26 per share, beginning in the third quarter of 2016. During the second half of 2016, we repurchased $480 million of our outstanding common stock at market value as part of this 2016 capital plan. In the first quarter of 2017, we intend to repurchase approximately $414 million of our outstanding common stock at market value, which includes $240 million as originally contemplated under our 2016 capital plan. In addition, the Federal Reserve did not object to our request to repurchase an incremental $174 million of common stock under the 1% of Tier 1 capital de minimis exception allowed under the applicable 2016 Capital Plan Rule. We also expect to repurchase an additional $240 million of outstanding common stock during the second quarter of 2017, which would complete our repurchase of authorized shares as approved by the Board in conjunction with the 2016 capital plan. We currently plan to submit our 2017

capital plan for review by the Federal Reserve in conjunction with the 2017 CCAR in April 2017.

See Item 5 of this Form 10-K for additional information regarding our share repurchase activity, and Note 13, "Capital," to the Consolidated Financial Statements in this Form 10-K for additional information regarding our capital actions.

CRITICAL ACCOUNTING POLICIES

Our significant accounting policies are described in detail in Note 1, "Significant Accounting Policies," to the Consolidated Financial Statements in this Form 10-K and are integral to understanding our financial performance. We have identified certain accounting policies as being critical because (1) they require judgment about matters that are highly uncertain and (2) different estimates that could be reasonably applied would result in materially different assessments with respect to the recognition and measurement of certain assets, liabilities, commitments, and contingencies, with corresponding impacts on earnings. Our accounting and reporting policies are in accordance with U.S. GAAP, and they conform to general practices within the financial services industry. We have established detailed policies and control procedures that are intended to ensure that these critical accounting estimates are well controlled and applied consistently from period to period, and that the process for changing methodologies occurs in an appropriate manner. The following is a description of our current critical accounting policies.

Contingencies

We face uncertainty with respect to the outcomes of various contingencies, including the allowance for credit losses and legal and regulatory matters.

Allowance for Credit Losses

The allowance for credit losses is composed of the ALLL and the reserve for unfunded commitments. The ALLL represents our estimate of probable losses inherent in the LHFI portfolio based on current economic conditions. The ALLL is increased by the provision for loan losses and reduced by loans charged-off, net of recoveries. The ALLL is determined based on our review of certain loans that are individually evaluated for impairment and pools of loans with similar risk characteristics that are evaluated on a collective basis. Our loss estimate includes an assessment of internal and external influences on credit quality that may not be fully reflected in the historical loss, risk-rating, or other indicative data.

Large commercial nonaccrual loans and certain commercial, consumer, and residential loans whose terms have been modified in a TDR, are reviewed to determine the amount of specific allowance required in accordance with applicable accounting guidance. For this purpose, we consider the most probable source of repayment, including the present value of the loan's expected future cash flows, the fair value of the underlying collateral less costs of disposition, or the loan's estimated market value. We use assumptions and methodologies that are relevant to assess the extent of impairment in the portfolio and employ judgment in assigning or estimating internal risk ratings, market and collateral values, discount rates, and loss rates.

General allowances are established for loans and leases grouped into pools that have similar characteristics. The ALLL Committee estimates probable losses by evaluating quantitative and qualitative factors for each loan portfolio segment, including net charge-off trends, internal risk ratings, changes in internal risk ratings, loss forecasts, collateral values, geographic location, delinquency rates, nonperforming and restructured loan status, origination channel, product mix, underwriting practices, industry conditions, and economic trends. In addition to these factors, the consumer and residential portfolio segments consider borrower FICO scores and the commercial portfolio segment considers single name borrower concentration.

Estimated collateral values are based on appraisals, broker price opinions, automated valuation models, other collateral-specific information, and/or relevant market information, supplemented when applicable with valuations performed by internal valuation professionals. Their values reflect an orderly disposition, inclusive of marketing costs. In limited instances, we adjust externally provided appraisals for justifiable and well supported reasons, such as an appraiser not being aware of certain collateral-specific factors or recent sales information. Appraisals generally represent the "as is" value of the collateral but may be adjusted based on the intended disposition strategy.

Our determination of the ALLL for commercial loans is sensitive to the assigned internal risk ratings and inherent expected loss rates. A downgrade of one level in the PD risk ratings for all commercial loans and leases would have increased the ALLL by approximately $521 million at December 31, 2016. If the estimated loss severity rates for the entire commercial loan portfolio were increased by 10%, the ALLL for the commercial portfolio would increase by approximately $108 million at December 31, 2016.

The allowance for residential and consumer loans is also sensitive to changes in estimated loss severity rates. If the estimated loss severity rates for these loans increased by 10%, the total ALLL for the residential and consumer portfolios would increase by approximately $37 million at December 31, 2016. These sensitivity analyses are intended to provide insights into the impact of adverse changes in risk rating and estimated loss severity rates and do not imply any expectation of future deterioration in the risk ratings or loss rates. Given current processes employed, management believes the risk ratings and inherent loss rates currently assigned are appropriate. It is possible that others, given the same information, could reach different conclusions that could be material to our financial statements.

In addition to the ALLL, we estimate probable losses related to unfunded lending commitments, such as letters of credit and binding unfunded loan commitments. Unfunded lending commitments are analyzed and segregated by risk using our internal risk rating scale. These risk classifications, in combination with probability of commitment usage, and any other pertinent information, are utilized in estimating the reserve for unfunded lending commitments.

Our financial results are affected by the changes in the allowance for credit losses. This process involves our analysis of complex internal and external variables, and it requires that we exercise judgment to estimate an appropriate allowance for credit losses. Changes in the financial condition of individual borrowers, economic conditions, or the condition of various

markets in which collateral may be sold could require us to significantly decrease or increase the level of the allowance for credit losses. Such an adjustment could materially affect net income. For additional discussion of the ALLL see the "Allowance for Credit Losses" and "Nonperforming Assets" sections in this MD&A as well as Note 6, "Loans," and Note 7, "Allowance for Credit Losses," to the Consolidated Financial Statements in this Form 10-K.

Legal and Regulatory Matters

We are parties to numerous claims and lawsuits arising in the course of our normal business activities, some of which involve claims for substantial amounts, and the outcomes of which are not within our complete control or may not be known for prolonged periods of time. Management is required to assess the probability of loss and amount of such loss, if any, in preparing our financial statements.

We evaluate the likelihood of a potential loss from legal or regulatory proceedings to which we are a party. We record a liability for such claims only when a loss is considered probable and the amount can be reasonably estimated. The liability is recorded in other liabilities in the Consolidated Balance Sheets and the related expense is recorded in the applicable category of noninterest expense, depending on the nature of the legal matter, in the Consolidated Statements of Income. Significant judgment may be required in determining both probability of loss and whether an exposure is reasonably estimable. Our estimates are subjective based on the status of the legal or regulatory proceedings, the merits of our defenses, and consultation with in-house and outside legal counsel. In many such proceedings, it is not possible to determine whether a liability has been incurred or to estimate the ultimate or minimum amount of that liability until the matter is close to resolution. As additional information becomes available, we reassess the potential liability related to pending claims and may revise our estimates.

Due to the inherent uncertainties of the legal and regulatory processes in the multiple jurisdictions in which we operate, our estimates may be materially different than the actual outcomes, which could have material effects on our business, financial condition, and results of operations. See Note 19, "Contingencies," to the Consolidated Financial Statements in this Form 10-K for further discussion.

Estimates of Fair Value

The objective of a fair value measurement is to use market-based inputs or assumptions, when available, to estimate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When observable market prices from transactions for identical assets or liabilities are not available, we evaluate pricing for similar assets or liabilities. If observable market prices for such assets or liabilities are unavailable or impracticable to obtain, we employ other techniques for estimating fair value (for example, obtaining third party price quotes or using modeling techniques such as discounted cash flows). The resulting valuation may include significant judgments, particularly when the market for an asset or liability is not active.

Fair value measurements for assets and liabilities that include significant inputs that are not observable in the market are classified as level 3 measurements in the fair value hierarchy. We have instituted various processes and controls surrounding these measurements to ensure appropriate methodologies are utilized. We continue to maintain a cross-functional approach when estimating the fair value of these difficult to value financial instruments. This includes input from not only the related line of business, but also from risk management and finance, to ultimately arrive at an appropriate estimate of the instrument's fair value. This process often involves the gathering of multiple sources of information, including broker quotes, values provided by pricing services, trading activity in other similar instruments, market indices, and pricing matrices.

Modeling techniques incorporate our assessments regarding assumptions that market participants would use in pricing the asset or the liability, including assumptions about the risks inherent in a particular valuation technique. These assessments are subjective; the use of different assumptions could result in material changes to these fair value measurements. We employed significant unobservable inputs when estimating the fair value of certain trading assets, securities AFS, portfolio loans accounted for at fair value, IRLCs, LHFS, residential MSRs, and certain derivatives.

We record all single-family residential MSRs at fair value on a recurring basis. The fair value of residential MSRs is based on discounted cash flow analyses and can vary significantly quarter to quarter as market conditions and projected interest rates change. We provide disclosure of the key economic assumptions used to measure residential MSRs, including a sensitivity analysis to adverse changes to these assumptions, in Note 9, "Goodwill and Other Intangible Assets," to the Consolidated Financial Statements in this Form 10-K. This sensitivity analysis does not take into account hedging activities discussed in the "Other Market Risk" section of this MD&A.

Overall, the financial impact of the level 3 financial instruments did not have a material impact on our liquidity or capital. Table 20 discloses assets and liabilities measured at fair value on a recurring basis that are classified as level 3 measurements.

Level 3 Assets and Liabilities **Table 20**

	December 31	
(Dollars in millions)	**2016**	2015
Assets:		
Trading assets and derivative instruments [1]	**$28**	$110
Securities AFS	**633**	556
LHFS	**12**	5
LHFI	**222**	257
MSRs	**1,572**	1,307
Total level 3 assets	**$2,467**	$2,235
Total assets	**$204,875**	$190,817
Total assets measured at fair value on a recurring basis	**42,073**	37,002
Level 3 assets as a % of total assets	**1.2%**	1.2%
Level 3 assets as a % of total assets measured at fair value on a recurring basis	**5.9%**	6.0%
Liabilities:		
Trading liabilities and derivative instruments	**$22**	$6
Other liabilities	**—**	23
Total level 3 liabilities	**$22**	$29
Total liabilities	**$181,257**	$167,380
Total liabilities measured at fair value on a recurring basis	**2,392**	2,259
Level 3 liabilities as a % of total liabilities	**—%**	—%
Level 3 liabilities as a % of total liabilities measured at fair value on a recurring basis	**0.9%**	1.3%

[1] Includes IRLCs.

Level 3 trading assets and derivative instruments decreased by $82 million during the year ended December 31, 2016, due primarily to the reduction of corporate and other debt securities that are not actively traded in the market. Level 3 securities AFS increased by $77 million during the year ended December 31, 2016, due primarily to the purchase of FHLB of Atlanta stock, offset partially by continued paydowns and sales on securities AFS. During the year ended December 31, 2016, we recognized $197 million in net gains through earnings related to trading and derivative assets and liabilities classified as level 3, due to $198 million in net IRLC related gains. See Note 18, "Fair Value Election and Measurement," to the Consolidated Financial Statements in this Form 10-K for a detailed discussion regarding level 2 and 3 financial instruments and valuation methodologies for each class of financial instruments.

Goodwill

At December 31, 2016, our reporting units with goodwill balances were Consumer Banking/ Private Wealth Management and Wholesale Banking. See Note 20, "Business Segment Reporting," to the Consolidated Financial Statements in this Form 10-K for further discussion of our reportable segments. We conduct a goodwill impairment test at the reporting unit level at least annually as of October 1, or more frequently as events occur or circumstances change that would more-likely-than-not reduce the fair value of a reporting unit below its carrying amount. Based on our annual goodwill impairment test at October 1, 2016, October 1, 2015, and September 30, 2014, we determined that each of our reporting units' fair values were in excess of their respective carrying values; therefore, no goodwill impairment was recognized. We also performed an interim goodwill analysis for the Wholesale Banking segment as of December 31, 2014, noting no goodwill impairment. Our analysis as of October 1, 2016 indicates that Wholesale Banking's fair value in excess of its carrying value increased relative to October 1, 2015.

In the analysis as of October 1, 2016, the carrying value of equity of the reporting units, as well as Corporate Other, was determined by allocating our total equity to each reporting unit based on RWA using our actual Tier 1 capital ratio as of the measurement date. Tier 1 capital was utilized as it most closely aligns with equity as reported under U.S. GAAP. Appropriate adjustments were made to each reporting unit's allocation using Tier 1 capital to conform with U.S. GAAP equity, namely for equity tied to goodwill and other intangible assets. Prior to 2015, the reporting units' carrying values were based on an equal weighting of regulatory capital and tangible equity relative to tangible assets. We moved to an approach based solely on regulatory capital as we view that approach to be a more objective measurement of the equity that a market participant would require to operate the reporting units.

The goodwill impairment analysis estimates the fair value of equity using discounted cash flow analyses. The inputs and assumptions specific to each reporting unit are incorporated in the valuations, including projections of future cash flows, discount rates, and an estimated long-term growth rate. We assess the reasonableness of the estimated fair value of the reporting units by comparing implied valuation multiples with valuation multiples from guideline companies and by comparing the aggregate estimated fair value of the reporting units to our market capitalization over a reasonable period of time. Significant and sustained declines in our market capitalization could be an indication of potential goodwill impairment.

Multi-year financial forecasts are developed for each reporting unit by considering several key business drivers such as new business initiatives, client service and retention standards, market share changes, anticipated loan and deposit growth, forward interest rates, historical performance, and industry and economic trends, among other considerations that a market participant would consider in valuing the reporting units. Discount rates are estimated based on the Capital Asset Pricing Model, which considers the risk-free interest rate, market risk premium, beta, size premiums, and idiosyncratic risk adjustments specific to a particular reporting unit. The discount rates are also calibrated based on risks related to the projected cash flows of each reporting unit.

The estimated fair values of the reporting units are highly sensitive to changes in these estimates and assumptions; therefore, in some instances, changes in these assumptions could impact whether the fair value of a reporting unit is greater than its carrying value. We perform sensitivity analyses around these assumptions in order to assess the reasonableness of the assumptions, and the resulting estimated fair values. Ultimately, potential future changes in these assumptions may impact the

estimated fair value of a reporting unit and cause the fair value of the reporting unit to be below its carrying value. Additionally, the carrying value of a reporting unit's equity could change based on market conditions, asset growth, preferred stock issuances, or the risk profile of those reporting units, which could impact whether or not the fair value of a reporting unit is less than carrying value.

Income Taxes

We are subject to income tax laws of the U.S., its states and municipalities where we conduct business. We estimate income tax expense based on amounts expected to be owed to these various tax jurisdictions. The estimated income tax expense or benefit is reported in the Consolidated Statements of Income.

Accrued taxes represent the net estimated amount due to or to be received from tax jurisdictions either currently or in the future and are reported in other liabilities on the Consolidated Balance Sheets. In estimating accrued taxes, we assess the appropriate tax treatment of transactions and filing positions after considering statutes, regulations, judicial precedent, and other pertinent information. The income tax laws are complex and subject to different interpretations by the taxpayer and the relevant government taxing authorities. Significant judgment is required in determining the tax accruals and in evaluating our tax positions, including evaluating uncertain tax positions. Changes in the estimate of accrued taxes occur periodically due to changes in tax rates, interpretations of tax laws, the status of examinations by the tax authorities, and newly enacted statutory, judicial, and regulatory guidance that could impact the relative merits and risks of tax positions. These changes, when they occur, impact tax expense and can materially affect our operating results. We review our tax positions quarterly and make adjustments to accrued taxes as new information becomes available.

Deferred income tax assets represent amounts available to reduce income taxes payable in future years. Such assets arise due to temporary differences between the financial reporting and the tax bases of assets and liabilities, as well as from NOL and tax credit carryforwards. We regularly evaluate the realizability of DTAs. A valuation allowance is recognized for a DTA if, based on the weight of available evidence, it is more-likely-than-not that some portion or all of the DTA will not be realized. In determining whether a valuation allowance is necessary, we consider the level of taxable income in prior years to the extent that carrybacks are permitted under current tax laws, as well as estimates of future pre-tax and taxable income and tax planning strategies that would, if necessary, be implemented. We currently maintain a valuation allowance for certain state carryforwards and certain other state DTAs. Since we expect to realize our remaining federal and state DTAs, no valuation allowance is deemed necessary against these DTAs at December 31, 2016. For additional information, refer to Note 14, "Income Taxes," to the Consolidated Financial Statements in this Form 10-K.

Employee Benefit Plans

We maintain various pension and other postretirement benefit plans for employees who meet certain requirements. Continued changes in the size and characteristics of the workforce or changes in the plan's design could result in a partial settlement of the pension plan. If lump sum payments were to exceed the total of interest cost and service cost for the year, settlement accounting would require immediate recognition through earnings of any net actuarial gain or loss recorded in AOCI based on the fair value of plan assets and plan obligations prior to settlement, and recognition of any related settlement costs.

On December 31, 2015, we refined the calculation of the service and interest cost components of net periodic benefit expense for pension and other postretirement benefit plans. Previously, we estimated service and interest cost components utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. Under the refined method, we utilized a full yield curve approach to estimate these components by applying specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. This change was made to more closely match the projected benefit cash flows and the corresponding yield curve spot rates, and to provide a more precise measurement of service and interest costs. This change had no impact on the measurement of our total benefit obligations recorded at December 31, 2015 or any other prior period. We accounted for this service and interest cost methodology refinement as a change in estimate that is inseparable from a change in accounting principle, and accordingly, recognized its effect prospectively beginning in 2016, which increased the total 2016 net periodic pension benefit by $19 million. The change in estimate favorably impacted both basic and diluted EPS by $0.04 per share for the year ended December 31, 2016. For additional information on our pension and other postretirement benefit plans see Note 15, "Employee Benefit Plans," to the Consolidated Financial Statements in this Form 10-K.

ENTERPRISE RISK MANAGEMENT

In the normal course of business, we are exposed to various risks. We have established an enterprise risk governance framework to identify and manage these risks and support key business objectives. Underlying this framework are limits, policies, metrics, processes, and procedures designed to effectively identify, monitor, and manage risk within the confines of our overall risk appetite.

The Board is responsible for oversight of enterprise risk governance. The BRC assists the Board in executing this responsibility. Administration of the framework and governance process is the responsibility of the CRO, who executes this responsibility through the ER organization. The CRO reports to the CEO, and provides overall vision, direction, and leadership regarding our enterprise risk management framework and risk management culture. Additionally, the CRO provides regular risk assessments to Executive Management, the BRC, other Board committees, and the full Board, as appropriate, and provides other information to Executive Management and the Board, as requested.

Our enterprise risk governance structure and processes are founded upon a risk management roles and responsibilities framework, which is critical to ensuring that risk in all activities is properly identified, assessed, and managed. The risk

management roles and responsibilities framework delineates accountabilities for Risk Takers/Owners; Risk Managers/ Administrators; Risk Oversight; and Risk Assurance. It establishes the need for effective teamwork and communication, combined with individual accountability within defined roles. The enterprise risk governance framework and risk management roles and responsibilities framework are foundational to our risk management culture and awareness, which are based upon strong risk leadership; risk ownership and accountability; comprehensive risk governance structure and strategy; a well-articulated risk appetite and associated limits; robust interaction and communication; effective challenge at all levels of the organization; talent management, supported by appropriate training; incorporation of risk considerations in performance, compensation, and consequence management; and sound technology and reporting.

- Risk Takers/Owners and Risk Managers/Administrators: Risk taking and risk administration activities are largely performed in the Business Segments, as well as within Functional Units executing select activities. Business Segments/Functions own and are accountable for the development and execution of business strategies that are aligned with the risk appetite, measures, and limits established by the Board, as well as the associated processes and controls. They are also responsible for accurate and timely identification, management, and reporting/escalation of existing and emerging risks.
- Risk Oversight: Oversight activities are performed by ER, together with Risk Program Owners across the enterprise and certain teammates within other Functions; these groups are responsible for independent governance and oversight of risk taking and risk mitigation activities relative to specific risks. Risk Program Owners represent areas of subject matter expertise relative to certain risks, including, but not limited to: Technology Risk, which among other things, encompasses information and cyber-security, Finance Risk Management, Human Resources, Third-Party Risk Management, Model Risk Management, Anti-Money Laundering/Bank Secrecy Act, FRB Regulation W Oversight, and Enterprise Data Oversight. Risk Oversight is responsible for developing appropriate risk management frameworks/programs that facilitate identification, reporting, assessment, control, mitigation, and communication of risk. It also monitors the Business Segments' and Corporate Functions' execution of these responsibilities. Risk Oversight frameworks/programs conform to applicable laws, rules, regulations, regulatory guidance, decrees and orders, and stated corporate business and risk objectives, including risk appetite, measures, and limits.
- Risk Assurance: Assurance activities are performed by SunTrust Audit Services and Credit Review, which independently test, verify, and evaluate management controls and provide risk-based advice and counsel to management to help develop and maintain a risk management culture that supports safety, soundness, and business objectives.

Enterprise Risk oversight is supported by a number of risk-focused senior management committees. These "enterprise governance committees" are responsible for ensuring effective risk measurement and management within their respective areas of authority, and include the ERC, ALCO, CC, and PMC.

- ERC is chaired by the CRO and supports the CRO in measuring and managing our aggregate risk profile.
- ALCO is chaired by the CFO, and provides management and oversight of market, liquidity, and balance sheet-related risks, and has the responsibility to manage those risks in relation to the profitability of the underlying businesses.
- CC is also chaired by the CFO and provides management and oversight of our capital actions and our enterprise stress analytics programs that, among other things, support our annual CCAR/DFAST submissions.
- PMC is chaired by the Wholesale Banking Executive and provides active portfolio management and oversight of balance sheet allocations to ensure that new asset originations, asset sales, and asset purchases meet our risk and business objectives. PMC also oversees progress towards long-term balance sheet objectives.

The CEO, CFO, and the CRO are members of each enterprise governance committee to promote a culture of consistency and communication. Additionally, other executive and senior officers are members of these committees based upon their responsibilities and subject matter expertise.

The CRO and, by extension, ER, establishes sound subsidiary risk frameworks, committee frameworks, policies, and processes that focus on identifying, measuring, analyzing, managing, and reporting the risks that we face. At its core, ER's objective is to deliver sophisticated risk management capabilities throughout the organization that:

- Align risk taking with the risk appetite targets established by the Board
- Identify, measure, analyze, manage, and report risk at the transaction, portfolio, and enterprise levels
- Support client facing businesses as they seek to balance risk taking with business and safety and soundness objectives
- Optimize decision making
- Promote sound processes and regulatory compliance
- Maximize shareholder value
- Support our purpose of *Lighting the Way to Financial Well-Being*, support our performance promise of *Leading the Movement for Financial Well-Being*, and conform to our guiding principles of *Client First*, *One Team*, *Executional Excellence*, and *Profitable Growth*

To achieve this objective, ER continually refines our risk governance structures, frameworks and management limits, policies, processes, and procedures to reflect changes in our operating environment and/or corporate goals and strategies. In terms of underwriting, ER Credit Risk seeks to mitigate risk through analysis of such things as a borrower's credit history; pertinent financial information, e.g., financial statements and tax returns, cash flow, and liquidity; and collateral value. Additionally, our loan products and underwriting elements are continuously reviewed and refined. Examples include client eligibility requirements, documentation requirements, loan

types, collateral types, LTV ratios, and minimum credit scores. Prior reviews have resulted in changes such as enhanced documentation standards, maximum LTV ratios and production channels, which contributed to material reductions in higher-risk exposures, such as higher-risk mortgage, home equity, and commercial construction loans, as well as a decline in early stage delinquencies and NPLs.

In practice, ER measures and oversees business execution and risk management along a number of primary risk dimensions: credit, market, liquidity, operational, and compliance. Other risks, such as legal, strategic, and reputational risk, which can arise from any corporate activity, are also monitored by ER and other Risk Program Owners. Subject matter experts directly supporting the CRO in the management/oversight of these risks include, but are not limited to the:

- Chief Credit Officer
- Chief Market and Liquidity Risk Officer
- EORO, who is also responsible for oversight of Risk Programs
- Chief Regulatory and Compliance Officer
- Wholesale Segment Chief Risk Officer
- Consumer and Private Wealth Management Segment Chief Risk Officer
- Residential Mortgage Segment Chief Risk Officer
- Enterprise Risk Services Officer
- Enterprise Model Risk Management Officer

Credit Review, an assurance function, reports directly to the BRC and administratively to the CRO.

Credit Risk Management

Credit risk refers to the potential for economic loss arising from the failure of clients to meet their contractual agreements on all credit instruments, including on-balance sheet exposures from loans, leases, and investment securities, as well as contingent exposures including unfunded commitments, letters of credit, credit derivatives, and counterparty risk under derivative products. As credit risk is an essential component of many of the products and services we provide to our clients, the ability to accurately measure and manage credit risk is integral to maintaining the long-run profitability and capital adequacy of our business. We commit to maintain and enhance a comprehensive credit system to meet business requirements and comply with evolving regulatory standards.

ER establishes and oversees adherence to the credit risk management governance frameworks and policies, independently measures, analyzes, and reports on portfolio and risk trends, and actively participates in the formulation of our credit strategies. Credit risk officers and supporting teammates within our lines of business are direct participants in the origination, underwriting, and ongoing management of credit. They work to promote an appropriate balance between our risk management and business objectives through adherence to established policies, procedures, and standards. Credit Review, one of our independent assurance functions, regularly assesses and reports on business unit and enterprise asset quality, and the integrity of our credit processes. Additionally, total borrower exposure limits and concentration risk are established and monitored. Credit risk may be mitigated through purchase of credit loss protection via third party insurance and/or use of credit derivatives such as CDS.

Borrower/counterparty (obligor) risk and facility risk is evaluated using our risk rating methodology, which is utilized in all lines of business. We use various risk models to estimate both expected and unexpected loss, which incorporates both internal and external default and loss experience. To the extent possible, we collect and use internal data to ensure the validity, reliability, and accuracy of our risk models used in default, severity, and loss estimation.

Operational Risk Management

We face ongoing and emerging risks and regulations related to the activities that surround the delivery of banking and financial products. Coupled with external influences such as market conditions, fraudulent activities, disasters, cyber-attacks and other security risks, country risk, vendor risk, and legal risk, the potential for operational and reputational loss remains elevated.

Our operations rely on computer systems, networks, the internet, digital applications, and the telecommunications and computer systems of third parties to perform business activities. The use of digital technologies introduces cyber-security risk that can manifest in the form of information theft, physical disruptions, criminal acts by individuals, groups, or nation states, and a client’s inability to access online services. We use a wide array of techniques to secure our operations and proprietary information such as Board approved policies and programs, network monitoring, access controls, dedicated security personnel, and defined insurance instruments, as well as consult with third-party data security experts.

To control cyber-security risk, we maintain an active information security program that conforms to FFIEC guidance. This information security program is aligned with our operational risks and is overseen by executive management, the Board, and our independent audit function. It continually monitors and evaluates threats, events, and the performance of its business operations and continually adapts and modifies its risk reduction activities accordingly. We also have a cyber liability insurance policy that provides us with coverage against certain losses, expenses, and damages associated with cyber risk.

Further, we recognize our role in the overall national payments system and we have adopted the National Institute of Standards and Technology Cyber Security Framework ("NIST CSF"). We also fully participate in the federally recognized financial sector information sharing organization structure, known as the Financial Services Information Sharing and Analysis Center ("FS-ISAC"). Digital technology is constantly evolving, and new and unforeseen threats and actions by others may disrupt operations or result in losses beyond our risk control thresholds. Although we invest substantial time and resources to manage and reduce cyber risk, it is not possible to completely eliminate this risk.

We believe that effective management of operational risk, defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events, plays a major role in both the level and the stability of our profitability. Our Enterprise Operational Risk Management ("EORM") function oversees an enterprise-wide framework intended to identify, assess, control, monitor, and report on

operational risks. These processes support our goals to minimize future operational losses and strengthen our performance by maintaining sufficient capital to absorb operational losses that are incurred.

Operational Risk Management is overseen by our EORO, who reports directly to the CRO. The operational risk governance structure includes an operational risk manager and support staff within each business segment and corporate function. These risk managers are responsible for oversight of risk management within their areas in compliance with ER's policies and procedures.

Market Risk Management

Market risk refers to potential losses arising from changes in interest rates, foreign exchange rates, equity prices, commodity prices, and other relevant market rates or prices. Interest rate risk, defined as the exposure of net interest income and MVE to changes in interest rates, is our primary market risk and mainly arises from the composition of our balance sheet. Variable rate loans, prior to any hedging related actions, were approximately 60% of total loans at December 31, 2016, and after giving consideration to hedging related actions, were approximately 47% of total loans. Approximately 3% of our variable rate loans at December 31, 2016 had coupon rates that were equal to a contractually specified interest rate floor. In addition to interest rate risk, we are also exposed to market risk in our trading instruments measured at fair value. Our ALCO meets regularly and is responsible for reviewing the asset/liability management and liquidity risk position of the Company in conformance with the established policies and limits designed to measure, monitor, and control market risk.

Market Risk from Non-Trading Activities

The primary goal of interest rate risk management is to control exposure to interest rate risk, within policy limits approved by the Board. These limits reflect our appetite for interest rate risk over both short-term and long-term horizons. No limit breaches occurred during the year ended December 31, 2016.

The major sources of our non-trading interest rate risk are timing differences in the maturity and repricing characteristics of assets and liabilities, changes in the shape of the yield curve, as well as the embedded optionality in our products and related customer behavior. We measure these risks and their impact by identifying and quantifying exposures through the use of sophisticated simulation and valuation models, which, as described in additional detail below, are employed by management to understand net interest income sensitivity and MVE sensitivity. These measures show that our interest rate risk profile is moderately asset sensitive at December 31, 2016.

MVE and net interest income sensitivity are complementary interest rate risk metrics and should be viewed together. Net interest income sensitivity captures asset and liability repricing differences for one year, inclusive of forecast balance sheet changes, and is considered a shorter term measure. MVE sensitivity captures the change in the discounted net present value of all on- and off-balance sheet items and is considered a longer term measure.

A positive net interest income sensitivity in a rising rate environment indicates that over the forecast horizon of one year, asset based interest income will increase more quickly than liability based interest expense due to balance sheet composition. A negative MVE sensitivity in a rising rate environment indicates that the value of financial assets will decrease more than the value of financial liabilities.

One of the primary methods that we use to quantify and manage interest rate risk is simulation analysis, which we use to model net interest income from assets, liabilities, and derivative positions under various interest rate scenarios and balance sheet structures. This analysis measures the sensitivity of net interest income over a two-year time horizon, which differs from the interest rate sensitivities in Table 21, which reflect a one-year time horizon. Key assumptions in the simulation analysis (and in the valuation analysis discussed below) relate to the behavior of interest rates and spreads, the changes in product balances, and the behavior of loan and deposit clients in different rate environments. This analysis incorporates several assumptions, the most significant of which relate to the repricing and behavioral fluctuations of deposits with indeterminate or non-contractual maturities.

As the future path of interest rates is not known, we use simulation analysis to project net interest income under various scenarios including implied forward, deliberately extreme, and other scenarios that are unlikely. The analyses may include rapid and gradual ramping of interest rates, rate shocks, basis risk analysis, and yield curve twists. Specific strategies are also analyzed to determine their impact on net interest income levels and sensitivities.

The sensitivity analysis presented in Table 21 is measured as a percentage change in net interest income due to instantaneous moves in benchmark interest rates. Estimated changes below are dependent upon material assumptions such as those previously discussed.

Net Interest Income Asset Sensitivity **Table 21**

	Estimated % Change in Net Interest Income Over 12 Months [1]	
	December 31, 2016	December 31, 2015
Rate Change		
+200 bps	**3.3%**	5.7%
+100 bps	**1.9%**	3.0%
-25 bps	**(0.6)%**	(1.2)%

[1] Estimated % change of net interest income is reflected on a non-FTE basis.

Net interest income asset sensitivity at December 31, 2016 decreased compared to December 31, 2015. This decrease resulted from growth in fixed rate assets and an increase in floating rate liabilities during 2016. See additional discussion related to net interest income in the "Net Interest Income/Margin" section of this MD&A.

We also perform valuation analyses, which we use for discerning levels of risk present in the balance sheet and derivative positions that might not be taken into account in the net interest income simulation horizon. Whereas a net interest income simulation highlights exposures over a relatively short time horizon, our valuation analysis incorporates all cash flows

over the estimated remaining life of all balance sheet and derivative positions.

The valuation of the balance sheet, at a point in time, is defined as the discounted present value of asset and derivative cash flows minus the discounted present value of liability cash flows, the net of which is referred to as MVE. The sensitivity of MVE to changes in the level of interest rates is a measure of the longer-term repricing risk and embedded optionality in the balance sheet. Similar to the net interest income simulation, MVE uses instantaneous changes in rates. However, MVE values only the current balance sheet and does not incorporate originations of new/replacement business or balance sheet growth that are used in the net interest income simulation model. As with the net interest income simulation model, assumptions about the timing and variability of balance sheet cash flows are critical in the MVE analysis. Significant MVE assumptions include those that drive prepayment speeds, expected changes in balances, and pricing of the indeterminate deposit portfolios.

At December 31, 2016, the MVE profile in Table 22 indicates a decline in net balance sheet value due to instantaneous upward changes in rates. This MVE sensitivity is reported for both upward and downward rate shocks.

Market Value of Equity Sensitivity **Table 22**

	Estimated % Change in MVE	
	December 31, 2016	December 31, 2015
Rate Change		
+200 bps	**(9.1)%**	(8.2)%
+100 bps	**(4.2)%**	(3.7)%
-25 bps	**0.8%**	0.7%

The increase in MVE sensitivity at December 31, 2016 compared to December 31, 2015 was due to higher balance sheet duration, driven primarily by changes in the size and composition of our securities AFS portfolio and to a lesser extent, higher long-term interest rates. The 10-year swap rate at December 31, 2016 increased 15 basis points to 2.34%, compared to 2.19% at December 31, 2015. While an instantaneous and severe shift in interest rates was used in this analysis to provide an estimate of exposure under these rate scenarios, we believe that a gradual shift in interest rates would have a much more modest impact.

Since MVE measures the discounted present value of cash flows over the estimated lives of instruments, the change in MVE does not directly correlate to the degree that earnings would be impacted over a shorter time horizon (i.e., the current year). Furthermore, MVE does not take into account factors such as future balance sheet growth, changes in product mix, changes in yield curve relationships, and changing product spreads that could mitigate the impact of changes in interest rates. The net interest income simulation and valuation analyses do not include actions that management may undertake to manage this risk in response to anticipated changes in interest rates.

Market Risk from Trading Activities

We manage market risk associated with trading activities using a comprehensive risk management approach, which includes VAR metrics, stress testing, and sensitivity analyses. Risk metrics are measured and monitored on a daily basis at both the trading desk and at the aggregate portfolio level to ensure exposures are in line with our risk appetite. Our risk measurement for covered positions takes into account trading exposures resulting from interest rate risk, equity risk, foreign exchange rate risk, credit spread risk, and commodity price risk.

For trading portfolios, VAR measures the estimated maximum loss from one or more trading positions, given a specified confidence level and time horizon. VAR results are monitored daily against established limits. For risk management purposes, our VAR calculation is based on a historical simulation and measures the potential trading losses using a one-day holding period at a one-tail, 99% confidence level. This means that, on average, trading losses could be expected to exceed VAR one out of 100 trading days or two to three times per year. Due to inherent VAR limitations, such as the assumption that past market behavior is indicative of future market performance, VAR is only one of several tools used to manage market risk. Other tools used to actively manage market risk include scenario analysis, stress testing, profit and loss attribution, and stop loss limits.

In addition to VAR, as required by the Market Risk Rule issued by the U.S. banking regulators, we calculate Stressed VAR, which is used as a component of the total market risk capital charge. We calculate the Stressed VAR risk measure using a ten-day holding period at a one-tail, 99% confidence level and employ a historical simulation approach based on a continuous twelve-month historical window selected to reflect a period of significant financial stress for our trading portfolio. The historical period used in the selection of the stress window encompasses all recent financial crises including the 2008-2009 global financial crisis. Our Stressed VAR calculation uses the same methodology and models as regular VAR, which is a requirement under the Market Risk Rule. Table 23 presents VAR and Stressed VAR for the year ended December 31, 2016 and 2015, as well as VAR by Risk Factor at December 31, 2016 and 2015.

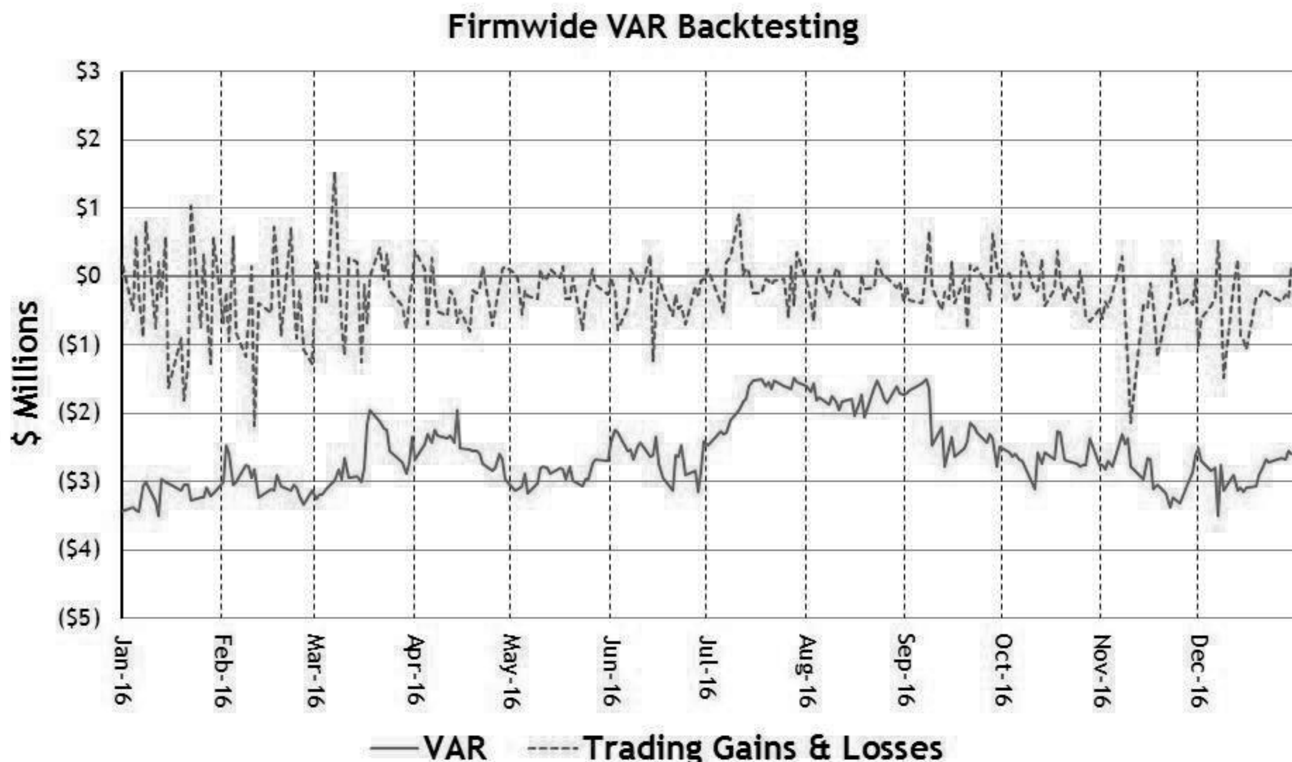
Value at Risk Profile **Table 23**

	Year Ended December 31	
(Dollars in millions)	**2016**	2015
VAR (1-day holding period):		
Period end	**$3**	$3
High	**4**	4
Low	**1**	2
Average	**3**	3
Stressed VAR (10-day holding period):		
Period end	**$37**	$23
High	**118**	104
Low	**8**	19
Average	**37**	51
VAR by Risk Factor at period end (1-day holding period):		
Equity risk	**$1**	$2
Interest rate risk	**2**	3
Credit spread risk	**5**	2
VAR total at period end (1-day diversified)	**3**	3

The trading portfolio, measured in terms of VAR, is predominantly comprised of four sub-portfolios of covered positions: (i) credit trading, (ii) fixed income securities, (iii) interest rate derivatives, and (iv) equity derivatives. The trading

portfolio also contains other sub-portfolios, including foreign exchange and commodities; however, these trading risk exposures are not material. Our covered positions originate primarily from underwriting, market making and associated risk mitigating hedging activity, and other services for our clients. As illustrated in Table 23, average daily VAR as well as period end VAR was unchanged for the year ended December 31, 2016 compared to the same period of 2015. Effective risk mitigating activities continued within our equity derivatives business, which contributed to a lower average Stressed VAR for the year ended December 31, 2016 compared to the same period of 2015. During the third and fourth quarters of 2016, increased client activity and investor demand following more favorable market conditions resulted in higher balance sheet usage within our credit trading portfolio, and consequentially, both credit spread risk VAR and Stressed VAR were higher at December 31, 2016 compared to December 31, 2015. The trading portfolio of covered positions did not contain any correlation trading positions or on- or off-balance sheet securitization positions in 2016 or 2015.

In accordance with the Market Risk Rule, we evaluate the accuracy of our VAR model through daily backtesting by comparing aggregate daily trading gains and losses (excluding fees, commissions, reserves, net interest income, and intraday trading) from covered positions with the corresponding daily VAR-based measures derived from the model. As illustrated in the following graph for the twelve months ended December 31, 2016, there were no firmwide VAR backtesting exceptions during this period. There was a near VAR backtest exception in November 2016, due largely to the post-election sell-off in U.S. bond markets, which impacted our fixed income and credit trading portfolios. The total number of VAR backtesting exceptions over the preceding 12 months is used to determine the multiplication factor for the VAR-based capital requirement under the Market Risk Rule. The capital multiplication factor increases from a minimum of three to a maximum of four, depending on the number of exceptions. There was no change in the capital multiplication factor over the preceding 12 months.



We have valuation policies, procedures, and methodologies for all covered positions. Additionally, trading positions are reported in accordance with U.S. GAAP and are subject to independent price verification. See Note 17, "Derivative Financial Instruments" and Note 18, "Fair Value Election and Measurement" to the Consolidated Financial Statements in this Form 10-K, as well as the "Critical Accounting Policies" MD&A section of this Form 10-K for discussion of valuation policies, procedures, and methodologies.

Model risk management: Our approach for validating and evaluating the accuracy of internal and external models, and associated processes, includes developmental and implementation testing as well as ongoing monitoring and maintenance performed by the various model developers in conjunction with model owners. The MRMG is responsible for the independent model validation for trading risk models. The validation typically includes evaluation of all model documentation, as well as model monitoring and maintenance plans. In addition, the MRMG performs its own independent

testing. We regularly review the performance of all trading risk models through our model monitoring and maintenance process to preemptively address emerging developments in financial markets, assess evolving modeling approaches, and to identify potential model enhancement.

Stress testing: We use a comprehensive range of stress testing techniques to help monitor risks across trading desks and to augment standard daily VAR and other risk limits reporting. The stress testing framework is designed to quantify the impact of extreme, but plausible, stress scenarios that could lead to large unexpected losses. Our stress tests include historical repeats and simulations using hypothetical risk factor shocks. All trading positions within each applicable market risk category (interest rate risk, equity risk, foreign exchange rate risk, credit spread risk, and commodity price risk) are included in our comprehensive stress testing framework. We review stress testing scenarios on an ongoing basis and make updates as necessary to ensure that both current and emerging risks are captured appropriately.

Trading portfolio capital adequacy: We assess capital adequacy on a regular basis, which is based on estimates of our risk profile and capital positions under baseline and stressed scenarios. Scenarios consider significant risks, including credit risk, market risk, and operational risk. Our assessment of capital adequacy arising from market risk includes a review of risk arising from material portfolios of covered positions. See the "Capital Resources" section in this MD&A for additional discussion of capital adequacy.

Liquidity Risk Management

Liquidity risk is the risk of being unable, at a reasonable cost, to meet financial obligations as they come due. We manage liquidity risk consistent with our ER management practices in order to mitigate our three primary liquidity risks: (i) structural liquidity risk, (ii) market liquidity risk, and (iii) contingent liquidity risk. Structural liquidity risk arises from our maturity transformation activities and balance sheet structure, which may create differences in the timing of cash inflows and outflows. Market liquidity risk, which we also describe as refinancing or refunding risk, constitutes the risk that we could lose access to the financial markets or the cost of such access may rise to undesirable levels. Contingent liquidity risk arises from rare and severely adverse liquidity events; these events may be idiosyncratic or systemic, or a combination thereof.

We mitigate these risks utilizing a variety of tested liquidity management techniques in keeping with regulatory guidance and industry best practices. For example, we mitigate structural liquidity risk by structuring our balance sheet prudently so that we fund less liquid assets, such as loans, with stable funding sources, such as consumer and commercial deposits, long-term debt, and capital. We mitigate market liquidity risk by maintaining diverse borrowing resources to fund projected cash needs and structuring our liabilities to avoid maturity concentrations. We test contingent liquidity risk from a range of potential adverse circumstances in our contingency funding scenarios. These scenarios inform the amount of contingent liquidity sources we maintain as a liquidity buffer to ensure we can meet our obligations in a timely manner under adverse contingent liquidity events.

Governance. We maintain a comprehensive liquidity risk governance structure in keeping with regulatory guidance and industry best practices. Our Board, through the BRC, oversees liquidity risk management and establishes our liquidity risk appetite via a set of cascading risk limits. The BRC reviews and approves risk policies to establish these limits and regularly reviews reports prepared by senior management to monitor compliance with these policies. The Board charges the CEO with determining corporate strategies in accordance with its risk appetite and the CEO is a member of our ALCO, which is the executive level committee with oversight of liquidity risk management. The ALCO regularly monitors our liquidity and compliance with liquidity risk limits, and also reviews and approves liquidity management strategies and tactics.

Management and Reporting Framework. Corporate Treasury, under the oversight of the ALCO, is responsible for managing consolidated liquidity risks we encounter in the course of our business. In so doing, Corporate Treasury develops and implements short-term and long-term liquidity management strategies, funding plans, and liquidity stress tests, and also monitors early warning indicators; all of which assist in identifying, measuring, monitoring, reporting, and managing our liquidity risks. Corporate Treasury primarily monitors and manages liquidity risk at the Parent Company and Bank levels as the non-bank subsidiaries are relatively small and ultimately rely upon the Parent Company as a source of liquidity in adverse environments. However, Corporate Treasury also monitors liquidity developments of, and maintains a regular dialogue with, our other legal entities.

MRM conducts independent oversight and governance of liquidity risk management activities. For example, MRM works with Corporate Treasury to ensure our liquidity risk management practices conform to applicable laws and regulations and evaluates key assumptions incorporated in our contingency funding scenarios.

Further, the internal audit function performs the risk assurance role for liquidity risk management. Internal audit conducts an independent assessment of the adequacy of internal controls, including procedural documentation, approval processes, reconciliations, and other mechanisms employed by liquidity risk management and MRM to ensure that liquidity risk is consistent with applicable policies, procedures, laws, and regulations.

LCR requirements under Regulation WW became effective for us on January 1, 2016. The LCR requires banking organizations to hold unencumbered high-quality liquid assets sufficient to withstand projected cash outflows under a prescribed liquidity stress scenario. Regulation WW was phased in as specified by the regulatory requirements and required that we maintain an LCR above 90% during 2016 and 100% beginning January 1, 2017. We have met LCR requirements within the regulatory timelines. At December 31, 2016, our LCR was above 90%, and our LCR is currently above the January 1, 2017 regulatory requirement of 100%.

On May 3, 2016, Federal banking regulators issued a joint proposed rule that would implement a stable funding

requirement, the net stable funding ratio, for large and internationally active banking organizations, and would modify certain definitions in the LCR Final Rule, which was finalized in September 2014. The proposed NSFR requirement seeks to (i) reduce vulnerability to liquidity risk in financial institution funding structures and (ii) promote improved standardization in the measurement, management and disclosure of liquidity risk. It would apply to the same large and internationally active banking organizations that are subject to the LCR rule, but with a broader focus. It seeks to require stable funding relative to each bank's entire balance sheet using a one-year time horizon rather than the LCR's short-term, 30-day stress test requirement. The proposed rule contains an implementation date of January 1, 2018.

On December 19, 2016 the Federal Reserve published a final rule implementing public disclosure requirements for bank holding companies subject to the LCR that will require them to publicly disclose quantitative and qualitative information regarding their respective LCR calculations on a quarterly basis. We will be required to begin disclosing elements under this final rule beginning on October 1, 2018.

Uses of Funds. Our primary uses of funds include the extension of loans and credit, the purchase of investment securities, working capital, and debt and capital service. The Bank and the Parent Company borrow from the money markets using instruments such as Fed funds, Eurodollars, and securities sold under agreements to repurchase. At December 31, 2016, the Bank retained a material cash position in its Federal Reserve account. The Parent Company also retains a material cash position in its Federal Reserve account in accordance with our policies and risk limits, discussed in greater detail below.

Sources of Funds. Our primary source of funds is a large, stable deposit base. Core deposits, predominantly made up of consumer and commercial deposits originated primarily from our retail branch network and Wholesale Banking client base, are our largest and most cost-effective source of funding. Total deposits increased to $160.4 billion at December 31, 2016, from $149.8 billion at December 31, 2015.

We also maintain access to diversified sources for both secured and unsecured wholesale funding. These uncommitted sources include Fed funds purchased from other banks, securities sold under agreements to repurchase, FHLB advances, and Global Bank Notes. Aggregate borrowings increased to $16.5 billion at December 31, 2016, from $13.1 billion at December 31, 2015. This increase in aggregate borrowings was due to growth in both lending activity and the high-quality, liquid asset portfolio.

As mentioned above, the Bank and Parent Company maintain programs to access the debt capital markets. The Parent Company maintains an SEC shelf registration from which it may issue senior or subordinated notes and various capital securities, such as common or preferred stock. Our Board has authorized the issuance of up to $5.0 billion of such securities, of which $3.0 billion of issuance capacity remained available at December 31, 2016. The Parent Company issued $1.0 billion of 5-year fixed rate senior public notes in both February and November of 2016, and an additional $17 million of notes in October 2016.

The Bank maintains a Global Bank Note program under which it may issue senior or subordinated debt with various terms. In May 2016, the Bank issued $750 million of 10-year fixed rate subordinated notes under this program. At December 31, 2016, the Bank retained $34.8 billion of remaining capacity to issue notes under the Global Bank Note program. See the "Recent Developments" section below for a description of issuances subsequent to December 31, 2016 under this program.

Our issuance capacity under these Bank and Parent Company programs refers to authorization granted by our Board, which is a formal program capacity and not a commitment to purchase by any investor. Debt and equity securities issued under these programs are designed to appeal primarily to domestic and international institutional investors. Institutional investor demand for these securities depends upon numerous factors, including, but not limited to, our credit ratings, investor perception of financial market conditions, and the health of the banking sector. Therefore, our ability to access these markets in the future could be impaired for either idiosyncratic or systemic reasons.

We assess liquidity needs that may occur in both the normal course of business and during times of unusual, adverse events, considering both on and off-balance sheet arrangements and commitments that may impact liquidity in certain business environments. We have contingency funding scenarios and plans that assess liquidity needs that may arise from certain stress events such as severe economic recessions, financial market disruptions, and credit rating downgrades. In particular, a ratings downgrade could adversely impact the cost and availability of some of our liquid funding sources. Factors that affect our credit ratings include, but are not limited to, the credit risk profile of our assets, the adequacy of our ALLL, the level and stability of our earnings, the liquidity profile of both the Bank and the Parent Company, the economic environment, and the adequacy of our capital base.

As illustrated in Table 24, Moody's, S&P, and Fitch all assigned a "Stable" outlook on our credit ratings based on our improved earnings profile, good asset quality performance, solid liquidity profile, and sound capital position. Future credit rating downgrades are possible, although not currently anticipated given these "Stable" credit rating outlooks.

Credit Ratings and Outlook **Table 24**

	December 31, 2016		
	Moody's	**S&P**	**Fitch**
SunTrust Banks, Inc.:			
Senior debt	Baa1	BBB+	A-
Preferred stock	Baa3	BB+	BB
SunTrust Bank:			
Long-term deposits	A1	A-	A
Short-term deposits	P-1	A-2	F1
Senior debt	Baal	A-	A-
Outlook	Stable	Stable	Stable

Our investment portfolio is a use of funds and we manage the portfolio primarily as a store of liquidity, maintaining the majority of our securities in liquid and high-grade asset classes,

such as agency MBS, agency debt, and U.S. Treasury securities; nearly all of these securities qualify as high-quality liquid assets under the U.S. LCR Final Rule. At December 31, 2016, our securities AFS portfolio contained $27.6 billion of unencumbered high-quality, liquid securities at market value.

As mentioned above, we evaluate contingency funding scenarios to anticipate and manage the likely impact of impaired capital markets access and other adverse liquidity circumstances. Our contingency plans also provide for continuous monitoring of net borrowed funds dependence and available sources of contingent liquidity. These sources of contingent liquidity include available cash reserves, the ability to sell, pledge, or borrow against unencumbered securities in our investment portfolio, the capacity to borrow from the FHLB system or the Federal Reserve discount window, and the ability to sell or securitize certain loan portfolios.

Table 25 presents period end and average balances of our contingent liquidity sources for 2016 and 2015. These sources exceed our contingent liquidity needs as measured in our contingency funding scenarios.

Contingent Liquidity Sources **Table 25**

	As of		Average for the Year Ended [1]	
(Dollars in billions)	**December 31, 2016**	December 31, 2015	**December 31, 2016**	December 31, 2015
Excess reserves	**$2.5**	$2.4	**$2.9**	$3.6
Free and liquid investment portfolio securities	**27.6**	23.9	**24.8**	23.1
Unused FHLB borrowing capacity	**21.8**	21.4	**22.1**	16.2
Unused discount window borrowing capacity	**17.0**	17.2	**17.2**	17.4
Total	**$68.9**	$64.9	**$67.0**	$60.3

[1] Average based upon month-end data, except excess reserves, which is based upon a daily average.

Parent Company Liquidity. Our primary measure of Parent Company liquidity is the length of time the Parent Company can meet its existing and forecasted obligations using its cash resources. We measure and manage this metric using forecasts from both normal and adverse conditions. Under adverse conditions, we measure how long the Parent Company can meet its capital and debt service obligations after experiencing material attrition of short-term unsecured funding and without the support of dividends from the Bank or access to the capital markets. In accordance with these risk limits established by ALCO and the Board, we manage the Parent Company's liquidity by structuring its net maturity schedule to minimize the amount of debt maturing within a short period of time. A majority of the Parent Company's liabilities are long-term in nature, coming from the proceeds of issuances of our capital securities and long-term senior and subordinated notes. See the "Borrowings" section of this MD&A, as well as Note 11, "Borrowings and Contractual Commitments," to the Consolidated Financial Statements in this Form 10-K for further information regarding our debt.

We manage the Parent Company to maintain most of its liquid assets in cash and securities that it can quickly convert into cash. Unlike the Bank, it is not typical for the Parent Company to maintain a material investment portfolio of publicly traded securities. We manage the Parent Company cash balance to provide sufficient liquidity to fund all forecasted obligations (primarily debt and capital service) for an extended period of months in accordance with our risk limits.

The primary uses of Parent Company liquidity include debt service, dividends on capital instruments, the periodic purchase of investment securities, loans to our subsidiaries, and common share repurchases. See further details of the authorized common share repurchases in the "Capital Resources" section of this MD&A and in Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities" in this Form 10-K. We fund corporate dividends with Parent Company cash, the primary sources of which are dividends from our banking subsidiary and proceeds from the issuance of debt and capital securities. We are subject to both state and federal banking regulations that limit our ability to pay common stock dividends in certain circumstances.

Recent Developments. In January 2017, we issued $1.0 billion of 3-year senior notes under our Global Bank Note program. The notes pay a fixed annual coupon rate of 2.25%. Also in January 2017, we issued $300 million of 3-year floating rate senior notes under our Global Bank Note program. The notes pay a floating coupon rate of 3-month LIBOR plus 53 basis points. We may call both issuances beginning on December 31, 2019, and they will mature on January 31, 2020. We used the proceeds from this offering for general corporate purposes.

Other Liquidity Considerations. At December 31, 2016, our liability for UTBs was $111 million and the liability for interest and penalties related to these UTBs was $8 million. The UTBs represent the difference between tax positions taken or expected to be taken in our tax returns and the benefits recognized in accordance with the accounting guidance for income taxes. If taxes related to these positions are ultimately paid, the payments would be made from our normal operating cash flows, likely over multiple years. See additional discussion in Note 14, "Income Taxes," to the Consolidated Financial Statements in this Form 10-K.

As presented in Table 26, we had an aggregate potential obligation of $88.6 billion to our clients in unused lines of credit at December 31, 2016. Commitments to extend credit are arrangements to lend to clients who have complied with predetermined contractual obligations. We also had $2.9 billion in letters of credit outstanding at December 31, 2016, most of which are standby letters of credit, which require that we provide funding if certain future events occur. Approximately $460 million of these letters supported variable rate demand

obligations at December 31, 2016. Unused commercial lines of credit have increased since December 31, 2015, as we continued to provide credit availability to our clients and grew our client relationships. Unused credit card lines increased since December 31, 2015 due to our strategic focus on growing this business and our launch of new, streamlined credit card product offerings in 2015. Additionally, our mortgage commitments increased since December 31, 2015 due to higher purchase and refinance production volume driven by the low interest rate environment.

Unfunded Lending Commitments **Table 26**

	As of		Average for the Three Months Ended	
(Dollars in millions)	**December 31, 2016**	December 31, 2015	**December 31, 2016**	December 31, 2015
Unused lines of credit:				
Commercial	**$59,803**	$58,855	**$58,865**	$58,032
Residential mortgage commitments [1]	**4,240**	3,232	**5,864**	3,641
Home equity lines	**10,336**	10,523	**10,353**	10,558
CRE [2]	**4,468**	4,455	**4,386**	4,111
Credit card	**9,798**	8,478	**9,726**	8,203
Total unused lines of credit	**$88,645**	$85,543	**$89,194**	$84,545
Letters of credit:				
Financial standby	**$2,777**	$2,775	**$2,716**	$2,758
Performance standby	**130**	137	**131**	140
Commercial	**19**	27	**19**	27
Total letters of credit	**$2,926**	$2,939	**$2,866**	$2,925

[1] Includes residential mortgage IRLCs with notional balances of $2.6 billion and $2.3 billion at December 31, 2016 and 2015, respectively.
[2] Includes commercial mortgage IRLCs and other commitments with notional balances of $395 million and $0 at December 31, 2016 and 2015, respectively.

Other Market Risk

Other sources of market risk include the risk associated with holding loans, securities designated for sale, and mortgage loan commitments, as well as the risk associated with our investment in servicing rights. We manage the risks associated with mortgage LHFS and our IRLCs on mortgage loans intended for sale. The mortgage LHFS and IRLCs consist of fixed and adjustable rate residential and commercial mortgage loans. The risk associated with mortgage LHFS and IRLCs is the potential change in interest rates between the time the customer locks the rate on the anticipated loan and the time the loan is sold, which is typically 30-150 days.

We manage interest rate risk predominantly with interest rate swaps, futures, and forward sale agreements, where the changes in value of the instruments substantially offset the changes in value of mortgage LHFS and IRLCs. IRLCs on mortgage loans intended for sale are classified as derivative instruments and are not designated for hedge accounting purposes.

All servicing rights are initially measured at the present value of future net cash flows that are expected to be received from the associated servicing portfolio. The initial value of servicing rights is highly dependent upon the assumed prepayment speed of the servicing portfolio, which is driven by the level of certain key interest rates, primarily the current 30-year mortgage rate. Future expected net cash flows from servicing a loan in the servicing portfolio would not be realized if the loan pays off earlier than anticipated.

We measure our residential MSRs at fair value on a recurring basis and actively hedge the change in fair value. Residential MSRs totaled $1.6 billion and $1.3 billion at December 31, 2016 and 2015, respectively, and are managed within established risk limits and monitored as part of an established governance process.

We originated residential MSRs with fair values at the time of origination of $312 million and $238 million during 2016 and 2015, respectively. Additionally, we purchased residential MSRs with fair values of approximately $200 million and $109 million during 2016 and 2015, respectively.

We recognized mark-to-market decreases in the fair value of the residential MSR portfolio of $245 million and $242 million during 2016 and 2015, respectively. Changes in fair value include the decay resulting from the realization of monthly net servicing cash flows. We recognized net losses related to residential MSRs, inclusive of decay and related hedges, of $175 million and $172 million during 2016 and 2015, respectively. All other servicing rights, which include commercial mortgage and consumer indirect loan servicing rights, are not measured at fair value on a recurring basis, and therefore, are not subject to the same market risks associated with residential MSRs.

We held a total net book value of approximately $21 million and $30 million of non-public equity exposures (direct investments) and other equity-related investments at December 31, 2016 and 2015, respectively. We generally hold these investments as long-term investments. If conditions in the market deteriorate, these long-term investments and other assets could incur impairment charges, including, but not limited to, goodwill and other intangible assets.

OFF-BALANCE SHEET ARRANGEMENTS

In the ordinary course of business we engage in certain activities that are not reflected in our Consolidated Balance Sheets, generally referred to as "off-balance sheet arrangements." These activities involve transactions with unconsolidated VIEs as well as other arrangements, such as commitments and guarantees, to meet the financing needs of our customers and to support ongoing operations. Additional information regarding these types of activities is included in the "Liquidity Risk Management" section of this MD&A, as well as in Note 10, "Certain Transfers of Financial Assets and Variable Interest Entities," Note 11, "Borrowings and Contractual Commitments," and Note 16, "Guarantees," to the Consolidated Financial Statements in this Form 10-K.

Contractual Obligations

In the normal course of business, we enter into certain contractual obligations, including obligations to make future payments on our borrowings, partnership investments, and lease arrangements, as well as commitments to lend to clients and to fund capital expenditures and service contracts. Table 27 presents our significant contractual obligations at December 31, 2016, except for UTBs (discussed below), short-term borrowings (presented in the "Borrowings" section of this MD&A), and pension and other postretirement benefit plans, disclosed in Note 15, "Employee Benefit Plans," to the Consolidated Financial Statements in this Form 10-K. For additional information regarding our unfunded lending commitments, time deposits, operating leases, and long-term debt, refer to the "Liquidity Risk Management" and "Deposits" sections of this MD&A, as well as Note 8, "Premises and Equipment," and Note 11, "Borrowings and Contractual Commitments," to the Consolidated Financial Statements in this Form 10-K.

At December 31, 2016, we had UTBs of $111 million, which represent a reserve for tax positions that we have taken or expect to be taken in our tax returns, and which ultimately may not be sustained upon examination by taxing authorities. Since the ultimate amount and timing of any future tax settlements are uncertain, UTBs have been excluded from Table 27. See additional discussion in Note 14, "Income Taxes," to the Consolidated Financial Statements in this Form 10-K.

Table 27

	Payments Due by Period at December 31, 2016				
(Dollars in millions)	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**	**Total**
Contractual Obligations:					
Unfunded lending commitments	**$26,057**	**$22,513**	**$31,007**	**$11,994**	**$91,571**
Consumer and other time deposits [1]	**3,893**	**2,876**	**1,586**	**1,112**	**9,467**
Brokered time deposits [1]	**161**	**277**	**363**	**123**	**924**
Foreign deposits [1]	**610**	**—**	**—**	**—**	**610**
Long-term debt [1, 2]	**1,789**	**2,933**	**3,192**	**3,848**	**11,762**
Operating leases	**205**	**372**	**307**	**727**	**1,611**
Purchase obligations [3]	**497**	**42**	**26**	**219**	**784**
Commitments to fund partnership investments [4]	**563**	**—**	**—**	**—**	**563**
Total	**$33,775**	**$29,013**	**$36,481**	**$18,023**	**$117,292**

[1] Amounts do not include interest.

[2] Amounts do not include related debt issuance costs.

[3] For legally binding purchase obligations of $5 million or more, amounts include either termination fees under the associated contracts when early termination provisions exist, or the total potential obligation over the full contractual term for noncancelable purchase obligations. Payments made towards the purchase of goods or services under these contracts totaled $236 million in 2016.

[4] Commitments to fund investments in affordable housing and other partnerships do not have defined funding dates as certain criteria must be met before we are obligated to fund. Accordingly, these commitments are considered to be due on demand for presentation purposes. See Note 10, "Certain Transfers of Financial Assets and Variable Interest Entities," to the Consolidated Financial Statements in this Form 10-K for additional information.

BUSINESS SEGMENTS

Table 28 presents net income/(loss) for our reportable business segments:

Net Income/(Loss) by Business Segment **Table 28**

	Year Ended December 31		
(Dollars in millions)	**2016**	2015	2014
Consumer Banking and Private Wealth Management	**$684**	$729	$671
Wholesale Banking	**867**	952	896
Mortgage Banking	**183**	287	(52)
Corporate Other	**161**	190	437
Reconciling Items [1]	**(17)**	(225)	(178)
Total Corporate Other	**144**	(35)	259
Consolidated Net Income	**$1,878**	$1,933	$1,774

[1] Includes differences between net income/(loss) reported for each business segment using management accounting practices and U.S. GAAP. Prior period information has been restated to reflect changes in internal reporting methodology. See additional information in Note 20, "Business Segment Reporting," to the Consolidated Financial Statements in this Form 10-K.

Table 29 presents average loans and average deposits for our reportable business segments during the years ended December 31:

Average Loans and Deposits by Business Segment **Table 29**

	Average Loans			Average Consumer and Commercial Deposits		
(Dollars in millions)	**2016**	2015	2014	**2016**	2015	2014
Consumer Banking and Private Wealth Management	**$42,723**	$40,614	$41,702	**$95,875**	$91,104	$86,046
Wholesale Banking	**71,605**	67,872	62,627	**55,293**	50,379	43,569
Mortgage Banking	**26,726**	25,024	26,494	**2,969**	2,679	2,333
Corporate Other	**64**	48	51	**52**	40	64

See Note 20, “Business Segment Reporting,” to the Consolidated Financial Statements in this Form 10-K for a discussion of our segment structure, basis of presentation, and internal management reporting methodologies, including the reclassification of RidgeWorth results from the Wholesale Banking segment to Corporate Other in 2014.

BUSINESS SEGMENT RESULTS

Year Ended December 31, 2016 vs. 2015

Consumer Banking and Private Wealth Management

Consumer Banking and Private Wealth Management reported net income of $684 million for the year ended December 31, 2016, a decrease of $45 million, or 6%, compared to 2015. The decrease was driven primarily by higher provision for credit losses and higher noninterest expense, offset partially by higher net interest income.

Net interest income was $2.9 billion, an increase of $128 million, or 5%, compared to 2015, driven primarily by growth in average loan and deposit balances, favorable deposit mix, and improved loan spreads, offset partially by lower deposit spreads. Net interest income related to deposits increased $71 million, or 4%, driven by a $4.8 billion, or 5%, increase in average deposit balances. Favorable deposit mix trends continued as average deposit balances increased in all lower cost product categories. Net interest income related to loans increased $60 million, or 6%, driven by a $2.1 billion, or 5%, increase in average loans. Loan growth was driven by consumer direct, student loan, indirect auto loans, and credit card categories, offset by declines in consumer mortgage and home equity.

Provision for credit losses was $185 million, an increase of $48 million, or 35%, compared to 2015. The increase was driven largely by higher net charge-offs and loan growth.

Total noninterest income was $1.5 billion, a decrease of $35 million, or 2%, compared to 2015. The decrease was driven primarily by declines in wealth management-related income due to lower transactional volumes and certain asset impairment charges recognized in 2016, offset partially by increased service charges on deposits and higher card fee and ATM fee income.

Total noninterest expense was $3.1 billion, an increase of $117 million, or 4%, compared to 2015. The increase was driven by higher corporate support costs, increased occupancy expense, operating losses, and other noninterest expense categories.

Wholesale Banking

Wholesale Banking reported net income of $867 million for the year ended December 31, 2016, a decrease of $85 million, or 9%, compared to 2015. The decrease in net income was

attributable to increases in the provision for credit losses and noninterest expense, offset partially by higher net interest income and noninterest income.

Net interest income was $2.0 billion, an increase of $66 million, or 3%, compared to 2015, driven primarily by higher average deposit balances. Deposit-related net interest income increased $53 million as average deposit balances grew $4.9 billion, or 10%, driven primarily by the combined interest-bearing transaction and money market accounts, which increased $4.7 billion, or 17%. Average loans grew $3.7 billion, or 6%, led primarily by growth in C&I loans; however, net interest income growth related to loans was mitigated due to lower loan spreads.

Provision for credit losses was $272 million, an increase of $135 million, compared to 2015. The increase was due primarily to higher energy-related charge-offs and loan growth.

Total noninterest income was $1.2 billion, an increase of $54 million, or 5%, compared to 2015. The increase was driven primarily by higher investment banking and trading revenues, which increased $33 million and $44 million, respectively. These increases were offset partially by declines in card services with higher rebate expense, operating lease revenue, and gains on sale of leases.

Total noninterest expense was $1.7 billion, an increase of $142 million, or 9%, compared to 2015. The increase was due primarily to higher employee compensation attributable to improved revenue performance and ongoing investments in talent, higher expenses associated with our new market tax credit investments, and increased investments in technology.

Mortgage Banking

Mortgage Banking reported net income of $183 million for the year ended December 31, 2016, a decrease of $104 million, or 36%, compared to 2015. The $104 million decrease was due to a lower benefit from credit losses, higher noninterest expense, and lower net interest income, offset partially by higher noninterest income.

Net interest income was $448 million, a decrease of $35 million, or 7%, compared to 2015. The decrease was primarily due to lower net interest income on loans, offset partially by higher net interest income on deposits and LHFS. Net interest income on loans decreased $46 million, or 13%, due to lower spreads on residential mortgages, offset partially by a $1.7 billion, or 7%, increase in average loan balances. Net interest income on deposits increased $10 million, or 15%, driven by a $290 million, or 11%, increase in average total deposit balances and higher spreads. Additionally, net interest income on LHFS increased $4 million due to a $498 million, or 28%, increase in average balances, partially offset by lower spreads.

Provision for credit losses was a benefit of $13 million, a decrease of $97 million, or 88%, compared to 2015 due to a moderating benefit from asset quality improvements.

Total noninterest income was $559 million, an increase of $99 million, or 22%, compared to 2015. The increase was driven by higher mortgage production and servicing income. Mortgage production-related income increased $96 million compared to 2015, due to higher production volume and higher gain on sale margins. Loan originations were $29.4 billion, an increase of $6.6 billion, or 29%, compared to 2015. Mortgage servicing-related income was $189 million, an increase of $19 million, or 12%, compared to 2015. The increase was driven primarily by higher servicing fees and favorable net hedge performance, offset partially by higher decay expense. Total loans serviced for others were $129.6 billion at December 31, 2016, compared to $121.0 billion at December 31, 2015, an increase of 7%.

Total noninterest expense was $732 million, an increase of $51 million, or 7%, compared to 2015. The increase was due primarily to a $44 million increase in operating losses from the favorable resolution of legacy mortgage-related matters in the prior year.

Corporate Other

Corporate Other net income was $161 million for the year ended December 31, 2016, a decrease of $29 million, or 15%, compared to 2015. The decrease in net income was primarily due to net interest income.

Net interest income was $98 million, a decrease of $52 million, or 35%, compared to 2015. The decrease was driven primarily by lower spreads on MBS and lower swap-related income. Average long-term debt decreased $175 million, or 2%, and average short-term borrowings decreased $349 million, or 18%, compared to 2015, driven by balance sheet management activities.

Total noninterest income was $136 million, an increase of $1 million, or 1%, compared to 2015. The increase was driven primarily by the gain on the sale-leaseback of one of our office buildings during the current period, offset partially by certain gains recognized in 2015, including gains from the disposition of the affordable housing partnership, $16 million of gains related to the sale of securities, and $14 million of trading income related to the mark-to-market valuation.

Total noninterest expense increased $1 million compared to the $4 million expense reported during 2015.

Year Ended December 31, 2015 vs. 2014

Consumer Banking and Private Wealth Management

Consumer Banking and Private Wealth Management reported net income of $729 million for the year ended December 31, 2015, an increase of $58 million, or 9%, compared to 2014. The increase in net income was driven primarily by an increase in net interest income and lower provision for credit losses.

Net interest income was $2.7 billion, an increase of $100 million, or 4%, compared to 2014, driven primarily by growth in average deposit balances and improved loan spreads, offset partially by lower deposit spreads and a decline in average loan balances. Net interest income related to deposits increased $58 million, or 3%, driven by a $5.1 billion, or 6%, increase in average deposit balances. Favorable deposit mix trends continued as average deposit balances increased in all lower cost product categories, offsetting a $1.4 billion, or 13%, decline in average time deposits, contributing to a two basis point decline in the overall rate paid on average deposits. Net interest income related to loans increased $27 million, or 3%, driven by an overall 13 basis point increase in loan spreads, offset partially by a $1.1 billion, or 3%, decrease in average loan balances. Declines in student and indirect auto loans were driven by portfolio sales and the securitization of indirect auto loans in 2015, in addition to home equity and consumer mortgage loan attrition. These decreases were offset partially by growth primarily within the

consumer direct loans, personal credit lines, and credit cards categories.

Provision for credit losses was $137 million, a decrease of $54 million, or 28%, compared to 2014. The decrease was driven largely by lower net charge-offs related to continued strong asset quality.

Total noninterest income was $1.5 billion, a decrease of $20 million, or 1%, compared to 2014. The decrease was driven largely by declines in service charges on deposits (due to changes in client behavior) and lower trust and investment management income, offset partially by higher card fee income. Additionally, gains on loan portfolio sales were higher in 2015, compared to 2014.

Total noninterest expense was $2.9 billion, an increase of $35 million, or 1%, compared to 2014. The increase was driven by higher outside data processing expenses resulting from increased transaction volumes and higher utilization of outside vendors. Additionally, increases in various corporate support expenses, such as marketing and technology, were offset partially by decreases in staff expenses and operating losses.

Wholesale Banking

Wholesale Banking reported net income of $952 million for the year ended December 31, 2015, an increase of $56 million, or 6%, compared to 2014. The increase in net income was attributable to higher net interest income and noninterest income, offset partially by a higher provision for credit losses and noninterest expense.

Net interest income was $1.9 billion, an increase of $119 million, or 7%, compared to 2014, driven by increases in average loan and deposit balances, offset partially by lower loan and deposit spreads. Net interest income related to loans increased, as average loan balances grew $5.2 billion, or 8%, led by growth in C&I, CRE, and tax-exempt loans. Net interest income related to client deposits increased as average deposit balances grew $6.8 billion, or 16%, compared to 2014. Lower cost average demand deposits increased $425 million, or 2%, and average combined interest-bearing transaction and money market accounts increased $6.5 billion, or 32%, while average CD balances declined approximately $165 million. Enhancements we made to our treasury and payment products, in conjunction with our client liquidity specialists, contributed to our deposit growth momentum.

Provision for credit losses was $137 million, an increase of $66 million, compared to 2014. The increase reflects loan growth and higher reserves related to energy exposures.

Total noninterest income was $1.2 billion, an increase of $117 million, or 11%, compared to 2014. The increase was primarily driven by a $57 million, or 14%, increase in investment banking income and an increase in leasing-related revenue attributable to impairment charges on aircraft leases recognized in 2014. These increases were partially offset by declines in trading revenues, letter of credit fees, net service charges on treasury related services, and other income.

Total noninterest expense was $1.6 billion, an increase of $78 million, or 5%, compared to 2014. The increase was primarily due to increases in employee compensation as we continue to invest in talent to meet our clients' needs and augment our capabilities, expense tied to new market tax credit investments, and outside processing expenses.

Mortgage Banking

Mortgage Banking reported net income of $287 million for the year ended December 31, 2015, compared to a net loss of $52 million in 2014. The increase in net income was driven by the impact of Form 8-K and other legacy mortgage-related items recognized in 2014 as well as declines in the provision for credit losses and noninterest expense in 2015, partially offset by lower net interest income in 2015.

Net interest income was $483 million, a decrease of $69 million, or 13%, compared to 2014. The decrease was predominantly due to lower net interest income on loans and LHFS. Net interest income on loans decreased $58 million, or 14%, due to a $1.5 billion, or 6%, decrease in average loan balances and lower spreads on residential mortgages. The decline in average loans was driven largely by the sale of government-guaranteed residential loans in the second and third quarters of 2014. Additionally, net interest income on LHFS decreased $6 million primarily due to lower spreads.

Provision for credit losses was a benefit of $110 million, resulting in a decrease of $191 million compared to 2014. The improvement was attributable primarily to continued improvement in asset quality.

Total noninterest income was $460 million, a decrease of $13 million, or 3%, compared to 2014. The decrease was driven primarily by gains on the sale of government-guaranteed residential loans in the second and third quarters of 2014 and a decline in mortgage servicing income, offset partially by higher mortgage production income. Mortgage servicing income was $169 million, a decrease of $27 million, or 14%, driven by higher prepayments, offset partially by higher servicing fees. Total loans serviced for others were $121.0 billion at December 31, 2015, compared to $115.5 billion at December 31, 2014. The 5% increase was largely attributable to the purchase of MSRs in 2015. Mortgage production related income increased $69 million, compared to 2014, due primarily to higher production volume and a decline in the repurchase provision. Loan originations were $22.7 billion for the year ended December 31, 2015, compared to $16.4 billion for 2014, an increase of $6.3 billion, or 38%. Other income decreased $53 million, driven predominantly by the aforementioned gains on the sale of government-guaranteed residential loans in 2014, offset partially by gains on loan sales in 2015.

Total noninterest expense was $681 million, a decline of $367 million, or 35%, compared to 2014. The decrease was primarily attributable to a $387 million decline in operating losses driven by mortgage-related legal matters recognized in 2014. In 2015, higher mortgage production volumes resulted in increases in staff expenses and outside processing costs and credit services, compared to 2014.

Corporate Other

Corporate Other net income for the year ended December 31, 2015 was $190 million, a decrease of $247 million, or 57%, compared to 2014. The decrease in net income was primarily due to the $105 million gain on the sale of RidgeWorth in 2014 and a decline in net interest income, offset partially by lower noninterest expenses.

Net interest income for the year ended December 31, 2015 was $150 million, a decrease of $128 million, or 46%, compared

to 2014. The decrease was primarily due to a $125 million decline in commercial loan-related swap income. Average long-term debt decreased $1.4 billion, or 13%, and average short-term borrowings decreased $3.7 billion, or 66%, compared to 2014, driven by balance sheet management activities.

Total noninterest income was $135 million, a decrease of $143 million, or 51%, compared to 2014. The decrease was due primarily to the gain on the sale of RidgeWorth in 2014, foregone trust and investment management income as a result of the sale of RidgeWorth, offset partially by higher mark-to-market valuation gains on our public debt carried at fair value. Additionally, 2015 included gains on the sale of securities AFS of $21 million compared to losses of $15 million on the sale of securities AFS in 2014.

Total noninterest expense was $4 million, a decline of $130 million compared to 2014. The decline in expense was due primarily to foregone expenses resulting from the sale of RidgeWorth, a reduction in severance cost compared to 2014, and lower allocated expenses. These declines were partially offset by the $25 million of debt extinguishment loss, net of related hedges, associated with balance sheet restructuring during 2015.

FOURTH QUARTER 2016 RESULTS

Quarter Ended December 31, 2016 vs. Quarter Ended December 31, 2015

We reported net income available to common shareholders of $448 million in the fourth quarter of 2016, a decrease of $19 million compared with the same period of the prior year. Earnings per average common diluted share were $0.90 for the fourth quarter of 2016, compared to $0.91 for the fourth quarter of 2015.

In the fourth quarter of 2016, net interest income was $1.4 billion, an increase of $96 million compared to the fourth quarter of 2015. The increase was driven by improvements in the net interest margin and growth in average earning assets. Net interest margin increased two basis points to 3.00% for the fourth quarter of 2016, compared to the same period in 2015, driven by higher earning asset yields as a result of an increase in benchmark interest rates and continued positive mix shift in the portfolio, partially offset by higher funding cost.

The provision for credit losses was $101 million in the fourth quarter of 2016, an increase of $50 million, or 98%, compared to the fourth quarter of 2015, due to higher net charge-offs.

Total noninterest income was $815 million for the fourth quarter of 2016, an increase of $50 million, or 7%, compared to the fourth quarter of 2015. The increase was driven by higher capital markets and mortgage production-related income, partially offset by declines in mortgage servicing and wealth management-related income.

Investment banking income increased $18 million in the fourth quarter of 2016, compared to the fourth quarter of 2015, which was driven by strong deal flow activity in syndicated finance. Trading income increased $16 million in the fourth quarter of 2016, compared to the fourth quarter of 2015, driven primarily by lower counterparty credit valuation reserves in connection with higher interest rates.

Trust and investment management income decreased $6 million in the fourth quarter of 2016, compared to the fourth quarter of 2015, due primarily to a decline in trust and institutional assets under management.

Mortgage production related income was $78 million in the fourth quarter of 2016, an increase of $25 million compared to the fourth quarter of 2015, due primarily to higher purchase and refinancing activity. Mortgage servicing income decreased $31 million compared to the fourth quarter of 2015 driven by lower net hedge performance and higher servicing asset decay expense.

Other noninterest income increased $32 million in the fourth quarter of 2016, compared to the fourth quarter of 2015, due primarily to higher client transaction activity within certain Wholesale Banking businesses (structured real estate and STCC) in the fourth quarter of 2016.

Total noninterest expense was $1.4 billion in the fourth quarter of 2016, an increase of $109 million compared to the fourth quarter of 2015. The increase compared to prior year was driven by increases across most expense categories, partially offset by lower outside processing and software expenses.

Employee compensation and benefits expense increased $72 million in the fourth quarter of 2016, compared to the fourth quarter of 2015, due primarily to higher compensation costs associated with improved business performance, ongoing investments in talent, and increased incentive compensation expense tied to the Company's stock price, which increased 28% compared to the prior year.

Outside processing and software expense was $209 million in the current quarter, compared to $222 million in the fourth quarter of 2015. The decrease was due primarily to a benefit recognized during the current quarter from a contract renegotiation with a key vendor.

Other noninterest expense increased $27 million compared to the fourth quarter of 2015, driven primarily by higher legal and consulting fees in response to regulatory and compliance initiatives and higher credit-related expenses recognized in the current quarter.

The income tax provision for the fourth quarter of 2016 was $193 million, compared to the fourth quarter of 2015 income tax provision of $185 million. The effective tax rate for the fourth quarter of 2016 was 29% compared to 28% in the fourth quarter of 2015.

Selected Financial Data and Reconcilement of Non-U.S. GAAP Measures

Table 30

(Dollars in millions and shares in thousands, except per share data)	Three Months Ended							
	2016				2015			
	December 31	**September 30**	**June 30**	**March 31**	December 31	September 30	June 30	March 31
Selected Quarterly Financial Data								
Summary of Operations:								
Interest income	**$1,492**	**$1,451**	**$1,424**	**$1,411**	$1,363	$1,333	$1,297	$1,272
Interest expense	**149**	**143**	**136**	**129**	117	122	130	132
Net interest income	**1,343**	**1,308**	**1,288**	**1,282**	1,246	1,211	1,167	1,140
Provision for credit losses	**101**	**97**	**146**	**101**	51	32	26	55
Net interest income after provision for credit losses	**1,242**	**1,211**	**1,142**	**1,181**	1,195	1,179	1,141	1,085
Noninterest income	**815**	**889**	**898**	**781**	765	811	874	817
Noninterest expense	**1,397**	**1,409**	**1,345**	**1,318**	1,288	1,264	1,328	1,280
Income before provision for income taxes	**660**	**691**	**695**	**644**	672	726	687	622
Provision for income taxes	**193**	**215**	**201**	**195**	185	187	202	191
Net income attributable to noncontrolling interest	**2**	**2**	**2**	**2**	3	2	2	2
Net income	**$465**	**$474**	**$492**	**$447**	$484	$537	$483	$429
Net income available to common shareholders	**$448**	**$457**	**$475**	**$430**	$467	$519	$467	$411
Net interest income-FTE [1]	**$1,377**	**$1,342**	**$1,323**	**$1,318**	$1,281	$1,247	$1,203	$1,175
Total revenue	**2,158**	**2,197**	**2,186**	**2,063**	2,011	2,022	2,041	1,957
Total revenue-FTE [1]	**2,192**	**2,231**	**2,221**	**2,099**	2,046	2,058	2,077	1,992
Net income per average common share:								
Diluted	**$0.90**	**$0.91**	**$0.94**	**$0.84**	$0.91	$1.00	$0.89	$0.78
Basic	**0.91**	**0.92**	**0.95**	**0.85**	0.92	1.01	0.90	0.79
Dividends paid per average common share	**0.26**	**0.26**	**0.24**	**0.24**	0.24	0.24	0.24	0.20
Book value per common share [2]	**45.38**	**46.63**	**46.14**	**44.97**	43.45	43.44	42.26	42.01
Tangible book value per common share [2, 3]	**32.95**	**34.34**	**33.98**	**32.90**	31.45	31.56	30.46	30.29
Market capitalization	**26,942**	**21,722**	**20,598**	**18,236**	21,793	19,659	22,286	21,450
Market price per common share:								
High	**$56.48**	**$44.61**	**$44.32**	**$42.04**	$45.24	$45.84	$44.69	$43.23
Low	**43.41**	**38.75**	**35.10**	**31.07**	36.79	37.09	40.40	36.52
Close	**54.85**	**43.80**	**41.08**	**36.08**	42.84	38.24	43.02	41.09
Selected Average Balances:								
Total assets	**$203,146**	**$201,476**	**$198,305**	**$193,014**	$189,656	$188,341	$188,310	$189,265
Earning assets	**182,475**	**180,523**	**178,055**	**174,189**	170,262	168,334	168,461	168,179
Loans	**142,578**	**142,257**	**141,238**	**138,372**	135,214	132,837	132,829	133,338
Consumer and commercial deposits	**157,996**	**155,313**	**154,166**	**149,229**	148,163	145,226	142,851	140,476
Intangible assets including MSRs	**7,654**	**7,415**	**7,543**	**7,569**	7,629	7,711	7,572	7,502
MSRs	**1,291**	**1,065**	**1,192**	**1,215**	1,273	1,352	1,223	1,152
Preferred stock	**1,225**	**1,225**	**1,225**	**1,225**	1,225	1,225	1,225	1,225
Total shareholders' equity	**24,044**	**24,410**	**24,018**	**23,797**	23,583	23,384	23,239	23,172
Average common shares - diluted	**497,055**	**500,885**	**505,633**	**509,931**	514,507	518,677	522,479	526,837
Average common shares - basic	**491,497**	**496,304**	**501,374**	**505,482**	508,536	513,010	516,968	521,020
Financial Ratios (Annualized):								
ROA	**0.91%**	**0.94%**	**1.00%**	**0.93%**	1.01%	1.13%	1.03%	0.92%
ROE [2]	**7.85**	**7.89**	**8.43**	**7.71**	8.32	9.34	8.54	7.63
ROTCE [2, 4]	**10.76**	**10.73**	**11.54**	**10.60**	11.49	12.95	11.88	10.64
Net interest margin	**2.93**	**2.88**	**2.91**	**2.96**	2.90	2.86	2.78	2.75
Net interest margin-FTE [1]	**3.00**	**2.96**	**2.99**	**3.04**	2.98	2.94	2.86	2.83
Efficiency ratio [5]	**64.74**	**64.13**	**61.53**	**63.89**	64.05	62.51	65.07	65.41
Efficiency ratio-FTE [1, 5]	**63.73**	**63.14**	**60.56**	**62.81**	62.96	61.44	63.92	64.23
Tangible efficiency ratio-FTE [1, 5, 6]	**63.08**	**62.54**	**60.05**	**62.33**	62.11	60.99	63.59	63.91
Total average shareholders' equity to total average assets	**11.84**	**12.12**	**12.11**	**12.33**	12.43	12.42	12.34	12.24
Tangible common equity to tangible assets [7]	**8.15**	**8.57**	**8.85**	**8.85**	8.67	8.98	8.65	8.61
Common dividend payout ratio	**28.5**	**28.2**	**25.3**	**28.2**	26.2	23.8	26.6	25.5

Capital Ratios at period end [8]:								
CET1	**9.59%**	**9.78%**	**9.84%**	**9.90%**	9.96%	10.04%	9.93%	9.89%
CET1 - fully phased-in	**9.43**	**9.66**	**9.73**	**9.77**	9.80	9.89	9.76	9.74
Tier 1 capital	**10.28**	**10.50**	**10.57**	**10.63**	10.80	10.90	10.79	10.76
Total capital	**12.26**	**12.57**	**12.68**	**12.39**	12.54	12.72	12.66	12.69
Leverage	**9.22**	**9.28**	**9.35**	**9.50**	9.69	9.68	9.56	9.41

Selected Financial Data and Reconcilement of Non-U.S. GAAP Measures (continued)

	Three Months Ended							
	2016				2015			
(Dollars in millions, except per share data)	**December 31**	**September 30**	**June 30**	**March 31**	December 31	September 30	June 30	March 31
Reconcilement of Non-U.S. GAAP Measures - Quarterly								
Net interest margin	**2.93%**	**2.88%**	**2.91%**	**2.96%**	2.90%	2.86%	2.78%	2.75%
Impact of FTE adjustment	**0.07**	**0.08**	**0.08**	**0.08**	0.08	0.08	0.08	0.08
Net interest margin-FTE [1]	**3.00%**	**2.96%**	**2.99%**	**3.04%**	2.98%	2.94%	2.86%	2.83%
Efficiency ratio [5]	**64.74%**	**64.13%**	**61.53%**	**63.89%**	64.05%	62.51%	65.07%	65.41%
Impact of FTE adjustment	**(1.01)**	**(0.99)**	**(0.97)**	**(1.08)**	(1.09)	(1.07)	(1.15)	(1.18)
Efficiency ratio-FTE [1, 5]	**63.73**	**63.14**	**60.56**	**62.81**	62.96	61.44	63.92	64.23
Impact of excluding amortization	**(0.65)**	**(0.60)**	**(0.51)**	**(0.48)**	(0.85)	(0.45)	(0.33)	(0.32)
Tangible efficiency ratio-FTE [1, 5, 6]	**63.08%**	**62.54%**	**60.05%**	**62.33%**	62.11%	60.99%	63.59%	63.91%
ROE [2]	**7.85%**	**7.89%**	**8.43%**	**7.71%**	8.32%	9.34%	8.54%	7.63%
Impact of removing average intangible assets (net of deferred taxes), other than MSRs and other servicing rights, from average common shareholders' equity	**2.91**	**2.84**	**3.11**	**2.89**	3.17	3.61	3.34	3.01
ROTCE [2, 4]	**10.76%**	**10.73%**	**11.54%**	**10.60%**	11.49%	12.95%	11.88%	10.64%
Net interest income	**$1,343**	**$1,308**	**$1,288**	**$1,282**	$1,246	$1,211	$1,167	$1,140
FTE adjustment	**34**	**34**	**35**	**36**	35	36	36	35
Net interest income-FTE [1]	**1,377**	**1,342**	**1,323**	**1,318**	1,281	1,247	1,203	1,175
Noninterest income	**815**	**889**	**898**	**781**	765	811	874	817
Total revenue-FTE [1]	**$2,192**	**$2,231**	**$2,221**	**$2,099**	$2,046	$2,058	$2,077	$1,992
Total shareholders' equity	**$23,618**	**$24,449**	**$24,464**	**$24,053**	$23,437	$23,664	$23,223	$23,260
Goodwill, net of deferred taxes [9]	**(6,086)**	**(6,089)**	**(6,091)**	**(6,094)**	(6,097)	(6,100)	(6,103)	(6,106)
Other intangible assets (including MSRs and other servicing rights), net of deferred taxes [10]	**(1,656)**	**(1,129)**	**(1,073)**	**(1,195)**	(1,322)	(1,279)	(1,412)	(1,193)
MSRs and other servicing rights	**1,638**	**1,124**	**1,067**	**1,189**	1,316	1,272	1,406	1,181
Tangible equity [7]	**17,514**	**18,355**	**18,367**	**17,953**	17,334	17,557	17,114	17,142
Noncontrolling interest	**(103)**	**(101)**	**(103)**	**(101)**	(108)	(106)	(108)	(106)
Preferred stock	**(1,225)**	**(1,225)**	**(1,225)**	**(1,225)**	(1,225)	(1,225)	(1,225)	(1,225)
Tangible common equity [2, 7]	**$16,186**	**$17,029**	**$17,039**	**$16,627**	$16,001	$16,226	$15,781	$15,811
Total assets	**$204,875**	**$205,091**	**$198,892**	**$194,158**	$190,817	$187,036	$188,858	$189,881
Goodwill	**(6,337)**	**(6,337)**	**(6,337)**	**(6,337)**	(6,337)	(6,337)	(6,337)	(6,337)
Other intangible assets, including MSRs and other servicing rights	**(1,657)**	**(1,131)**	**(1,075)**	**(1,198)**	(1,325)	(1,282)	(1,416)	(1,193)
MSRs and other servicing rights	**1,638**	**1,124**	**1,067**	**1,189**	1,316	1,272	1,406	1,181
Tangible assets	**$198,519**	**$198,747**	**$192,547**	**$187,812**	$184,471	$180,689	$182,511	$183,532
Tangible common equity to tangible assets [7]	**8.15%**	**8.57%**	**8.85%**	**8.85%**	8.67%	8.98%	8.65%	8.61%
Tangible book value per common share [2, 3]	**$32.95**	**$34.34**	**$33.98**	**$32.90**	$31.45	$31.56	$30.46	$30.29

Selected Financial Data and Reconcilement of Non-U.S. GAAP Measures (continued)

(Dollars in millions, except per share data)	Year Ended December 31				
	2016	2015	2014	2013	2012
Reconcilement of Non-U.S. GAAP Measures - Annual					
Net interest margin	**2.92%**	2.82%	2.98%	3.16%	3.32%
Impact of FTE adjustment	**0.08**	0.09	0.09	0.08	0.08
Net interest margin-FTE [1]	**3.00%**	2.91%	3.07%	3.24%	3.40%
Efficiency ratio [5, 11]	**63.55%**	64.24%	67.90%	72.28%	59.99%
Impact of FTE adjustment	**(1.00)**	(1.11)	(1.16)	(1.12)	(0.70)
Efficiency ratio-FTE [1, 5, 11]	**62.55**	63.13	66.74	71.16	59.29
Impact of excluding amortization	**(0.56)**	(0.49)	(0.30)	(0.27)	(0.43)
Tangible efficiency ratio-FTE [1, 5, 6, 11]	**61.99**	62.64	66.44	70.89	58.86
Impact of excluding Form 8-K and other legacy mortgage-related items	**—**	—	(3.10)	(5.62)	8.05
Adjusted tangible efficiency ratio-FTE [1, 5, 6, 11, 12]	**61.99%**	62.64%	63.34%	65.27%	66.91%
ROE [2]	**7.97%**	8.46%	8.10%	6.38%	9.61%
Impact of removing average intangible assets (net of deferred taxes), other than MSRs and other servicing rights, from average common shareholders' equity	**2.94**	3.29	3.39	2.98	4.69
ROTCE [2, 4]	**10.91%**	11.75%	11.49%	9.36%	14.30%
Net interest income	**$5,221**	$4,764	$4,840	$4,853	$5,102
FTE adjustment	**138**	142	142	127	123
Net interest income-FTE [1]	**5,359**	4,906	4,982	4,980	5,225
Noninterest income	**3,383**	3,268	3,323	3,214	5,373
Total revenue-FTE [1]	**8,742**	8,174	8,305	8,194	10,598
Impact of excluding Form 8-K items	**—**	—	(105)	63	(1,475)
Total adjusted revenue-FTE [1, 12]	**$8,742**	$8,174	$8,200	$8,257	$9,123
Net income available to common shareholders	**$1,811**	$1,863	$1,722	$1,297	$1,931
Impact of excluding Form 8-K and other legacy mortgage-related items	**—**	—	7	179	(753)
Adjusted net income available to common shareholders [12]	**$1,811**	$1,863	$1,729	$1,476	$1,178
Total revenue-FTE [1]	**$8,742**	$8,174	$8,305	$8,194	$10,598
Impact of excluding net securities gains/(losses)	**4**	21	(15)	2	1,974
Total revenue-FTE, excluding net securities gains/(losses) [1, 13]	**$8,738**	$8,153	$8,320	$8,192	$8,624
Noninterest income	**$3,383**	$3,268	$3,323	$3,214	$5,373
Impact of excluding Form 8-K items	**—**	—	(105)	63	(1,475)
Adjusted noninterest income [12]	**$3,383**	$3,268	$3,218	$3,277	$3,898
Noninterest expense [11]	**$5,468**	$5,160	$5,543	$5,831	$6,284
Impact of excluding Form 8-K and other legacy mortgage-related items	**—**	—	(324)	(419)	(134)
Adjusted noninterest expense [11, 12]	**$5,468**	$5,160	$5,219	$5,412	$6,150
Diluted net income per average common share	**$3.60**	$3.58	$3.23	$2.41	$3.59
Impact of excluding Form 8-K and other legacy mortgage-related items	**—**	—	0.01	0.33	(1.40)
Adjusted diluted net income per average common share [12]	**$3.60**	$3.58	$3.24	$2.74	$2.19
At December 31:					
Total shareholders' equity	**$23,618**	$23,437	$23,005	$21,422	$20,985
Goodwill, net of deferred taxes [9]	**(6,086)**	(6,097)	(6,123)	(6,183)	(6,206)
Other intangible assets (including MSRs and other servicing rights), net of deferred taxes [10]	**(1,656)**	(1,322)	(1,219)	(1,332)	(949)
MSRs and other servicing rights	**1,638**	1,316	1,206	1,300	899
Tangible equity [7]	**17,514**	17,334	16,869	15,207	14,729
Noncontrolling interest	**(103)**	(108)	(108)	(119)	(114)
Preferred stock	**(1,225)**	(1,225)	(1,225)	(725)	(725)
Tangible common equity [2, 7]	**$16,186**	$16,001	$15,536	$14,363	$13,890
Total assets	**$204,875**	$190,817	$190,328	$175,335	$173,442
Goodwill	**(6,337)**	(6,337)	(6,337)	(6,369)	(6,369)
Other intangible assets, including MSRs and other servicing rights	**(1,657)**	(1,325)	(1,219)	(1,334)	(956)
MSRs and other servicing rights	**1,638**	1,316	1,206	1,300	899
Tangible assets	**$198,519**	$184,471	$183,978	$168,932	$167,016
Tangible common equity to tangible assets [7]	**8.15%**	8.67%	8.44%	8.50%	8.32%
Tangible book value per common share [2, 3]	**$32.95**	$31.45	$29.62	$26.79	$25.77

Selected Financial Data and Reconcilement of Non-U.S. GAAP Measures (continued)

Reconciliation of fully phased-in CET1 Ratio [8]	December 31, 2016	December 31, 2015
CET1	**9.59%**	9.96%
Less:		
MSRs	**(0.13)**	(0.12)
Other [14]	**(0.03)**	(0.04)
CET1 - fully phased-in	**9.43%**	9.80%

(Dollars in millions)

Reconciliation of Pre-Provision Net Revenue ("PPNR") [15]	Year Ended December 31, 2016
Income before provision for income taxes	**$2,692**
Provision for credit losses	**444**
Less:	
Net securities gains	**4**
PPNR	**$3,132**

[1] We present net interest income-FTE, total revenue-FTE, net interest margin-FTE, efficiency ratio-FTE, and tangible efficiency ratio-FTE on a fully taxable-equivalent ("FTE") basis. The FTE basis adjusts for the tax-favored status of net interest income from certain loans and investments using a federal tax rate of 35% and state income taxes, where applicable, to increase tax-exempt interest income to a taxable-equivalent basis. We believe the FTE basis is the preferred industry measurement basis for these measures and that it enhances comparability of net interest income arising from taxable and tax-exempt sources. Total revenue-FTE is calculated as net interest income-FTE plus noninterest income. Net interest margin-FTE is calculated by dividing annualized net interest income-FTE by average total earning assets.

[2] Beginning January 1, 2016, noncontrolling interest was removed from common shareholders' equity in these calculations to provide more accurate measures of our return on common shareholders' equity and book value per common share. Prior period amounts have been updated for consistent presentation.

[3] We present tangible book value per common share, which removes the after-tax impact of purchase accounting intangible assets, noncontrolling interest, and preferred stock from shareholders' equity. We believe this measure is useful to investors because, by removing the amount of intangible assets that result from merger and acquisition activity, and removing the amounts of noncontrolling interest and preferred stock that do not represent our common shareholders' equity, it allows investors to more easily compare our capital position to other companies in the industry.

[4] We present ROTCE, which removes the after-tax impact of purchase accounting intangible assets from average common shareholders' equity and removes the related intangible asset amortization from net income available to common shareholders. We believe this measure is useful to investors because, by removing the amount of intangible assets that result from merger and acquisition activity and related amortization expense (the level of which may vary from company to company), it allows investors to more easily compare our ROTCE to other companies in the industry who present a similar measure. We also believe that removing these items provides a more relevant measure of our return on common shareholders' equity. This measure is utilized by management to assess our profitability.

[5] Efficiency ratio is computed by dividing noninterest expense by total revenue. Efficiency ratio-FTE is computed by dividing noninterest expense by total revenue-FTE.

[6] We present tangible efficiency ratio-FTE and adjusted tangible efficiency ratio-FTE, which exclude amortization related to intangible assets and certain tax credits. We believe these measures are useful to investors because, by removing the impact of amortization (the level of which may vary from company to company), it allows investors to more easily compare our efficiency to other companies in the industry. Tangible efficiency ratio-FTE is utilized by management to assess our efficiency and that of our lines of business.

[7] We present certain capital information on a tangible basis, including tangible equity, tangible common equity, and the ratio of tangible common equity to tangible assets, which removes the after-tax impact of purchase accounting intangible assets. We believe these measures are useful to investors because, by removing the amount of intangible assets that result from merger and acquisition activity (the level of which may vary from company to company), it allows investors to more easily compare our capital position to other companies in the industry. These measures are utilized by management to analyze capital adequacy.

[8] Basel III Final Rules became effective for us on January 1, 2015. The CET1 ratio on a fully phased-in basis at December 31, 2016 and 2015 is estimated and is presented to provide investors with an indication of our capital adequacy under the future CET1 requirements, which will apply to us beginning on January 1, 2018.

[9] Net of deferred tax liabilities of $251 million, $248 million, $246 million, and $243 million at December 31, 2016, September 30, 2016, June 30, 2016, and March 31, 2016, respectively. Net of deferred tax liabilities of $240 million, $237 million, $234 million, and $231 million at December 31, 2015, September 30, 2015, June 30, 2015, and March 31, 2015, respectively.Net of deferred tax liabilities of $214 million, $186 million, and $163 million at December 31, 2014, 2013, 2012, respectively.

[10] Net of deferred tax liabilities of $1 million, $2 million, $2 million, and $3 million at December 31, 2016, September 30, 2016, June 30, 2016, and March 31, 2016, respectively. Net of deferred tax liabilities of $3 million, $4 million, $4 million, and $0 million at December 31, 2015, September 30, 2015, June 30, 2015, and March 31, 2015, respectively. Net of deferred tax liabilities of $0 million, $2 million, and $7 million at December 31, 2014, 2013, and 2012, respectively.

[11] Amortization expense related to qualified affordable housing investment costs is recognized in provision for income taxes for all periods presented as allowed by an accounting standard adopted in 2014. Prior to the first quarter of 2014, these amounts were recognized in other noninterest expense, and therefore, for comparative purposes, $49 million and $39 million of amortization expense was reclassified to provision for income taxes for the years ended December 31, 2013 and 2012, respectively.

[12] We present certain income statement categories and also total adjusted revenue-FTE, adjusted noninterest income, adjusted noninterest expense, adjusted diluted net income per average common share, adjusted net income available to common shareholders, and adjusted tangible efficiency ratio-FTE, excluding Form 8-K items and other legacy mortgage-related items. We believe these measures are useful to investors because it removes the effect of material items impacting the periods' results and is more reflective of normalized operations as it reflects results that are primarily client relationship and client transaction driven. Removing these items also allows investors to compare our results to other companies in the industry that may not have had similar items impacting their results. Additional detail on certain of these items can be found in the Form 8-Ks filed with the SEC on January 5, 2015, September 9, 2014, July 3, 2014, and October 10, 2013.

[13] We present total revenue-FTE excluding net securities gains/(losses). We believe that revenue without net securities gains/(losses) is more indicative of our performance because it isolates income that is primarily client relationship and client transaction driven and is more indicative of normalized operations.

[14] Primarily includes the deduction from capital of certain carryforward DTAs, the overfunded pension asset, and other intangible assets.

[15] We present the reconciliation of PPNR because it is a performance metric utilized by management and in certain of our compensation plans. PPNR impacts the level of awards if certain thresholds are met. We believe this measure is useful to investors because it allows investors to compare our PPNR to other companies in the industry who present a similar measure.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See the “Enterprise Risk Management” section of the MD&A in this Form 10-K, which is incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of SunTrust Banks, Inc.

We have audited the accompanying consolidated balance sheets of SunTrust Banks, Inc. (the Company) as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of SunTrust Banks, Inc. at December 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), SunTrust Banks, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 24, 2017 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Atlanta, Georgia
February 24, 2017

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of SunTrust Banks, Inc.

We have audited SunTrust Banks, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). SunTrust Banks, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, SunTrust Banks, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of SunTrust Banks, Inc. as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2016 and our report dated February 24, 2017 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Atlanta, Georgia
February 24, 2017

SunTrust Banks, Inc.
Consolidated Statements of Income

(Dollars in millions and shares in thousands, except per share data)	Year Ended December 31		
	2016	2015	2014
Interest Income			
Interest and fees on loans	**$4,939**	$4,506	$4,617
Interest and fees on loans held for sale	**92**	82	78
Interest and dividends on securities available for sale	**651**	593	613
Trading account interest and other	**96**	84	76
Total interest income	**5,778**	5,265	5,384
Interest Expense			
Interest on deposits	**259**	219	235
Interest on long-term debt	**260**	252	270
Interest on other borrowings	**38**	30	39
Total interest expense	**557**	501	544
Net interest income	**5,221**	4,764	4,840
Provision for credit losses	**444**	165	342
Net interest income after provision for credit losses	**4,777**	4,599	4,498
Noninterest Income			
Service charges on deposit accounts	**630**	622	645
Other charges and fees	**380**	377	368
Card fees	**327**	329	320
Investment banking income	**494**	461	404
Trading income	**211**	181	182
Mortgage production related income	**366**	270	201
Mortgage servicing related income	**189**	169	196
Trust and investment management income	**304**	334	423
Retail investment services	**281**	300	297
Gain on sale of subsidiary	**—**	—	105
Net securities gains/(losses)	**4**	21	(15)
Other noninterest income	**197**	204	197
Total noninterest income	**3,383**	3,268	3,323
Noninterest Expense			
Employee compensation	**2,698**	2,576	2,576
Employee benefits	**373**	366	386
Outside processing and software	**834**	815	741
Net occupancy expense	**349**	341	340
Regulatory assessments	**173**	139	142
Marketing and customer development	**172**	151	134
Equipment expense	**170**	164	169
Operating losses	**108**	56	441
Consulting and legal fees	**93**	73	71
Credit and collection services	**66**	71	91
Amortization	**49**	40	25
Other noninterest expense	**383**	368	427
Total noninterest expense	**5,468**	5,160	5,543
Income before provision for income taxes	**2,692**	2,707	2,278
Provision for income taxes	**805**	764	493
Net income including income attributable to noncontrolling interest	**1,887**	1,943	1,785
Net income attributable to noncontrolling interest	**9**	10	11
Net income	**$1,878**	$1,933	$1,774
Net income available to common shareholders	**$1,811**	$1,863	$1,722
Net income per average common share:			
Diluted	**$3.60**	$3.58	$3.23
Basic	**3.63**	3.62	3.26
Dividends declared per common share	**1.00**	0.92	0.70
Average common shares - diluted	**503,466**	520,586	533,391
Average common shares - basic	**498,638**	514,844	527,500

See accompanying Notes to Consolidated Financial Statements.

SunTrust Banks, Inc.
Consolidated Statements of Comprehensive Income

(Dollars in millions)	Year Ended December 31		
	2016	2015	2014
Net income	**$1,878**	$1,933	$1,774
Components of other comprehensive (loss)/income:			
Change in net unrealized (losses)/gains on securities available for sale, net of tax of ($117), ($93), and $218, respectively	**(197)**	(163)	375
Change in net unrealized losses on derivative instruments, net of tax of ($145), ($5), and ($106), respectively	**(244)**	(10)	(182)
Change in net unrealized losses on brokered time deposits, net of tax of $0, $0, and $0, respectively	**(1)**	—	—
Change in credit risk adjustment on long-term debt, net of tax of ($1), $0, and $0, respectively [1]	**(2)**	—	—
Change related to employee benefit plans, net of tax of $52, ($103), and ($15), respectively	**88**	(165)	(26)
Total other comprehensive (loss)/income, net of tax	**(356)**	(338)	167
Total comprehensive income	**$1,522**	$1,595	$1,941

[1] Related to the Company's early adoption of the ASU 2016-01 provision related to changes in instrument-specific credit risk. See Note 1, "Significant Accounting Policies," and Note 21, "Accumulated Other Comprehensive (Loss)/Income," for additional information.

See accompanying Notes to Consolidated Financial Statements.

SunTrust Banks, Inc.
Consolidated Balance Sheets

(Dollars in millions and shares in thousands, except per share data)	December 31, 2016	2015
Assets		
Cash and due from banks	**$5,091**	$4,299
Federal funds sold and securities borrowed or purchased under agreements to resell	**1,307**	1,277
Interest-bearing deposits in other banks	**25**	23
Cash and cash equivalents	**6,423**	5,599
Trading assets and derivative instruments [1]	**6,067**	6,119
Securities available for sale	**30,672**	27,825
Loans held for sale ($3,540 and $1,494 at fair value at December 31, 2016 and 2015, respectively)	**4,169**	1,838
Loans [2] ($222 and $257 at fair value at December 31, 2016 and 2015, respectively)	**143,298**	136,442
Allowance for loan and lease losses	**(1,709)**	(1,752)
Net loans	**141,589**	134,690
Premises and equipment, net	**1,556**	1,502
Goodwill	**6,337**	6,337
Other intangible assets (MSRs at fair value: $1,572 and $1,307 at December 31, 2016 and 2015, respectively)	**1,657**	1,325
Other assets	**6,405**	5,582
Total assets	**$204,875**	$190,817
Liabilities		
Noninterest-bearing deposits	**$43,431**	$42,272
Interest-bearing deposits (CDs at fair value: $78 and $0 at December 31, 2016 and 2015, respectively)	**116,967**	107,558
Total deposits	**160,398**	149,830
Funds purchased	**2,116**	1,949
Securities sold under agreements to repurchase	**1,633**	1,654
Other short-term borrowings	**1,015**	1,024
Long-term debt [3] ($963 and $973 at fair value at December 31, 2016 and 2015, respectively)	**11,748**	8,462
Trading liabilities and derivative instruments	**1,351**	1,263
Other liabilities	**2,996**	3,198
Total liabilities	**181,257**	167,380
Shareholders' Equity		
Preferred stock, no par value	**1,225**	1,225
Common stock, $1.00 par value	**550**	550
Additional paid-in capital	**9,010**	9,094
Retained earnings	**16,000**	14,686
Treasury stock, at cost, and other [4]	**(2,346)**	(1,658)
Accumulated other comprehensive loss, net of tax	**(821)**	(460)
Total shareholders' equity	**23,618**	23,437
Total liabilities and shareholders' equity	**$204,875**	$190,817
Common shares outstanding [5]	**491,188**	508,712
Common shares authorized	**750,000**	750,000
Preferred shares outstanding	**12**	12
Preferred shares authorized	**50,000**	50,000
Treasury shares of common stock	**58,738**	41,209
[1] Includes trading securities pledged as collateral where counterparties have the right to sell or repledge the collateral	**$1,437**	$1,377
[2] Includes loans of consolidated VIEs	**211**	246
[3] Includes debt of consolidated VIEs	**222**	259
[4] Includes noncontrolling interest	**103**	108
[5] Includes restricted shares	**11**	1,334

See accompanying Notes to Consolidated Financial Statements.

SunTrust Banks, Inc.
Consolidated Statements of Shareholders' Equity

(Dollars and shares in millions, except per share data)	Preferred Stock	Common Shares Outstanding	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock and Other [1]	Accumulated Other Comprehensive (Loss)/Income	Total
Balance, January 1, 2014	$725	536	$550	$9,115	$11,936	($615)	($289)	$21,422
Net income	—	—	—	—	1,774	—	—	1,774
Other comprehensive income	—	—	—	—	—	—	167	167
Change in noncontrolling interest	—	—	—	—	—	5	—	5
Common stock dividends, $0.70 per share	—	—	—	—	(371)	—	—	(371)
Preferred stock dividends [2]	—	—	—	—	(42)	—	—	(42)
Issuance of preferred stock, Series F	500	—	—	(4)	—	—	—	496
Repurchase of common stock	—	(12)	—	—	—	(458)	—	(458)
Exercise of stock options and stock compensation expense	—	1	—	(16)	—	20	—	4
Restricted stock activity	—	—	—	18	(2)	1	—	17
Amortization of restricted stock compensation	—	—	—	—	—	27	—	27
Change in equity related to the sale of subsidiary	—	—	—	(23)	—	(16)	—	(39)
Issuance of stock for employee benefit plans and other	—	—	—	(1)	—	4	—	3
Balance, December 31, 2014	$1,225	525	$550	$9,089	$13,295	($1,032)	($122)	$23,005
Net income	—	—	—	—	1,933	—	—	1,933
Other comprehensive loss	—	—	—	—	—	—	(338)	(338)
Common stock dividends, $0.92 per share	—	—	—	—	(475)	—	—	(475)
Preferred stock dividends [2]	—	—	—	—	(64)	—	—	(64)
Repurchase of common stock	—	(17)	—	—	—	(679)	—	(679)
Exercise of stock options and stock compensation expense	—	1	—	(18)	—	30	—	12
Restricted stock activity	—	—	—	23	(3)	4	—	24
Amortization of restricted stock compensation	—	—	—	—	—	16	—	16
Issuance of stock for employee benefit plans and other	—	—	—	—	—	3	—	3
Balance, December 31, 2015	$1,225	509	$550	$9,094	$14,686	($1,658)	($460)	$23,437
Cumulative effect of credit risk adjustment [3]	**—**	**—**	**—**	**—**	**5**	**—**	**(5)**	**—**
Net income	**—**	**—**	**—**	**—**	**1,878**	**—**	**—**	**1,878**
Other comprehensive loss	**—**	**—**	**—**	**—**	**—**	**—**	**(356)**	**(356)**
Change in noncontrolling interest	**—**	**—**	**—**	**—**	**—**	**(5)**	**—**	**(5)**
Common stock dividends, $1.00 per share	**—**	**—**	**—**	**—**	**(498)**	**—**	**—**	**(498)**
Preferred stock dividends [2]	**—**	**—**	**—**	**—**	**(66)**	**—**	**—**	**(66)**
Repurchase of common stock	**—**	**(20)**	**—**	**—**	**—**	**(806)**	**—**	**(806)**
Repurchase of common stock warrants	**—**	**—**	**—**	**(24)**	**—**	**—**	**—**	**(24)**
Exercise of stock options and stock compensation expense [4]	**—**	**1**	**—**	**(40)**	**—**	**65**	**—**	**25**
Restricted stock activity [4]	**—**	**1**	**—**	**(20)**	**(5)**	**56**	**—**	**31**
Amortization of restricted stock compensation	**—**	**—**	**—**	**—**	**—**	**2**	**—**	**2**
Balance, December 31, 2016	**$1,225**	**491**	**$550**	**$9,010**	**$16,000**	**($2,346)**	**($821)**	**$23,618**

[1] At December 31, 2016, includes ($2,448) million for treasury stock, ($1) million for the compensation element of restricted stock, and $103 million for noncontrolling interest.
At December 31, 2015, includes ($1,764) million for treasury stock, ($2) million for the compensation element of restricted stock, and $108 million for noncontrolling interest.
At December 31, 2014, includes ($1,119) million for treasury stock, ($21) million for the compensation element of restricted stock, and $108 million for noncontrolling interest.

[2] For the year ended December 31, 2016, dividends were $4,067 per share for both Perpetual Preferred Stock Series A and B, $5,875 per share for Perpetual Preferred Stock Series E, and $5,625 per share for Perpetual Preferred Stock Series F.
For the year ended December 31, 2015, dividends were $4,056 per share for both Perpetual Preferred Stock Series A and B, $5,875 per share for Perpetual Preferred Stock Series E, and $6,219 per share for Perpetual Preferred Stock Series F.
For the year ended December 31, 2014, dividends were $4,056 per share for both Perpetual Preferred Stock Series A and B, and $5,875 per share for Perpetual Preferred Stock Series E.

[3] Related to the Company's early adoption of the ASU 2016-01 provision related to changes in instrument-specific credit risk, beginning January 1, 2016. See Note 1, "Significant Accounting Policies," and Note 21, "Accumulated Other Comprehensive (Loss)/Income," for additional information.

[4] Includes a ($4) million net reclassification of excess tax benefits from additional paid-in capital to provision for income taxes, related to the Company's early adoption of ASU 2016-09. See Note 1, "Significant Accounting Policies," and Note 15, "Employee Benefit Plans," for additional information.

See accompanying Notes to Consolidated Financial Statements.

SunTrust Banks, Inc.
Consolidated Statements of Cash Flows

(Dollars in millions)	Year Ended December 31		
	2016	2015	2014
Cash Flows from Operating Activities			
Net income including income attributable to noncontrolling interest	**$1,887**	$1,943	$1,785
Adjustments to reconcile net income to net cash (used in)/provided by operating activities:			
Gain on sale of subsidiary	**—**	—	(105)
Depreciation, amortization, and accretion	**725**	786	693
Origination of mortgage servicing rights	**(312)**	(238)	(178)
Provisions for credit losses and foreclosed property	**449**	176	364
Deferred income tax expense	**111**	21	99
Stock-based compensation	**126**	89	67
Net securities (gains)/losses	**(4)**	(21)	15
Net gain on sale of loans held for sale, loans, and other assets	**(428)**	(323)	(343)
Net (increase)/decrease in loans held for sale	**(1,819)**	1,625	(1,567)
Net (increase)/decrease in trading assets	**(342)**	67	(1,529)
Net increase in other assets [1]	**(800)**	(407)	(45)
Net decrease in other liabilities [1]	**(274)**	(166)	(416)
Net cash (used in)/provided by operating activities	**(681)**	3,552	(1,160)
Cash Flows from Investing Activities			
Proceeds from maturities, calls, and paydowns of securities available for sale	**5,108**	5,680	4,707
Proceeds from sales of securities available for sale	**197**	2,708	2,470
Purchases of securities available for sale	**(8,610)**	(9,882)	(11,039)
Proceeds from sales of auction rate securities	**—**	—	59
Net increase in loans, including purchases of loans	**(9,032)**	(5,897)	(9,843)
Proceeds from sales of loans	**1,612**	2,127	4,090
Purchases of mortgage servicing rights	**(171)**	(117)	(130)
Capital expenditures	**(283)**	(186)	(147)
Payments related to acquisitions, including contingent consideration, net of cash acquired	**(211)**	(30)	(11)
Proceeds from sale of subsidiary	**—**	—	193
Proceeds from the sale of other real estate owned and other assets	**233**	281	378
Net cash used in investing activities	**(11,157)**	(5,316)	(9,273)
Cash Flows from Financing Activities			
Net increase in total deposits	**10,568**	9,263	10,808
Net increase/(decrease) in funds purchased, securities sold under agreements to repurchase, and other short-term borrowings	**37**	(4,559)	447
Proceeds from issuance of long-term debt	**6,705**	1,351	2,574
Repayments of long-term debt	**(3,231)**	(5,684)	(53)
Proceeds from the issuance of preferred stock	**—**	—	496
Repurchase of common stock	**(806)**	(679)	(458)
Repurchase of common stock warrants	**(24)**	—	—
Common and preferred dividends paid	**(564)**	(539)	(409)
Taxes paid related to net share settlement of equity awards [1]	**(48)**	(36)	(16)
Proceeds from exercise of stock options [1]	**25**	17	10
Net cash provided by/(used in) financing activities	**12,662**	(866)	13,399
Net increase/(decrease) in cash and cash equivalents	**824**	(2,630)	2,966
Cash and cash equivalents at beginning of period	**5,599**	8,229	5,263
Cash and cash equivalents at end of period	**$6,423**	$5,599	$8,229
Supplemental Disclosures:			
Interest paid	**$559**	$523	$534
Income taxes paid	**813**	497	380
Income taxes refunded	**(2)**	(1)	(219)
Loans transferred from loans held for sale to loans	**30**	741	44
Loans transferred from loans to loans held for sale	**360**	1,790	3,280
Loans transferred from loans and loans held for sale to other real estate owned	**59**	67	148
Amortization of deferred gain on sale leaseback of premises	**43**	54	53
Non-cash impact of the deconsolidation of CLO	**—**	—	282
Non-cash impact of debt assumed by purchaser in lease sale	**74**	190	177

[1] Related to the Company's early adoption of ASU 2016-09, certain prior period amounts have been retrospectively reclassified between operating activities and financing activities. See Note 1, "Significant Accounting Policies," for additional information.

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

General

SunTrust, one of the nation's largest commercial banking organizations, is a financial services holding company with its headquarters in Atlanta, Georgia. Through its principal subsidiary, SunTrust Bank, the Company offers a full line of financial services for consumers, businesses, corporations, and institutions, both through its branches (located primarily within Florida, Georgia, Maryland, North Carolina, South Carolina, Tennessee, Virginia, and the District of Columbia) and through other national delivery channels. In addition to deposit, credit, mortgage banking, and trust and investment services provided by the Bank, other subsidiaries of the Company provide asset and wealth management, securities brokerage, and capital market services. SunTrust provides clients with a selection of technology-based banking channels, including the internet, mobile, ATMs, and telebanking. SunTrust operated under the following business segments during 2016: Consumer Banking and Private Wealth Management, Wholesale Banking, and Mortgage Banking, with functional activities included in Corporate Other. For additional information on the Company's business segments, see Note 20, "Business Segment Reporting."

Principles of Consolidation and Basis of Presentation

The Consolidated Financial Statements have been prepared in accordance with U.S. GAAP and include the accounts of the Company and its subsidiaries after elimination of significant intercompany accounts and transactions. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair presentation of the results of operations in these financial statements, have been made.

The Company holds VIs, which are contractual, ownership or other interests that change with changes in the fair value of a VIE's net assets. The Company consolidates a VIE if it is the primary beneficiary, which is the party that has both the power to direct the activities that most significantly impact the financial performance of the VIE and the obligation to absorb losses or rights to receive benefits through its VIs that could potentially be significant to the VIE. To determine whether or not a VI held by the Company could potentially be significant to the VIE, both qualitative and quantitative factors regarding the nature, size, and form of the Company's involvement with the VIE are considered. The assessment of whether or not the Company is the primary beneficiary of a VIE is performed on an ongoing basis. The Company consolidates VOEs that are controlled through the Company's equity interests or by other means.

Investments in entities for which the Company has the ability to exercise significant influence, but not control, over operating and financing decisions are accounted for using the equity method of accounting. These investments are included in other assets in the Consolidated Balance Sheets at cost, adjusted to reflect the Company's portion of income, loss, or dividends of the investee. Non marketable equity investments that do not meet the criteria to be accounted for under the equity method and that do not result in consolidation of the investee are accounted for under the cost method of accounting. Cost method investments are included in other assets in the Consolidated Balance Sheets and dividends received or receivable from these investments are included as a component of other noninterest income in the Consolidated Statements of Income.

Results of operations of acquired entities are included from the date of acquisition. Results of operations associated with entities or net assets sold are included through the date of disposition. The Company reports any noncontrolling interests in its subsidiaries in the equity section of the Consolidated Balance Sheets and separately presents the income or loss attributable to the noncontrolling interest of a consolidated subsidiary in its Consolidated Statements of Income.

Assets and liabilities of acquired entities are accounted for under the acquisition method of accounting, whereby the purchase price of an acquired entity is allocated to the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition. The excess of the purchase price over the amount allocated to the assets acquired and liabilities assumed is recorded as goodwill.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying Notes; actual results could vary from these estimates. Certain reclassifications have been made to prior period amounts to conform to the current period presentation.

The Company evaluated events that occurred between December 31, 2016 and the date the accompanying financial statements were issued, and there were no material events, other than those already discussed in this Form 10-K, that would require recognition in the Company's Consolidated Financial Statements or disclosure in the accompanying Notes.

Cash and Cash Equivalents

Cash and cash equivalents include cash and due from banks, interest-bearing deposits at other banks, Fed funds sold, and securities borrowed and purchased under agreements to resell. Cash and cash equivalents have maturities of three months or less, and accordingly, the carrying amount of these instruments is deemed to be a reasonable estimate of fair value.

Trading Activities and Securities AFS

Debt securities and marketable equity securities are classified at trade date as trading or securities AFS. Trading assets and liabilities are measured at fair value with changes in fair value recognized within noninterest income. Securities AFS are used as part of the overall asset and liability management process to optimize income and market performance over an entire interest rate cycle. Interest income and dividends on securities AFS are recognized in interest income on an accrual basis. Premiums and discounts on debt securities AFS are amortized or accreted as an adjustment to yield over the life of the security. The Company estimates principal prepayments on securities AFS for which prepayments are probable and the timing and amount of prepayments can be reasonably estimated. The estimates are informed by analyses of both historical prepayments and anticipated macroeconomic conditions, such as spot interest rates compared to implied forward interest rates. The estimate

of prepayments for these debt securities impacts their lives and thereby the amortization or accretion of associated premiums and discounts. Securities AFS are measured at fair value with unrealized gains and losses, net of any tax effect, included in AOCI as a component of shareholders' equity. Realized gains and losses, including OTTI, are determined using the specific identification method and are recognized as a component of noninterest income in the Consolidated Statements of Income.

Securities AFS are reviewed for OTTI on a quarterly basis. In determining whether OTTI exists for securities in an unrealized loss position, the Company assesses whether it has the intent to sell the security or, for debt securities, the Company assesses the likelihood of selling the security prior to the recovery of its amortized cost basis. If the Company intends to sell the debt security or it is more-likely-than-not that the Company will be required to sell the debt security prior to the recovery of its amortized cost basis, the debt security is written down to fair value, and the full amount of any impairment charge is recognized as a component of noninterest income in the Consolidated Statements of Income. If the Company does not intend to sell the debt security and it is more-likely-than-not that the Company will not be required to sell the debt security prior to recovery of its amortized cost basis, only the credit component of any impairment of a debt security is recognized as a component of noninterest income in the Consolidated Statements of Income, with the remaining impairment balance recorded in OCI.

The OTTI review for marketable equity securities includes an analysis of the facts and circumstances of each individual investment and focuses on the severity of loss, the length of time the fair value has been below cost, the expectation for that security's performance, the financial condition and near-term prospects of the issuer, and management's intent and ability to hold the security to recovery. A decline in value of an equity security that is considered to be other-than-temporary is recognized as a component of noninterest income in the Consolidated Statements of Income.

Nonmarketable equity securities are accounted for under the cost or equity method and are included in other assets in the Consolidated Balance Sheets. The Company reviews nonmarketable securities accounted for under the cost method on a quarterly basis, and reduces the asset value when declines in value are considered to be other-than-temporary. Equity method investments are recorded at cost, adjusted to reflect the Company's portion of income, loss, or dividends of the investee. Realized income, realized losses, and estimated other-than-temporary losses on cost and equity method investments are recognized in noninterest income in the Consolidated Statements of Income.

For additional information on the Company's securities activities, see Note 4, "Trading Assets and Liabilities and Derivatives," and Note 5, "Securities Available for Sale."

Loans Held for Sale

The Company's LHFS generally includes certain residential mortgage loans, commercial loans, consumer indirect loans, and student loans. Loans are initially classified as LHFS when they are individually identified as being available for immediate sale and a formal plan exists to sell them. LHFS are recorded at either fair value, if elected, or the lower of cost or fair value. Any origination fees and costs for LHFS recorded at LOCOM are capitalized in the basis of the loan and are included in the calculation of realized gains and losses upon sale. Origination fees and costs are recognized in earnings at the time of origination for LHFS that are elected to be measured at fair value. Fair value is derived from observable current market prices, when available, and includes loan servicing value. When observable market prices are not available, the Company uses judgment and estimates fair value using internal models, in which the Company uses its best estimates of assumptions it believes would be used by market participants in estimating fair value. Adjustments to reflect unrealized gains and losses resulting from changes in fair value and realized gains and losses upon ultimate sale of the loans are classified as noninterest income in the Consolidated Statements of Income.

The Company may transfer certain loans to LHFS measured at LOCOM. At the time of transfer, any credit losses subject to charge-off in accordance with the Company's policy are recorded as a reduction in the ALLL. Any subsequent losses, including those related to interest rate or liquidity related valuation adjustments, are recorded as a component of noninterest income in the Consolidated Statements of Income. The Company may also transfer loans from LHFS to LHFI. If an LHFS for which fair value accounting was elected is transferred to held for investment, it will continue to be accounted for at fair value in the LHFI portfolio. For additional information on the Company's LHFS activities, see Note 6, "Loans."

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are considered LHFI. The Company's loan balance is comprised of loans held in portfolio, including commercial loans, consumer loans, and residential loans. Interest income on loans, except those classified as nonaccrual, is accrued based upon the outstanding principal amounts using the effective yield method.

Commercial loans (C&I, CRE, and commercial construction) are considered to be past due when payment is not received from the borrower by the contractually specified due date. The Company typically classifies commercial loans as nonaccrual when one of the following events occurs: (i) interest or principal has been past due 90 days or more, unless the loan is both well secured and in the process of collection; (ii) collection of contractual interest or principal is not anticipated; or (iii) income for the loan is recognized on a cash basis due to the deterioration in the financial condition of the debtor. When a loan is placed on nonaccrual, accrued interest is reversed against interest income. Interest income on commercial nonaccrual loans, if recognized, is recognized after the principal has been reduced to zero. If and when commercial borrowers demonstrate the ability to repay a loan classified as nonaccrual in accordance with its contractual terms, the loan may be returned to accrual status upon meeting all regulatory, accounting, and internal policy requirements.

Consumer loans (guaranteed and private student loans, other direct, indirect, and credit card) are considered to be past due when payment is not received from the borrower by the contractually specified due date. Guaranteed student loans continue to accrue interest regardless of delinquency status because collection of principal and interest is reasonably assured. Other direct and indirect loans are typically placed on nonaccrual

when payments have been past due for 90 days or more except when the borrower has declared bankruptcy, in which case, they are moved to nonaccrual status once they become 60 days past due. When a loan is placed on nonaccrual, accrued interest is reversed against interest income. Interest income on nonaccrual loans, if recognized, is recognized on a cash basis. Nonaccrual consumer loans are typically returned to accrual status once they are no longer past due.

Residential loans (guaranteed and nonguaranteed residential mortgages, residential home equity products, and residential construction) are considered to be past due when a monthly payment is due and unpaid for one month. Guaranteed residential mortgages continue to accrue interest regardless of delinquency status because collection of principal and interest is reasonably assured by the government. Nonguaranteed residential mortgages and residential construction loans are generally placed on nonaccrual when three payments are past due. Residential home equity products are generally placed on nonaccrual when payments are 90 days past due. The exceptions for nonguaranteed residential mortgages, residential construction loans, and residential home equity products are: (i) when the borrower has declared bankruptcy, in which case, they are moved to nonaccrual status once they become 60 days past due, (ii) loans discharged in Chapter 7 bankruptcy that have not been reaffirmed by the borrower, in which case, they are reclassified as TDRs and moved to nonaccrual status, and (iii) second lien loans, which are classified as nonaccrual when the first lien loan is classified as nonaccrual, even if the second lien loan is performing. When a loan is placed on nonaccrual, accrued interest is reversed against interest income. Interest income on nonaccrual residential loans is recognized on a cash basis. Nonaccrual residential loans are typically returned to accrual status once they no longer meet the delinquency threshold that resulted in them initially being moved to nonaccrual status, with the exception of the aforementioned Chapter 7 bankruptcy loans, which remain on nonaccrual until there is six months of payment performance following discharge by the bankruptcy court.

TDRs are loans in which the borrower is experiencing financial difficulty at the time of restructure and the borrower received an economic concession either from the Company or as the product of a bankruptcy court order. To date, the Company's TDRs have been predominantly first and second lien residential mortgages and home equity lines of credit. Prior to granting a modification of a borrower's loan terms, the Company performs an evaluation of the borrower's financial condition and ability to service under the potential modified loan terms. The types of concessions generally granted are extensions of the loan maturity date and/or reductions in the original contractual interest rate. Typically, if a loan is accruing interest at the time of modification, the loan remains on accrual status and is subject to the Company's charge-off and nonaccrual policies. See the "Allowance for Credit Losses" section below for further information regarding these policies. If a loan is on nonaccrual before it is determined to be a TDR then the loan remains on nonaccrual. Typically, TDRs may be returned to accrual status if there has been at least a six month sustained period of repayment performance by the borrower. Generally, once a loan becomes a TDR, the Company expects that the loan will continue to be reported as a TDR for its remaining life, even after returning to accruing status, unless the modified rates and terms at the time of modification were available to the borrower in the market or the loan is subsequently restructured with no concession to the borrower and the borrower is no longer in financial difficulty. Interest income recognition on impaired loans is dependent upon accrual status, TDR designation, and loan type as discussed above.

For loans accounted for at amortized cost, fees and incremental direct costs associated with the loan origination and pricing process, as well as premiums and discounts, are deferred and amortized as level yield adjustments over the respective loan terms. Fees received for providing loan commitments that result in funded loans are recognized over the term of the loan as an adjustment of the yield. If a loan is never funded, the commitment fee is recognized in noninterest income at the expiration of the commitment period. Any origination fees and costs are recognized in noninterest income and expense at the time of origination for newly-originated loans that are accounted for at fair value. For additional information on the Company's loans activities, see Note 6, "Loans."

Allowance for Credit Losses

The allowance for credit losses is composed of the ALLL and the reserve for unfunded commitments. The Company's ALLL reflects probable current inherent losses in the LHFI portfolio based on management's evaluation of the size and current risk characteristics of the loan portfolio. The Company employs a variety of modeling and estimation techniques to measure credit risk and construct an appropriate and adequate ALLL. Quantitative and qualitative asset quality measures are considered in estimating the ALLL. Such evaluation considers a number of factors for each of the loan portfolio segments, including, but not limited to, net charge-off trends, internal risk ratings, changes in internal risk ratings, loss forecasts, collateral values, geographic location, delinquency rates, nonperforming and restructured loan status, origination channel, product mix, underwriting practices, industry conditions, and economic trends. Additionally, refreshed FICO scores are considered for consumer and residential loans and single name borrower concentration is considered for commercial loans. These credit quality factors are incorporated into various loss estimation models and analytical tools utilized in the ALLL process and/or are qualitatively considered in evaluating the overall reasonableness of the ALLL.

Large commercial (all loan classes) nonaccrual loans and certain consumer (other direct, indirect, and credit card), residential (nonguaranteed residential mortgages, residential home equity products, and residential construction), and certain commercial (all classes) loans whose terms have been modified in a TDR are reviewed to determine the amount of specific allowance required in accordance with applicable accounting guidance. A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due, including principal and interest, according to the contractual terms of the agreement. If necessary, an allowance is established for these specifically evaluated impaired loans. The specific allowance established for these loans is based on a thorough analysis of the most probable source of repayment, including the present value of the loan's expected future cash flows, the loan's estimated market value, or the estimated fair value of the underlying collateral. Any

change in the present value attributable to the passage of time is recognized through the provision for credit losses.

General allowances are established for loans and leases grouped into pools based on similar characteristics. In this process, general allowance factors are based on an analysis of historical charge-off experience, expected loss factors derived from the Company's internal risk rating process, portfolio trends, and regional and national economic conditions. Other adjustments may be made to the ALLL after an assessment of internal and external influences on credit quality that may not be fully reflected in the historical loss or risk rating data. These influences may include elements such as changes in credit underwriting, concentration risk, macroeconomic conditions, and/or recent observable asset quality trends.

The Company's charge-off policy meets regulatory minimums. Commercial loans are charged off when they are considered uncollectible. Losses on unsecured consumer loans are generally recognized at 120 days past due, except for losses on credit cards, which are recognized when the loans are 180 days past due, and losses on guaranteed student loans, which are recognized when the loans are 270 days past due and payment from the guarantor is processed by the servicer. However, if the borrower is in bankruptcy, the loan is charged-off in the month the loan becomes 60 days past due. Losses, as appropriate, on secured consumer loans, including residential real estate, are typically recognized at 120 or 180 days past due, depending on the loan and collateral type, in compliance with the FFIEC guidelines. However, if the borrower is in bankruptcy, the secured asset is evaluated once the loan becomes 60 days past due. The loan value in excess of the secured asset value is written down or charged-off after the valuation occurs. Additionally, if a residential loan is discharged in Chapter 7 bankruptcy and not reaffirmed by the borrower, the Company's policy is to immediately charge-off the excess of the carrying amount over the fair value of the collateral.

The Company uses numerous sources of information when evaluating a property's value. Estimated collateral valuations are based on appraisals, broker price opinions, recent sales of foreclosed properties, automated valuation models, other property-specific information, and relevant market information, supplemented by the Company's internal property valuation analysis. The value estimate is based on an orderly disposition of the property, inclusive of marketing costs. In limited instances, the Company adjusts externally provided appraisals for justifiable and well-supported reasons, such as an appraiser not being aware of certain property-specific factors or recent sales information. Appraisals generally represent the "as is" value of the property but may be adjusted based on the intended disposition strategy of the property.

For commercial and CRE loans secured by property, an acceptable third party appraisal or other form of evaluation, as permitted by regulation, is obtained prior to the origination of the loan and upon a subsequent transaction involving a material change in terms. In addition, updated valuations may be obtained during the life of a loan, as appropriate, such as when a loan's performance materially deteriorates. In situations where an updated appraisal has not been received or a formal evaluation performed, the Company monitors factors that can positively or negatively impact property value, such as the date of the last valuation, the volatility of property values in specific markets, changes in the value of similar properties, and changes in the characteristics of individual properties. Changes in collateral value affect the ALLL through the risk rating or impaired loan evaluation process. Charge-offs are recognized when the amount of the loss is quantifiable and timing is known. The charge-off is measured based on the difference between the loan's carrying value, including deferred fees, and the estimated realizable value of the property, net of estimated selling costs. When valuing a property for the purpose of determining a charge-off, a third party appraisal or an independently derived internal evaluation is generally employed.

For nonguaranteed mortgage loans secured by residential property where the Company is proceeding with a foreclosure action, a new valuation is obtained prior to the loan becoming 180 days past due and, if required, the loan is written down to its realizable value, net of estimated selling costs. In the event the Company decides not to proceed with a foreclosure action, the full balance of the loan is charged-off. If a loan remains in the foreclosure process for 12 months past the original charge-off, the Company obtains a new valuation annually. Any additional loss based on the new valuation is charged-off. At foreclosure, a new valuation is obtained and the loan is transferred to OREO at the new valuation less estimated selling costs; any loan balance in excess of the transfer value is charged-off. Estimated declines in value of the residential collateral between these formal evaluation events are captured in the ALLL based on changes in the house price index in the applicable metropolitan statistical area or other market information.

In addition to the ALLL, the Company also estimates probable losses related to unfunded lending commitments, such as letters of credit and binding unfunded loan commitments. Unfunded lending commitments are analyzed and segregated by risk based on the Company's internal risk rating scale. These risk classifications, in combination with probability of commitment usage, existing economic conditions, and any other pertinent information, result in the estimation of the reserve for unfunded lending commitments. The reserve for unfunded lending commitments is reported on the Consolidated Balance Sheets in other liabilities and the provision associated with changes in the unfunded lending commitment reserve is recognized in the Consolidated Statements of Income in provision for credit losses. For additional information on the Company's allowance for credit loss activities, see Note 7, "Allowance for Credit Losses."

Premises and Equipment

Premises and equipment are carried at cost less accumulated depreciation and amortization. Depreciation is calculated predominantly using the straight-line method over the assets' estimated useful lives. Leasehold improvements are amortized using the straight-line method over the shorter of the improvements' estimated useful lives or the lease term. Construction and software in process includes costs related to in-process branch expansion, branch renovation, and software development projects. Upon completion, branch and office related projects are maintained in premises and equipment while completed software projects are reclassified to other assets in the Consolidated Balance Sheets. Maintenance and repairs are charged to expense, and improvements that extend the useful life of an asset are capitalized and depreciated over the remaining useful life. Premises and equipment are evaluated for impairment

whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. For additional information on the Company's premises and equipment activities, see Note 8, "Premises and Equipment."

Goodwill and Other Intangible Assets

Goodwill represents the excess purchase price over the fair value of identifiable net assets of acquired companies. Goodwill is assigned to reporting units, which are operating segments or one level below an operating segment, as of the acquisition date; more specifically, it is assigned to units that are expected to benefit from the synergies of the business combination.

Goodwill is tested at the reporting unit level for impairment, at least annually as of October 1, or as events and circumstances change that would more-likely-than-not reduce the fair value of a reporting unit below its carrying amount.

If, after considering all relevant events and circumstances, the Company determines it is not more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, then performing an impairment test is not necessary. If the Company elects to bypass the qualitative analysis, or concludes via qualitative analysis that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value, a two-step goodwill impairment test is performed. In the first step, the fair value of each reporting unit is compared with its carrying value. If the fair value is greater than the carrying value, then the reporting unit's goodwill is deemed not to be impaired. If the fair value is less than the carrying value, then the second step is performed, which measures the amount of impairment by comparing the carrying amount of goodwill to its implied fair value. If the implied fair value of the goodwill exceeds the carrying amount, there is no impairment. If the carrying amount exceeds the implied fair value of the goodwill, an impairment charge is recorded for the excess.

The Company has identified intangible assets with finite and indefinite lives. Intangible assets that have finite lives are amortized over their useful lives and carried at amortized cost. Intangible assets that have indefinite lives are initially measured at fair value and are not amortized until the useful life is no longer considered indefinite. Indefinite-lived intangibles are tested for impairment at least annually; however, all intangible assets are evaluated for impairment whenever events or changes in circumstances indicate it is more likely than not that the asset is impaired. For additional information on the Company's activities related to goodwill and other intangibles, see Note 9, "Goodwill and Other Intangible Assets."

Servicing Rights

The Company recognizes as assets the rights to service loans, either when the loans are sold and the associated servicing rights are retained or when servicing rights are purchased from a third party. All servicing rights are initially measured at fair value.

Fair value is determined by projecting net servicing cash flows, which are then discounted to estimate fair value. The fair value of servicing rights is impacted by a variety of factors, including prepayment assumptions, discount rates, delinquency rates, contractually specified servicing fees, servicing costs, and underlying portfolio characteristics. The underlying assumptions and estimated values are corroborated by values received from independent third parties and comparisons to market transactions.

The Company has elected to subsequently account for its residential MSRs under the fair value measurement method and actively hedges the change in fair value of its residential MSRs. The Company has elected to subsequently account for all other servicing rights, which include commercial mortgage and consumer loan servicing rights, under the amortization method. Commercial mortgage and consumer loan servicing rights are amortized in proportion to and over the period of estimated net servicing income. Servicing rights accounted for under the amortization method are periodically tested for impairment by comparing the carrying amount of the servicing rights to the estimated fair value.

Servicing rights are included in other intangible assets on the Consolidated Balance Sheets. For residential MSRs, both servicing fees, which are recognized when they are received, and changes in the fair value of MSRs are reported in mortgage servicing related income in the Consolidated Statements of Income. For all other servicing rights, servicing fees, amortization, and any impairment, are recognized in other noninterest income in the Consolidated Statements of Income.

For additional information on the Company's servicing rights, see Note 9, "Goodwill and Other Intangible Assets."

Other Real Estate Owned

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at the lower of the loan's cost basis or the asset's fair value at the date of foreclosure, less estimated selling costs. To the extent fair value, less cost to sell, is less than the loan's cost basis, the difference is charged to the ALLL at the date of transfer into OREO. The Company estimates market values based primarily on appraisals and other market information. Any subsequent changes in value as well as gains or losses from the disposition on these assets are reported in noninterest expense in the Consolidated Statements of Income. For additional information on the Company's activities related to OREO, see Note 18, "Fair Value Election and Measurement."

Loan Sales and Securitizations

The Company sells and at times may securitize loans and other financial assets. When the Company securitizes assets, it may hold a portion of the securities issued, including senior interests, subordinated and other residual interests, interest-only strips, and principal-only strips, all of which are considered retained interests in the transferred assets. Retained securitized interests are recognized and initially measured at fair value. The interests in securitized assets held by the Company are typically classified as either securities AFS or trading assets and measured at fair value, which is based on independent, third party market prices, market prices for similar assets, or discounted cash flow analyses. If market prices are not available, fair value is calculated using management's best estimates of key assumptions, including credit losses, loan repayment speeds, and discount rates commensurate with the risks involved.

The Company transfers first lien residential mortgage loans in conjunction with GSE securitization transactions, whereby the loans are exchanged for cash or securities that are readily redeemable for cash and servicing rights are retained. Net gains on the sale of residential mortgage loans are recorded at inception

of the associated IRLCs within mortgage production related income in the Consolidated Statements of Income. The net gains reflect the change in value of the loans resulting from changes in interest rates from the time the Company enters into IRLCs with borrowers and when the loan is closed, adjusted for pull through rates and excluding hedge transactions initiated to mitigate this market risk.

Effective with the acquisition of substantially all of the assets of Pillar on December 15, 2016, the Company also sells commercial mortgage loans to Fannie Mae and Freddie Mac and issues and sells Ginnie Mae commercial MBS backed by FHA insured loans. The loans and securities are exchanged for cash and servicing rights are retained. Gains and losses from the sale of these commercial mortgage loans and securities are recorded within other noninterest income in the Consolidated Statements of Income. For additional information on the Company's securitization activities, see Note 10, "Certain Transfers of Financial Assets and Variable Interest Entities."

Income Taxes

The provision for income taxes is based on income and expense reported for financial statement purposes after adjustment for permanent differences such as interest income from lending to tax-exempt entities, tax credits from community reinvestment activities, and amortization expense related to qualified affordable housing investment costs. In computing the income tax provision, the Company evaluates the technical merits of its income tax positions based on current legislative, judicial, and regulatory guidance. Additionally, in 2016, the Company began recognizing all excess tax benefits and deficiencies on employee share-based payments as a component of the provision for income taxes in the Consolidated Statements of Income. These tax effects, generally determined upon the exercise of stock options or vesting of restricted stock, are treated as discrete items in the period in which they occur. The deferral method of accounting is used on investments that generate investment tax credits, such that the investment tax credits are recognized as a reduction to the related investment.

Deferred income tax assets and liabilities result from differences between the timing of the recognition of assets and liabilities for financial reporting purposes and for income tax purposes. These assets and liabilities are measured using the enacted tax rates and laws that are expected to apply in the periods in which the deferred tax assets or liabilities are expected to be realized. Subsequent changes in the tax laws require adjustment to these assets and liabilities with the cumulative effect included in the provision for income taxes for the period in which the change is enacted. A valuation allowance is recognized for a DTA if, based on the weight of available evidence, it is more-likely-than-not that some portion or all of the DTA will not be realized.

Interest and penalties related to the Company's tax positions are recognized as a component of the provision for income taxes in the Consolidated Statements of Income. For additional information on the Company's activities related to income taxes, see Note 14, "Income Taxes."

Earnings Per Share

Basic EPS is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during each period. Diluted EPS is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during each period, plus common share equivalents calculated for stock options, warrants, and restricted stock outstanding using the treasury stock method.

The Company has issued certain restricted stock awards, which are unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents. These restricted shares are considered participating securities. Accordingly, the Company calculated net income available to common shareholders pursuant to the two-class method, whereby net income is allocated between common shareholders and participating securities.

Net income available to common shareholders represents net income after preferred stock dividends, gains or losses from any repurchases of preferred stock, and dividends and allocation of undistributed earnings to the participating securities. For additional information on the Company's EPS, see Note 12, "Net Income Per Common Share."

Securities Sold Under Agreements to Repurchase and Securities Borrowed or Purchased Under Agreements to Resell

Securities sold under agreements to repurchase and securities borrowed or purchased under agreements to resell are accounted for as collateralized financing transactions and are recorded at the amounts at which the securities were sold or acquired, plus accrued interest. The fair value of collateral pledged or received is continually monitored and additional collateral is obtained or requested to be returned to the Company as deemed appropriate. For additional information on the collateral pledged to secure repurchase agreements, see Note 3, "Federal Funds Sold and Securities Financing Activities," Note 4, "Trading Assets and Liabilities and Derivatives," and Note 5, "Securities Available for Sale."

Guarantees

The Company recognizes a liability at the inception of a guarantee at an amount equal to the estimated fair value of the obligation. A guarantee is defined as a contract that contingently requires a company to make a payment to a guaranteed party based upon changes in an underlying asset, liability, or equity security of the guaranteed party, or upon failure of a third party to perform under a specified agreement. The Company considers the following arrangements to be guarantees: certain asset purchase/sale agreements with recourse, standby letters of credit and financial guarantees, certain indemnification agreements included within third party contractual arrangements, and certain derivative contracts. For additional information on the Company's guarantor obligations, see Note 16, "Guarantees."

Derivative Instruments and Hedging Activities

The Company records derivative contracts at fair value in the Consolidated Balance Sheets. Accounting for changes in the fair value of a derivative is dependent upon whether or not it has been designated in a formal, qualifying hedging relationship.

Changes in the fair value of derivatives not designated in a hedging relationship are recorded in noninterest income. This includes derivatives that the Company enters into in a dealer capacity to facilitate client transactions and as a risk management tool to economically hedge certain identified risks, along with

certain IRLCs on residential mortgage and commercial loans that are a normal part of the Company's operations. The Company also evaluates contracts, such as brokered deposits and debt, to determine whether any embedded derivatives are required to be bifurcated and separately accounted for as freestanding derivatives.

Certain derivatives used as risk management tools are also designated as accounting hedges of the Company's exposure to changes in interest rates or other identified market risks. The Company prepares written hedge documentation for all derivatives which are designated as hedges of (1) changes in the fair value of a recognized asset or liability (fair value hedge) attributable to a specified risk or (2) a forecasted transaction, such as the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). The written hedge documentation includes identification of, among other items, the risk management objective, hedging instrument, hedged item and methodologies for assessing and measuring hedge effectiveness and ineffectiveness, along with support for management's assertion that the hedge will be highly effective. Methodologies related to hedge effectiveness and ineffectiveness are consistent between similar types of hedge transactions and include (i) statistical regression analysis of changes in the cash flows of the actual derivative and a perfectly effective hypothetical derivative, or (ii) statistical regression analysis of changes in the fair values of the actual derivative and the hedged item.

For designated hedging relationships, the Company performs retrospective and prospective effectiveness testing using quantitative methods and does not assume perfect effectiveness through the matching of critical terms. Assessments of hedge effectiveness and measurements of hedge ineffectiveness are performed at least quarterly. Changes in the fair value of a derivative that is highly effective and that has been designated and qualifies as a fair value hedge are recorded in current period earnings, along with the changes in the fair value of the hedged item that are attributable to the hedged risk. The effective portion of the changes in the fair value of a derivative that is highly effective and that has been designated and qualifies as a cash flow hedge is initially recorded in AOCI and reclassified to earnings in the same period that the hedged item impacts earnings; any ineffective portion is recorded in current period earnings.

Hedge accounting ceases on transactions that are no longer deemed effective, or for which the derivative has been terminated or de-designated. For discontinued fair value hedges where the hedged item remains outstanding, the hedged item would cease to be remeasured at fair value attributable to changes in the hedged risk and any existing basis adjustment would be recognized as an adjustment to earnings over the remaining life of the hedged item. For discontinued cash flow hedges, the unrealized gains and losses recorded in AOCI would be reclassified to earnings in the period when the previously designated hedged cash flows occur unless it was determined that transaction was probable to not occur, whereby any unrealized gains and losses in AOCI would be immediately reclassified to earnings.

It is the Company's policy to offset derivative transactions with a single counterparty as well as any cash collateral paid to and received from that counterparty for derivative contracts that are subject to ISDA or other legally enforceable netting arrangements and meet accounting guidance for offsetting treatment. For additional information on the Company's derivative activities, see Note 17, "Derivative Financial Instruments," and Note 18, "Fair Value Election and Measurement."

Stock-Based Compensation

The Company sponsors various stock-based compensation plans under which RSUs, restricted stock, and phantom stock units may be granted to certain employees. The Company measures the grant date fair value of the RSUs and restricted stock, which is expensed over the award's vesting period. Additionally, the Company estimates the number of awards for which it is probable that service will be rendered and adjusts compensation cost accordingly. Estimated forfeitures are subsequently adjusted to reflect actual forfeitures.

The phantom stock units are subject to variable accounting and grant certain employees the contractual right to receive an amount in cash equal to the fair market value of a share of common stock on the vesting date. For additional information on the Company's stock-based compensation plans, see Note 15, "Employee Benefit Plans."

Employee Benefits

Employee benefits expense includes expenses related to (i) net periodic benefit costs or credits associated with the pension and other postretirement benefit plans, (ii) contributions under the defined contribution plans, (iii) the amortization of restricted stock, (iv) the issuance of phantom stock units, (v) historical stock option issuances, and (vi) other employee medical and benefits costs. For additional information on the Company's employee benefit plans, see Note 15, "Employee Benefit Plans."

Foreign Currency Transactions

Foreign denominated assets and liabilities resulting from foreign currency transactions are valued using period end foreign exchange rates and the associated interest income or expense is determined using weighted average exchange rates for the period. The Company may enter into foreign currency derivatives to mitigate its exposure to changes in foreign exchange rates. The derivative contracts are accounted for at fair value on a recurring basis with any resulting gains and losses recorded in noninterest income in the Consolidated Statements of Income.

Related Party Transactions

The Company periodically enters into transactions with certain of its executive officers, directors, affiliates, trusts, and/or other related parties in its ordinary course of business. ASC 850 requires disclosure of material related party transactions, other than certain compensation and other arrangements entered into in the normal course of business. The Company has included information related to its relationships with VIEs and employee benefit plan arrangements in its Notes to the Consolidated Financial Statements in this Form 10-K.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

between market participants at the measurement date. Depending on the nature of the asset or liability, the Company uses various valuation techniques and assumptions when estimating fair value. The Company prioritizes inputs used in valuation techniques based on the following fair value hierarchy:

- Level 1 – Assets or liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date, such as publicly-traded instruments or futures contracts
- Level 2 – Assets or liabilities valued based on observable market data for similar instruments traded in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets
- Level 3 – Assets or liabilities for which significant valuation assumptions are not readily observable in the market; instruments valued based on the best available data, some of which may be internally developed, and considers risk premiums that a market participant would require

When measuring assets and liabilities at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability. Assets and liabilities that are required to be measured at fair value on a recurring basis include trading securities, securities AFS, and derivative instruments. Assets and liabilities that the Company has elected to measure at fair value on a recurring basis include certain MSRs and LHFS, LHFI, trading loans, brokered time deposits, and issuances of fixed rate debt. Other assets and liabilities are measured at fair value on a non-recurring basis, such as when assets are evaluated for impairment, the basis of accounting is LOCOM, or for disclosure purposes. Examples of these non-recurring fair value measurements include certain LHFS and LHFI, OREO, certain cost or equity method investments, and long-lived assets. For additional information on the Company's valuation of its assets and liabilities held at fair value, see Note 18, "Fair Value Election and Measurement."

Recently Issued Accounting Pronouncements

The following table summarizes ASUs recently issued by the FASB that could have a material effect on the Company's financial statements:

Standard	Description	Required Date of Adoption	Effect on the Financial Statements or Other Significant Matters
Standards Adopted (or partially adopted) in 2016			
ASU 2015-02, Amendments to the Consolidation Analysis	The ASU rescinds the indefinite deferral of previous amendments to ASC Topic 810, *Consolidation*, for certain entities and amends components of the consolidation analysis under ASC Topic 810, including evaluating limited partnerships and similar legal entities, evaluating fees paid to a decision maker or service provider as a variable interest, the effects of fee arrangements and/or related parties on the primary beneficiary determination and investment fund specific matters. The ASU may be adopted either retrospectively or on a modified retrospective basis.	January 1, 2016	The Company adopted this ASU on a modified retrospective basis beginning January 1, 2016. The adoption of this standard had no impact to the Consolidated Financial Statements.
ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs	The ASU amends ASC Topic 835, *Interest*, to simplify the presentation of debt issuance costs and to require that debt issuance costs, related to a recognized debt liability, be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the ASU. The new ASU should be applied on a retrospective basis.	January 1, 2016	The Company adopted the ASU beginning January 1, 2016 to present long-term debt net of debt issuance costs in the Consolidated Financial Statements. Debt issuance costs in the comparative prior year period were immaterial for reclassification and were recorded in other assets on the Company's Consolidated Balance Sheets at December 31, 2015.
ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities	The ASU amends ASC Topic 825, *Financial Instruments-Overall*, and addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The main provisions require investments in equity securities to be measured at fair value through net income, unless they qualify for a practicability exception, and require fair value changes arising from changes in instrument-specific credit risk for financial liabilities that are measured under the fair value option to be recognized in other comprehensive income. With the exception of disclosure requirements that will be adopted prospectively, the ASU must be adopted on a modified retrospective basis.	January 1, 2018 Early adoption is permitted beginning January 1, 2016 or 2017 for the provision related to changes in instrument-specific credit risk for financial liabilities under the FVO.	The Company early adopted the provision related to changes in instrument-specific credit risk beginning January 1, 2016, which resulted in an immaterial, cumulative effect adjustment from retained earnings to AOCI. See Note 21, "Accumulated Other Comprehensive (Loss)/ Income" for additional information. The Company is evaluating the impact of the remaining provisions of this ASU on the Consolidated Financial Statements and related disclosures; however, the impact is not expected to be material.

Standard	Description	Required Date of Adoption	Effect on the Financial Statements or Other Significant Matters
ASU 2016-09, Improvements to Employee Share-Based Payment Accounting	The ASU amends ASC Topic 718, *Compensation-Stock Compensation*, which simplifies several aspects of the accounting for employee share-based payments transactions for both public and nonpublic entities, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. Adoption methods are specific to the component of the ASU, ranging from a retrospective and modified retrospective basis to a prospective basis.	January 1, 2017 Early adoption is permitted.	The Company early adopted the ASU on April 1, 2016 with an effective date of January 1, 2016, which resulted in a reclassification of $4 million from APIC to provision for income taxes, representing excess tax benefits previously recognized in APIC during the first quarter of 2016. For the second, third, and fourth quarters of 2016, the Company recognized excess tax benefits totaling $11 million in the provision for income taxes. The early adoption favorably impacted basic and diluted EPS by $0.03 and $0.02 per share, respectively, for the year ended December 31, 2016. The effect of the retrospective change in presentation in the Consolidated Statements of Cash Flows related to excess tax benefits for the years ended December 31, 2015 and 2014 (comparative prior year periods) was a reclassification of $20 million and $6 million, respectively, of excess tax benefits from financing activities to operating activities and a reclassification of $36 million and $16 million, respectively, of taxes paid related to net share settlement of equity awards from operating activities to financing activities. The net impact on the Consolidated Statements of Cash Flows was immaterial. The Company had no previously unrecognized excess tax benefits; therefore, there was no impact to the Consolidated Financial Statements as it related to the elimination of the requirement that excess tax benefits be realized before recognition. The Company elected to retain its existing accounting policy election to estimate award forfeitures.
Standards Not Yet Adopted			
ASU 2014-09, Revenue from Contracts with Customers ASU 2015-14, Deferral of the Effective Date ASU 2016-08, Principal versus Agent Considerations ASU 2016-10, Identifying Performance Obligations and Licensing ASU 2016-12, Narrow-Scope Improvements and Practical Expedients ASU 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers	These ASUs supersede the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the Industry Topics of the Codification. The core principle of the ASUs is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASUs may be adopted either retrospectively or on a modified retrospective basis to new contracts and existing contracts, with remaining performance obligations as of the effective date.	January 1, 2018 Early adoption is permitted beginning January 1, 2017.	The Company is evaluating the anticipated effects of these ASUs on the Consolidated Financial Statements and related disclosures. The Company has conducted a comprehensive scoping exercise to determine the revenue streams that are in the scope of these updates. Preliminary results indicate that certain noninterest income financial statement line items, including service charges on deposit accounts, card fees, other charges and fees, investment banking income, trust and investment management income, retail investment services, and other noninterest income, contain revenue streams that are in scope of these updates. Preliminary findings indicate that there may be some changes in the presentation of certain revenues and expenses based on the principal versus agent guidance within these updates; the materiality of these changes is still being assessed. The Company plans to adopt the standards beginning January 1, 2018 and expects to use the modified retrospective method of adoption.

Standard	Description	Required Date of Adoption	Effect on the Financial Statements or Other Significant Matters
ASU 2016-02, Leases	The ASU creates ASC Topic 842, *Leases*, and supersedes Topic 840, *Leases*. Topic 842 requires lessees to recognize right-of-use assets and associated liabilities that arise from leases, with the exception of short-term leases. The ASU does not make significant changes to lessor accounting; however, there were certain improvements made to align lessor accounting with the lessee accounting model and Topic 606, *Revenue from Contracts with Customers*. There are several new qualitative and quantitative disclosures required. Upon transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach.	January 1, 2019 Early adoption is permitted.	The adoption of this ASU will result in an increase to the Consolidated Balance Sheets for right-of-use assets and associated lease liabilities for operating leases in which the Company is the lessee. The Company is evaluating the significance and other effects of adoption on the Consolidated Financial Statements and related disclosures.
ASU 2016-07, Simplifying the Transition to the Equity Method of Accounting	The ASU amends ASC Topic 323, *Investments-Equity Method and Joint Ventures*, to eliminate the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. The amendments require that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investor obtains significant influence over the investee. In addition, if the investor previously held an AFS equity security, the ASU requires that the investor recognize through earnings the unrealized holding gain or loss in AOCI, as of the date it obtains significant influence. The ASU is to be applied on a prospective basis.	January 1, 2017 Early application is permitted.	This ASU will not impact the Consolidated Financial Statements and related disclosures until there is an applicable increase in investment or change in influence resulting in a transition to the equity method.
ASU 2016-13, Measurement of Credit Losses on Financial Instruments	The ASU amends ASC Topic 326, *Financial Instruments-Credit Losses*, to replace the incurred loss impairment methodology with a current expected credit loss methodology for financial instruments measured at amortized cost and other commitments to extend credit. For this purpose, expected credit losses reflect losses over the remaining contractual life of an asset, considering the effect of voluntary prepayments and considering available information about the collectability of cash flows, including information about past events, current conditions, and reasonable and supportable forecasts. The resulting allowance for credit losses reflects the portion of the amortized cost basis that the entity does not expect to collect. Additional quantitative and qualitative disclosures are required upon adoption. The CECL model does not apply to AFS debt securities; however the ASU requires entities to record an allowance when recognizing credit losses for AFS securities, rather than recording a direct write-down of the carrying amount.	January 1, 2020 Early adoption is permitted beginning January 1, 2019.	The Company is evaluating the impact the ASU will have on the Company's Consolidated Financial Statements and related disclosures.

NOTE 2 - ACQUISITIONS/DISPOSITIONS

During the years ended December 31, 2016, 2015, and 2014, the Company had the following notable acquisition and disposition:

(Dollars in millions)	Date	Cash (Paid)/ Received	Goodwill	Other Intangible Assets	Pre-tax Gain
2016					
Acquisition of Pillar	**12/15/2016**	**($197)**	**$—**	**$14** [1]	**$—**
2014					
Sale of RidgeWorth	5/30/2014	193	—	—	105

[1] Does not include servicing rights acquired.

Acquisition of Pillar

On December 15, 2016, the Company completed the acquisition of substantially all of the assets of the operating subsidiaries of Pillar Financial, LLC, a multi-family agency lending and servicing company with an originate-to-distribute focus that holds licenses with Fannie Mae, Freddie Mac, and the FHA. The acquired assets include Pillar's multi-family lending business, which is comprised of multi-family affordable housing, health care properties, senior housing, and manufactured housing specialty teams. Additionally, the transaction includes Cohen Financial's commercial real estate investor services business, offering loan administration and advisory services, as well as their commercial mortgage brokerage business.

The Company agreed to pay $197 million in cash and incurred an immaterial amount of acquisition-related costs for the acquisition; however, final cash settlement is to occur within 100 days after the acquisition date as specified in the purchase

agreement, to capture any working capital adjustments. The acquisition of Pillar was accounted for using the acquisition method of accounting. The Company performed a preliminary allocation of the purchase price to the underlying assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition, presented in the following table.

(Dollars in millions)	December 15, 2016
Consideration	$197
Pillar purchase price allocation to:	
Cash and cash equivalents	$9
LHFI	38
LHFS	182
Commercial mortgage servicing rights	62
Other intangible assets	14
Other assets	8
Other short-term borrowings	(100)
Other liabilities	(16)
Identified net assets acquired at fair value	$197
Goodwill	$—

At the date of acquisition, the UPB of LHFI and LHFS acquired were $38 million and $180 million, respectively, and the related contractual cash flows not expected to be collected were immaterial. At December 31, 2016, the valuation analyses of certain intangible assets acquired were not yet finalized. Review of these items will continue during the measurement period and any further changes to the preliminary purchase price allocation will be recognized as the valuations are finalized and final cash settlement occurs, which could change the amount of the preliminary purchase price allocation to goodwill. Additionally, other intangible assets acquired included $62 million of commercial mortgage servicing rights and $14 million related mainly to agency licenses. See Note 9, "Goodwill and Other Intangible Assets," for additional information regarding the identified intangible assets acquired.

The financial results of Pillar from the acquisition date through December 31, 2016 were immaterial and are reflected in the Wholesale Banking segment for the year ended December 31, 2016.

Sale of RidgeWorth

In 2014, the Company completed the sale of RidgeWorth, its asset management subsidiary with approximately $49.1 billion in assets under management. The Company received cash proceeds of $193 million, removed $96 million in net assets and $23 million in noncontrolling interests, and recognized a pre-tax gain of $105 million in connection with the sale, net of transaction-related expenses.

The Company's results for the year ended December 31, 2014, included $22 million of income before provision for income taxes related to RidgeWorth, excluding the gain on sale, comprised of $81 million of revenue and $59 million of expense. The financial results of RidgeWorth, including the gain on sale, are reflected in the Corporate Other segment for the year ended December 31, 2014.

There were no other material acquisitions or dispositions during the three years ended December 31, 2016.

NOTE 3 - FEDERAL FUNDS SOLD AND SECURITIES FINANCING ACTIVITIES

Federal Funds Sold and Securities Borrowed or Purchased Under Agreements to Resell

Fed funds sold and securities borrowed or purchased under agreements to resell were as follows:

(Dollars in millions)	**December 31, 2016**	December 31, 2015
Fed funds sold	**$58**	$38
Securities borrowed	**270**	277
Securities purchased under agreements to resell	**979**	962
Total Fed funds sold and securities borrowed or purchased under agreements to resell	**$1,307**	$1,277

Securities purchased under agreements to resell are primarily collateralized by U.S. government or agency securities and are carried at the amounts at which the securities will be subsequently resold, plus accrued interest. Securities borrowed are primarily collateralized by corporate securities. The Company borrows securities and purchases securities under agreements to resell as part of its securities financing activities. On the acquisition date of these securities, the Company and the related counterparty agree on the amount of collateral required to secure the principal amount loaned under these arrangements. The Company monitors collateral values daily and calls for additional collateral to be provided as warranted under the respective agreements. At December 31, 2016 and 2015, the total market value of collateral held was $1.3 billion and $1.2 billion, of which $246 million and $73 million was repledged, respectively.

Securities Sold Under Agreements to Repurchase

Securities sold under agreements to repurchase are accounted for as secured borrowings. The following table presents the Company's related activity, by collateral type and remaining contractual maturity:

	December 31, 2016				December 31, 2015		
(Dollars in millions)	**Overnight and Continuous**	**Up to 30 days**	**30-90 days**	**Total**	Overnight and Continuous	Up to 30 days	Total
U.S. Treasury securities	**$27**	**$—**	**$—**	**$27**	$112	$—	$112
Federal agency securities	**288**	**24**	**—**	**312**	319	—	319
MBS - agency	**793**	**51**	**—**	**844**	837	23	860
CP	**49**	**—**	**—**	**49**	49	—	49
Corporate and other debt securities	**311**	**50**	**40**	**401**	242	72	314
Total securities sold under agreements to repurchase	**$1,468**	**$125**	**$40**	**$1,633**	$1,559	$95	$1,654

For these securities sold under agreements to repurchase, the Company would be obligated to provide additional collateral in the event of a significant decline in fair value of the collateral pledged. This risk is managed by monitoring the liquidity and credit quality of the collateral, as well as the maturity profile of the transactions.

Netting of Securities - Repurchase and Resell Agreements

The Company has various financial assets and financial liabilities that are subject to enforceable master netting agreements or similar agreements. The Company's derivatives that are subject to enforceable master netting agreements or similar agreements are discussed in Note 17, "Derivative Financial Instruments." The following table presents the Company's securities borrowed or purchased under agreements to resell and securities sold under agreements to repurchase that are subject to MRAs. Generally, MRAs require collateral to exceed the asset or liability recognized on the balance sheet. Transactions subject to these agreements are treated as collateralized financings, and those with a single counterparty are permitted to be presented net on the Company's Consolidated Balance Sheets, provided certain criteria are met that permit balance sheet netting. At December 31, 2016 and 2015, there were no such transactions subject to legally enforceable MRAs that were eligible for balance sheet netting.

The following table includes the amount of collateral pledged or received related to exposures subject to enforceable MRAs. While these agreements are typically over-collateralized, U.S. GAAP requires disclosure in this table to limit the amount of such collateral to the amount of the related recognized asset or liability for each counterparty.

(Dollars in millions)	Gross Amount	Amount Offset	Net Amount Presented in Consolidated Balance Sheets	Held/Pledged Financial Instruments	Net Amount
December 31, 2016					
Financial assets:					
Securities borrowed or purchased under agreements to resell	**$1,249**	**$—**	**$1,249** [1]	**$1,241**	**$8**
Financial liabilities:					
Securities sold under agreements to repurchase	**1,633**	**—**	**1,633**	**1,633**	**—**
December 31, 2015					
Financial assets:					
Securities borrowed or purchased under agreements to resell	$1,239	$—	$1,239 [1]	$1,229	$10
Financial liabilities:					
Securities sold under agreements to repurchase	1,654	—	1,654	1,654	—

[1] Excludes $58 million and $38 million of Fed funds sold, which are not subject to a master netting agreement at December 31, 2016 and 2015, respectively.

NOTE 4 - TRADING ASSETS AND LIABILITIES AND DERIVATIVE INSTRUMENTS

The fair values of the components of trading assets and liabilities and derivative instruments are presented in the following table:

(Dollars in millions)	**December 31, 2016**	December 31, 2015
Trading Assets and Derivative Instruments:		
U.S. Treasury securities	**$539**	$538
Federal agency securities	**480**	588
U.S. states and political subdivisions	**134**	30
MBS - agency	**567**	553
CLO securities	**1**	2
Corporate and other debt securities	**656**	468
CP	**140**	67
Equity securities	**49**	66
Derivative instruments [1]	**984**	1,152
Trading loans [2]	**2,517**	2,655
Total trading assets and derivative instruments	**$6,067**	$6,119
Trading Liabilities and Derivative Instruments:		
U.S. Treasury securities	**$697**	$503
MBS - agency	**1**	37
Corporate and other debt securities	**255**	259
Derivative instruments [1]	**398**	464
Total trading liabilities and derivative instruments	**$1,351**	$1,263

[1] Amounts include the impact of offsetting cash collateral received from and paid to the same derivative counterparties, and the impact of netting derivative assets and derivative liabilities when a legally enforceable master netting agreement or similar agreement exists.
[2] Includes loans related to TRS.

Various trading and derivative instruments are used as part of the Company's overall balance sheet management strategies and to support client requirements executed through the Bank and/or STRH, a broker/dealer subsidiary of the Company. The Company manages the potential market volatility associated with trading instruments with appropriate risk management strategies. The size, volume, and nature of the trading products and derivative instruments can vary based on economic conditions as well as client-specific and Company-specific asset or liability positions. Product offerings to clients include debt securities, loans traded in the secondary market, equity securities, derivative contracts, and other similar financial instruments. Other trading-related activities include acting as a market maker for certain debt and equity security transactions, derivative instrument transactions, and foreign exchange transactions. The Company also uses derivatives to manage its interest rate and market risk from non-trading activities. The Company has policies and procedures to manage market risk associated with client trading and non-trading activities, and assumes a limited degree of market risk by managing the size and nature of its exposure. For valuation assumptions and additional information related to the Company's trading products and derivative instruments, see Note 17, "Derivative Financial Instruments," and the "Trading Assets and Derivative Instruments and Securities Available for Sale" section of Note 18, "Fair Value Election and Measurement."

Pledged trading assets are presented in the following table:

(Dollars in millions)	**December 31, 2016**	December 31, 2015
Pledged trading assets to secure repurchase agreements [1]	**$968**	$986
Pledged trading assets to secure certain derivative agreements	**471**	393
Pledged trading assets to secure other arrangements	**40**	40

[1] Repurchase agreements secured by collateral totaled $928 million and $950 million at December 31, 2016 and 2015, respectively.

NOTE 5 – SECURITIES AVAILABLE FOR SALE

Securities Portfolio Composition

	December 31, 2016			
(Dollars in millions)	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
U.S. Treasury securities	**$5,486**	**$5**	**$86**	**$5,405**
Federal agency securities	**310**	**5**	**2**	**313**
U.S. states and political subdivisions	**279**	**5**	**5**	**279**
MBS - agency	**23,642**	**313**	**293**	**23,662**
MBS - non-agency residential	**71**	**3**	**—**	**74**
MBS - non-agency commercial	**257**	**—**	**5**	**252**
ABS	**8**	**2**	**—**	**10**
Corporate and other debt securities	**34**	**1**	**—**	**35**
Other equity securities [1]	**642**	**1**	**1**	**642**
Total securities AFS	**$30,729**	**$335**	**$392**	**$30,672**

	December 31, 2015			
(Dollars in millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury securities	$3,460	$3	$14	$3,449
Federal agency securities	402	10	1	411
U.S. states and political subdivisions	156	8	—	164
MBS - agency	22,877	397	150	23,124
MBS - non-agency residential	92	2	—	94
ABS	11	2	1	12
Corporate and other debt securities	37	1	—	38
Other equity securities [1]	533	1	1	533
Total securities AFS	$27,568	$424	$167	$27,825

[1] At December 31, 2016, the fair value of other equity securities was comprised of the following: $132 million of FHLB of Atlanta stock, $402 million of Federal Reserve Bank of Atlanta stock, $102 million of mutual fund investments, and $6 million of other.
At December 31, 2015, the fair value of other equity securities was comprised of the following: $32 million of FHLB of Atlanta stock, $402 million of Federal Reserve Bank of Atlanta stock, $93 million of mutual fund investments, and $6 million of other.

The following table presents interest and dividends on securities AFS:

	Year Ended December 31		
(Dollars in millions)	**2016**	2015	2014
Taxable interest	**$630**	$552	$565
Tax-exempt interest	**6**	6	10
Dividends	**15**	35	38
Total interest and dividends on securities AFS	**$651**	$593	$613

Securities AFS pledged to secure public deposits, repurchase agreements, trusts, and other funds had a fair value of $2.0 billion and $3.2 billion at December 31, 2016 and 2015, respectively.

The following table presents the amortized cost, fair value, and weighted average yield of investments in debt securities AFS at December 31, 2016, by remaining contractual maturity, with the exception of MBS and ABS, which are based on estimated average life. Receipt of cash flows may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.

	Distribution of Remaining Maturities				
(Dollars in millions)	Due in 1 Year or Less	Due After 1 Year through 5 Years	Due After 5 Years through 10 Years	Due After 10 Years	Total
Amortized Cost:					
U.S. Treasury securities	**$—**	**$2,344**	**$3,142**	**$—**	**$5,486**
Federal agency securities	**114**	**87**	**7**	**102**	**310**
U.S. states and political subdivisions	**10**	**21**	**83**	**165**	**279**
MBS - agency	**1,889**	**12,667**	**8,847**	**239**	**23,642**
MBS - non-agency residential	—	**48**	**23**	—	**71**
MBS - non-agency commercial	—	**12**	**245**	—	**257**
ABS	**7**	—	**1**	—	**8**
Corporate and other debt securities	**15**	**19**	—	—	**34**
Total debt securities AFS	**$2,035**	**$15,198**	**$12,348**	**$506**	**$30,087**
Fair Value:					
U.S. Treasury securities	**$—**	**$2,332**	**$3,073**	**$—**	**$5,405**
Federal agency securities	**114**	**91**	**7**	**101**	**313**
U.S. states and political subdivisions	**10**	**22**	**86**	**161**	**279**
MBS - agency	**1,989**	**12,788**	**8,645**	**240**	**23,662**
MBS - non-agency residential	—	**50**	**24**	—	**74**
MBS - non-agency commercial	—	**12**	**240**	—	**252**
ABS	**8**	—	**2**	—	**10**
Corporate and other debt securities	**16**	**19**	—	—	**35**
Total debt securities AFS	**$2,137**	**$15,314**	**$12,077**	**$502**	**$30,030**
Weighted average yield [1]	**3.01%**	**2.40%**	**2.42%**	**3.14%**	**2.46%**

[1] Weighted average yields are based on amortized cost.

Securities AFS in an Unrealized Loss Position

The Company held certain investment securities AFS where amortized cost exceeded fair value, resulting in unrealized loss positions. Market changes in interest rates and credit spreads may result in temporary unrealized losses as the market prices of securities fluctuate. At December 31, 2016, the Company did not intend to sell these securities nor was it more-likely-than-not that the Company would be required to sell these securities before their anticipated recovery or maturity. The Company reviewed its portfolio for OTTI in accordance with the accounting policies described in Note 1, "Significant Accounting Policies."

Securities AFS in an unrealized loss position at period end are presented in the following tables:

	December 31, 2016					
	Less than twelve months		Twelve months or longer		Total	
(Dollars in millions)	Fair Value	Unrealized Losses [2]	Fair Value	Unrealized Losses [2]	Fair Value	Unrealized Losses [2]
Temporarily impaired securities AFS:						
U.S. Treasury securities	**$4,380**	**$86**	**$—**	**$—**	**$4,380**	**$86**
Federal agency securities	**96**	**2**	**3**	**—**	**99**	**2**
U.S. states and political subdivisions	**149**	**5**	**—**	**—**	**149**	**5**
MBS - agency	**14,622**	**285**	**451**	**8**	**15,073**	**293**
MBS - non-agency commercial	**184**	**5**	**—**	**—**	**184**	**5**
ABS	**—**	**—**	**5**	**—**	**5**	**—**
Corporate and other debt securities	**12**	**—**	**—**	**—**	**12**	**—**
Other equity securities	**—**	**—**	**4**	**1**	**4**	**1**
Total temporarily impaired securities AFS	**19,443**	**383**	**463**	**9**	**19,906**	**392**
OTTI securities AFS [1]:						
MBS - non-agency residential	**16**	**—**	**—**	**—**	**16**	**—**
ABS	**—**	**—**	**1**	**—**	**1**	**—**
Total OTTI securities AFS	**16**	**—**	**1**	**—**	**17**	**—**
Total impaired securities AFS	**$19,459**	**$383**	**$464**	**$9**	**$19,923**	**$392**

	December 31, 2015					
	Less than twelve months		Twelve months or longer		Total	
(Dollars in millions)	Fair Value	Unrealized Losses [2]	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses [2]
Temporarily impaired securities AFS:						
U.S. Treasury securities	$2,169	$14	$—	$—	$2,169	$14
Federal agency securities	75	—	34	1	109	1
MBS - agency	11,434	114	958	36	12,392	150
ABS	—	—	7	1	7	1
Other equity securities	3	1	—	—	3	1
Total temporarily impaired securities AFS	13,681	129	999	38	14,680	167
OTTI securities AFS [1]:						
ABS	1	—	—	—	1	—
Total OTTI securities AFS	1	—	—	—	1	—
Total impaired securities AFS	$13,682	$129	$999	$38	$14,681	$167

[1] OTTI securities AFS are impaired securities for which OTTI credit losses have been previously recognized in earnings.
[2] Unrealized losses less than $0.5 million are presented as zero within the table.

At December 31, 2016, temporarily impaired securities AFS that have been in an unrealized loss position for twelve months or longer included agency MBS, federal agency securities, one ABS collateralized by 2004 vintage home equity loans, and one equity security. Unrealized losses on these temporarily impaired agency MBS and federal agency securities were due to market interest rates being higher than the securities' stated coupon rates. The temporarily impaired ABS continues to receive timely principal and interest payments, and is evaluated quarterly for credit impairment. Unrealized losses on securities AFS that relate to factors other than credit are recorded in AOCI, net of tax.

Realized Gains and Losses and Other-Than-Temporarily Impaired Securities AFS

	Year Ended December 31		
(Dollars in millions)	**2016**	2015	2014
Gross realized gains	**$4**	$25	$28
Gross realized losses	**—**	(3)	(42)
OTTI credit losses recognized in earnings	**—**	(1)	(1)
Net securities gains/(losses)	**$4**	$21	($15)

Securities AFS in an unrealized loss position are evaluated quarterly for other-than-temporary credit impairment, which is determined using cash flow analyses that take into account security specific collateral and transaction structure. Future expected credit losses are determined using various assumptions, the most significant of which include default rates, prepayment rates, and loss severities. If, based on this analysis, a security is in an unrealized loss position and the Company does not expect to recover the entire amortized cost basis of the security, the expected cash flows are then discounted at the security's initial effective interest rate to arrive at a present value amount. Credit losses on the OTTI security are recognized in earnings and reflect the difference between the present value of cash flows expected to be collected and the amortized cost basis of the security. See Note 1, "Significant Accounting Policies," for additional information regarding the Company's policy on securities AFS and related impairments.

The Company continues to reduce existing exposure on OTTI securities primarily through paydowns. In certain instances, the amount of credit losses recognized in earnings on a debt security exceeds the total unrealized losses on the security, which may result in unrealized gains relating to factors other than credit recorded in AOCI, net of tax.

During the year ended December 31, 2016, there were no credit impairment losses recognized on securities AFS held at the end of the period. During the years ended December 31, 2015 and 2014, credit impairment recognized on securities AFS still held at the end of the period was immaterial. The accumulated balance of OTTI credit losses recognized in earnings on securities AFS held at period end was $23 million at December 31, 2016 and $25 million at both December 31, 2015 and 2014. Subsequent credit losses may be recorded on securities without a corresponding further decline in fair value when there has been a decline in expected cash flows.

The following table presents a summary of the significant inputs used in determining the measurement of OTTI credit losses recognized in earnings for non-agency MBS for the years ended December 31:

	2016 [2]	2015 [1]	2014 [1]
Default rate	**N/A**	9%	2%
Prepayment rate	**N/A**	13%	16%
Loss severity	**N/A**	56%	46%

[1] For the year ended December 31, 2015, all OTTI credit losses recognized in earnings related to one non-agency MBS with a fair value of approximately $20 million at December 31, 2015. For the year ended December 31, 2014, all OTTI credit losses recognized in earnings related to one non-agency MBS with a fair value of $16 million at December 31, 2014.

[2] "N/A" - Not applicable as there were no OTTI credit losses recognized in earnings for the year ended December 31, 2016.

Assumption ranges represent the lowest and highest lifetime average estimates of each security for which credit losses were recognized in earnings. Ranges may vary from period to period as the securities for which credit losses are recognized vary. Additionally, severity may vary widely when losses are few and large.

NOTE 6 - LOANS

Composition of Loan Portfolio

(Dollars in millions)	**December 31, 2016**	December 31, 2015
Commercial loans:		
C&I	**$69,213**	$67,062
CRE	**4,996**	6,236
Commercial construction	**4,015**	1,954
Total commercial loans	**78,224**	75,252
Residential loans:		
Residential mortgages - guaranteed	**537**	629
Residential mortgages - nonguaranteed [1]	**26,137**	24,744
Residential home equity products	**11,912**	13,171
Residential construction	**404**	384
Total residential loans	**38,990**	38,928
Consumer loans:		
Guaranteed student	**6,167**	4,922
Other direct	**7,771**	6,127
Indirect	**10,736**	10,127
Credit cards	**1,410**	1,086
Total consumer loans	**26,084**	22,262
LHFI	**$143,298**	$136,442
LHFS [2]	**$4,169**	$1,838

[1] Includes $222 million and $257 million of LHFI measured at fair value at December 31, 2016 and 2015, respectively.
[2] Includes $3.5 billion and $1.5 billion of LHFS measured at fair value at December 31, 2016 and 2015, respectively.

During the years ended December 31, 2016 and 2015, the Company transferred $360 million and $1.8 billion in LHFI to LHFS, and $30 million and $741 million in LHFS to LHFI, respectively. In addition to sales of residential and commercial mortgage LHFS in the normal course of business, the Company sold $1.6 billion and $2.1 billion in loans and leases for net gains of $6 million and $22 million during the years ended December 31, 2016 and 2015, respectively.

During the years ended December 31, 2016 and 2015, the Company's significant loan purchases included $2.2 billion and $1.2 billion of guaranteed student loans, respectively.

At December 31, 2016 and 2015, the Company had $22.6 billion and $23.6 billion of net eligible loan collateral pledged to the Federal Reserve discount window to support $17.0 billion and $17.2 billion of available, unused borrowing capacity, respectively.

At December 31, 2016 and 2015, the Company had $36.9 billion and $33.7 billion of net eligible loan collateral pledged to the FHLB of Atlanta to support $31.9 billion and $28.5 billion of available borrowing capacity, respectively. The available FHLB borrowing capacity at December 31, 2016 was used to support $2.8 billion of long-term debt and $7.3 billion of letters of credit issued on the Company's behalf. At December 31, 2015, the available FHLB borrowing capacity was used to support $408 million of long-term debt and $6.7 billion of letters of credit issued on the Company's behalf.

Credit Quality Evaluation

The Company evaluates the credit quality of its loan portfolio by employing a dual internal risk rating system, which assigns both PD and LGD ratings to derive expected losses. Assignment of these ratings are predicated upon numerous factors, including consumer credit risk scores, rating agency information, borrower/guarantor financial capacity, LTV ratios, collateral type, debt service coverage ratios, collection experience, other internal metrics/analyses, and/or qualitative assessments.

For the commercial portfolio, the Company believes that the most appropriate credit quality indicator is an individual loan's risk assessment expressed according to the broad regulatory agency classifications of Pass or Criticized. The Company conforms to the following regulatory classifications for Criticized assets: Other Assets Especially Mentioned (or Special Mention), Adversely Classified, Doubtful, and Loss. However, for the purposes of disclosure, management believes the most meaningful distinction within the Criticized categories is between Criticized accruing (which includes Special Mention and a portion of Adversely Classified) and Criticized nonaccruing (which includes a portion of Adversely Classified and Doubtful and Loss). This distinction identifies those relatively higher risk loans for which there is a basis to believe that the Company will not collect all amounts due under those loan agreements. The Company's risk rating system is more granular, with multiple risk ratings in both the Pass and Criticized categories. Pass ratings reflect relatively low PDs, whereas, Criticized assets have higher PDs. The granularity in Pass ratings assists in establishing pricing, loan structures, approval requirements, reserves, and ongoing credit management requirements. Commercial risk ratings are refreshed at least annually, or more frequently as appropriate, based upon considerations such as market conditions, borrower characteristics, and portfolio trends. Additionally, management routinely reviews portfolio risk ratings, trends, and concentrations to support risk identification and mitigation activities. The increase in Criticized accruing and nonaccruing C&I loans at December 31, 2016 compared to December 31, 2015, as presented in the following risk rating table, was driven primarily by downgrades of loans in the energy industry vertical.

For consumer and residential loans, the Company monitors credit risk based on indicators such as delinquencies and FICO scores. The Company believes that consumer credit risk, as assessed by the industry-wide FICO scoring method, is a relevant credit quality indicator. Borrower-specific FICO scores are obtained at origination as part of the Company's formal underwriting process, and refreshed FICO scores are obtained by the Company at least quarterly.

For government-guaranteed loans, the Company monitors the credit quality based primarily on delinquency status, as it is a more relevant indicator of credit quality due to the government guarantee. At December 31, 2016 and 2015, 29% and 31%, respectively, of the guaranteed residential loan portfolio was current with respect to payments. At December 31, 2016 and 2015, 75% and 78%, respectively, of the guaranteed student loan portfolio was current with respect to payments. The Company's loss exposure on guaranteed residential and student loans is mitigated by the government guarantee.

LHFI by credit quality indicator are presented in the following tables:

	Commercial Loans					
	C&I		CRE		Commercial Construction	
(Dollars in millions)	**December 31, 2016**	December 31, 2015	**December 31, 2016**	December 31, 2015	**December 31, 2016**	December 31, 2015
Risk rating:						
Pass	**$66,920**	$65,379	**$4,574**	$6,067	**$3,914**	$1,931
Criticized accruing	**1,903**	1,375	**415**	158	**84**	23
Criticized nonaccruing	**390**	308	**7**	11	**17**	—
Total	**$69,213**	$67,062	**$4,996**	$6,236	**$4,015**	$1,954

	Residential Loans [1]					
	Residential Mortgages - Nonguaranteed		Residential Home Equity Products		Residential Construction	
(Dollars in millions)	**December 31, 2016**	December 31, 2015	**December 31, 2016**	December 31, 2015	**December 31, 2016**	December 31, 2015
Current FICO score range:						
700 and above	**$22,194**	$20,422	**$9,826**	$10,772	**$292**	$313
620 - 699	**3,042**	3,262	**1,540**	1,741	**96**	58
Below 620 [2]	**901**	1,060	**546**	658	**16**	13
Total	**$26,137**	$24,744	**$11,912**	$13,171	**$404**	$384

	Consumer Loans [3]					
	Other Direct		Indirect		Credit Cards	
(Dollars in millions)	**December 31, 2016**	December 31, 2015	**December 31, 2016**	December 31, 2015	**December 31, 2016**	December 31, 2015
Current FICO score range:						
700 and above	**$7,008**	$5,501	**$7,642**	$7,015	**$974**	$759
620 - 699	**703**	576	**2,381**	2,481	**351**	265
Below 620 [2]	**60**	50	**713**	631	**85**	62
Total	**$7,771**	$6,127	**$10,736**	$10,127	**$1,410**	$1,086

[1] Excludes $537 million and $629 million of guaranteed residential loans at December 31, 2016 and 2015, respectively.

[2] For substantially all loans with refreshed FICO scores below 620, the borrower's FICO score at the time of origination exceeded 620 but has since deteriorated as the loan has seasoned.

[3] Excludes $6.2 billion and $4.9 billion of guaranteed student loans at December 31, 2016 and 2015, respectively.

The payment status for the LHFI portfolio is presented in the following tables:

	December 31, 2016				
(Dollars in millions)	Accruing Current	Accruing 30-89 Days Past Due	Accruing 90+ Days Past Due	Nonaccruing [2]	Total
Commercial loans:					
C&I	**$68,776**	**$35**	**$12**	**$390**	**$69,213**
CRE	**4,988**	**1**	**—**	**7**	**4,996**
Commercial construction	**3,998**	**—**	**—**	**17**	**4,015**
Total commercial loans	**77,762**	**36**	**12**	**414**	**78,224**
Residential loans:					
Residential mortgages - guaranteed	**155**	**55**	**327**	**—**	**537**
Residential mortgages - nonguaranteed [1]	**25,869**	**84**	**7**	**177**	**26,137**
Residential home equity products	**11,596**	**81**	**—**	**235**	**11,912**
Residential construction	**389**	**3**	**—**	**12**	**404**
Total residential loans	**38,009**	**223**	**334**	**424**	**38,990**
Consumer loans:					
Guaranteed student	**4,637**	**603**	**927**	**—**	**6,167**
Other direct	**7,726**	**35**	**4**	**6**	**7,771**
Indirect	**10,608**	**126**	**1**	**1**	**10,736**
Credit cards	**1,388**	**12**	**10**	**—**	**1,410**
Total consumer loans	**24,359**	**776**	**942**	**7**	**26,084**
Total LHFI	**$140,130**	**$1,035**	**$1,288**	**$845**	**$143,298**

[1] Includes $222 million of loans measured at fair value, the majority of which were accruing current.
[2] Nonaccruing loans past due 90 days or more totaled $360 million. Nonaccruing loans past due fewer than 90 days include modified nonaccrual loans reported as TDRs, performing second lien loans where the first lien loan is nonperforming, and certain energy-related commercial loans.

	December 31, 2015				
(Dollars in millions)	Accruing Current	Accruing 30-89 Days Past Due	Accruing 90+ Days Past Due	Nonaccruing [2]	Total
Commercial loans:					
C&I	$66,670	$61	$23	$308	$67,062
CRE	6,222	3	—	11	6,236
Commercial construction	1,952	—	2	—	1,954
Total commercial loans	74,844	64	25	319	75,252
Residential loans:					
Residential mortgages - guaranteed	192	59	378	—	629
Residential mortgages - nonguaranteed [1]	24,449	105	7	183	24,744
Residential home equity products	12,939	87	—	145	13,171
Residential construction	365	3	—	16	384
Total residential loans	37,945	254	385	344	38,928
Consumer loans:					
Guaranteed student	3,861	500	561	—	4,922
Other direct	6,094	24	3	6	6,127
Indirect	10,022	102	—	3	10,127
Credit cards	1,070	9	7	—	1,086
Total consumer loans	21,047	635	571	9	22,262
Total LHFI	$133,836	$953	$981	$672	$136,442

[1] Includes $257 million of loans measured at fair value, the majority of which were accruing current.
[2] Nonaccruing loans past due 90 days or more totaled $336 million. Nonaccruing loans past due fewer than 90 days include modified nonaccrual loans reported as TDRs and performing second lien loans where the first lien loan is nonperforming, and certain energy-related commercial loans.

Impaired Loans

A loan is considered impaired when it is probable that the Company will be unable to collect all amounts due, including principal and interest, according to the contractual terms of the agreement. Commercial nonaccrual loans greater than $3 million and certain commercial, residential, and consumer loans whose terms have been modified in a TDR are individually evaluated for impairment. Smaller-balance homogeneous loans that are collectively evaluated for impairment and loans measured at fair value are not included in the following tables. Additionally, the following tables exclude guaranteed consumer student loans and guaranteed residential mortgages for which there was nominal risk of principal loss.

(Dollars in millions)	**December 31, 2016**			December 31, 2015		
	Unpaid Principal Balance	**Amortized Cost [1]**	**Related Allowance**	Unpaid Principal Balance	Amortized Cost [1]	Related Allowance
Impaired loans with no related allowance recorded:						
Commercial loans:						
C&I	**$266**	**$214**	**$—**	$55	$42	$—
CRE	**—**	**—**	**—**	11	9	—
Total commercial loans	**266**	**214**	**—**	66	51	—
Residential loans:						
Residential mortgages - nonguaranteed	**466**	**360**	**—**	500	380	—
Residential construction	**16**	**8**	**—**	29	8	—
Total residential loans	**482**	**368**	**—**	529	388	—
Impaired loans with an allowance recorded:						
Commercial loans:						
C&I	**225**	**151**	**31**	173	167	28
CRE	**26**	**17**	**2**	—	—	—
Total commercial loans	**251**	**168**	**33**	173	167	28
Residential loans:						
Residential mortgages - nonguaranteed	**1,277**	**1,248**	**150**	1,381	1,344	178
Residential home equity products	**863**	**795**	**54**	740	670	60
Residential construction	**109**	**107**	**11**	127	125	14
Total residential loans	**2,249**	**2,150**	**215**	2,248	2,139	252
Consumer loans:						
Other direct	**59** [2]	**59** [2]	**1**	11	11	1
Indirect	**103**	**103**	**5**	114	114	5
Credit cards	**24**	**6**	**1**	24	6	1
Total consumer loans	**186**	**168**	**7**	149	131	7
Total impaired loans	**$3,434**	**$3,068**	**$255**	$3,165	$2,876	$287

[1] Amortized cost reflects charge-offs that have been recognized plus other amounts that have been applied to adjust the net book balance.
[2] Includes $41 million of TDRs that were modified prior to 2016 and reclassified as TDRs in the fourth quarter of 2016.

Included in the impaired loan balances above at December 31, 2016 and 2015 were $2.5 billion and $2.6 billion, respectively, of accruing TDRs at amortized cost, of which 97% were current. See Note 1, "Significant Accounting Policies," for further information regarding the Company's loan impairment policy.

(Dollars in millions)	Year Ended December 31					
	2016		2015		2014	
	Average Amortized Cost	**Interest Income Recognized[1]**	Average Amortized Cost	Interest Income Recognized[1]	Average Amortized Cost	Interest Income Recognized[1]
Impaired loans with no related allowance recorded:						
Commercial loans:						
C&I	**$169**	**$3**	$58	$2	$84	$1
CRE	**—**	**—**	10	—	11	1
Total commercial loans	**169**	**3**	68	2	95	2
Residential loans:						
Residential mortgages - nonguaranteed	**370**	**16**	390	17	437	17
Residential construction	**8**	**—**	11	—	12	—
Total residential loans	**378**	**16**	401	17	449	17
Impaired loans with an allowance recorded:						
Commercial loans:						
C&I	**170**	**1**	147	5	16	1
CRE	**25**	**1**	—	—	5	—
Total commercial loans	**195**	**2**	147	5	21	1
Residential loans:						
Residential mortgages - nonguaranteed	**1,251**	**64**	1,349	65	1,357	78
Residential home equity products	**812**	**29**	682	28	644	27
Residential construction	**110**	**6**	125	8	144	8
Total residential loans	**2,173**	**99**	2,156	101	2,145	113
Consumer loans:						
Other direct	**10**	**1**	12	—	14	—
Indirect	**114**	**6**	125	6	113	5
Credit cards	**6**	**1**	7	1	10	1
Total consumer loans	**130**	**8**	144	7	137	6
Total impaired loans	**$3,045**	**$128**	$2,916	$132	$2,847	$139

[1] Of the interest income recognized during the years ended December 31, 2016, 2015, and 2014, cash basis interest income was $4 million, $7 million, and $4 million respectively.

NPAs are presented in the following table:

(Dollars in millions)	**December 31, 2016**	December 31, 2015
Nonaccrual/NPLs:		
Commercial loans:		
C&I	**$390**	$308
CRE	**7**	11
Commercial construction	**17**	—
Residential loans:		
Residential mortgages - nonguaranteed	**177**	183
Residential home equity products	**235**	145
Residential construction	**12**	16
Consumer loans:		
Other direct	**6**	6
Indirect	**1**	3
Total nonaccrual/NPLs [1]	**845**	672
OREO [2]	**60**	56
Other repossessed assets	**14**	7
Total NPAs	**$919**	$735

[1] Nonaccruing restructured loans are included in total nonaccrual/NPLs.
[2] Does not include foreclosed real estate related to loans insured by the FHA or the VA. Proceeds due from the FHA and the VA are recorded as a receivable in other assets in the Consolidated Balance Sheets until the property is conveyed and the funds are received. The receivable related to proceeds due from the FHA or the VA totaled $50 million and $52 million at December 31, 2016 and 2015, respectively.

The Company's recorded investment of nonaccruing loans secured by residential real estate properties for which formal foreclosure proceedings are in process at December 31, 2016 and 2015 was $85 million and $112 million, respectively. The Company's recorded investment of accruing loans secured by residential real estate properties for which formal foreclosure proceedings are in process at December 31, 2016 and 2015 was $122 million and $152 million, of which $114 million and $141 million were insured by the FHA or the VA, respectively.

At December 31, 2016, OREO included $50 million of foreclosed residential real estate properties and $7 million of foreclosed commercial real estate properties, with the remainder related to land.

At December 31, 2015, OREO included $39 million of foreclosed residential real estate properties and $11 million of foreclosed commercial real estate properties, with the remainder related to land.

Restructured Loans

A TDR is a loan for which the Company has granted an economic concession to the borrower, in response to certain instances of financial difficulty experienced by the borrower, that the Company would not have considered otherwise. When a loan is modified under the terms of a TDR, the Company typically offers the borrower an extension of the loan maturity date and/or a reduction in the original contractual interest rate. In certain situations, the Company may offer to restructure a loan in a manner that ultimately results in the forgiveness of a contractually specified principal balance.

At December 31, 2016 and 2015, the Company had $29 million and $4 million, respectively, of commitments to lend additional funds to debtors whose terms have been modified in a TDR. The number and amortized cost of loans modified under the terms of a TDR, by type of modification, are presented in the following tables:

	2016 [1]				
(Dollars in millions)	Number of Loans Modified	Principal Forgiveness [2]	Rate Modification	Term Extension and/or Other Concessions	Total
Commercial loans:					
C&I	**144**	**$—**	**$2**	**$134**	**$136**
CRE	**4**	**—**	**—**	**—**	**—**
Commercial construction	**1**	**—**	**—**	**—**	**—**
Residential loans:					
Residential mortgages - nonguaranteed	**931**	**3**	**82**	**10**	**95**
Residential home equity products	**3,448**	**—**	**10**	**243**	**253**
Residential construction	**63**	**—**	**—**	**—**	**—**
Consumer loans:					
Other direct [3]	**4,021**	**—**	**—**	**50**	**50**
Indirect	**3,141**	**—**	**—**	**37**	**37**
Credit cards	**719**	**—**	**3**	**—**	**3**
Total TDRs	**12,472**	**$3**	**$97**	**$474**	**$574**

[1] Includes loans modified under the terms of a TDR that were charged-off during the period.
[2] Restructured loans which had forgiveness of amounts contractually due under the terms of the loan may have had other concessions including rate modifications and/or term extensions. The total amount of charge-offs associated with principal forgiveness during the year ended December 31, 2016 was immaterial.
[3] Includes 3,321 loans with an amortized cost of $41 million that were modified prior to 2016 and reclassified as TDRs in the fourth quarter of 2016.

	2015 [1]				
(Dollars in millions)	Number of Loans Modified	Principal Forgiveness [2]	Rate Modification	Term Extension and/or Other Concessions	Total
Commercial loans:					
C&I	79	$—	$1	$8	$9
CRE	1	—	—	—	—
Residential loans:					
Residential mortgages - nonguaranteed	789	12	129	25	166
Residential home equity products	2,172	—	25	113	138
Residential construction	23	—	6	—	6
Consumer loans:					
Other direct	66	—	—	1	1
Indirect	2,578	—	—	52	52
Credit cards	683	—	3	—	3
Total TDRs	6,391	$12	$164	$199	$375

[1] Includes loans modified under the terms of a TDR that were charged-off during the period.
[2] Restructured loans which had forgiveness of amounts contractually due under the terms of the loan may have had other concessions including rate modifications and/or term extensions. The total amount of charge-offs associated with principal forgiveness during the year ended December 31, 2015 was $2 million.

(Dollars in millions)	2014 [1]				
	Number of Loans Modified	Principal Forgiveness [2]	Rate Modification	Term Extension and/or Other Concessions	Total
Commercial loans:					
C&I	78	$—	$1	$37	$38
CRE	6	4	—	3	7
Residential loans:					
Residential mortgages - nonguaranteed	1,135	10	127	44	181
Home equity products	1,977	—	7	86	93
Residential construction	11	—	1	—	1
Consumer loans:					
Other direct	71	—	—	1	1
Indirect	2,928	—	—	57	57
Credit cards	450	—	2	—	2
Total TDRs	6,656	$14	$138	$228	$380

[1] Includes loans modified under the terms of a TDR that were charged-off during the period.
[2] Restructured loans which had forgiveness of amounts contractually due under the terms of the loan typically have had multiple concessions including rate modifications and/or term extensions. The total amount of charge-offs associated with principal forgiveness during the year ended December 31, 2014 was $14 million.

The following table presents TDRs that have defaulted during the year ended December 31, 2016 that were first modified within the previous 12 months.

(Dollars in millions)	**Year Ended December 31, 2016**	
	Number of Loans	**Amortized Cost**
Commercial loans:		
C&I	**22**	**$15**
Residential loans:		
Residential mortgages	**55**	**11**
Residential home equity products	**137**	**10**
Consumer loans:		
Other direct	**20**	**—**
Indirect	**117**	**1**
Credit cards	**97**	**—**
Total TDRs	**448**	**$37**

The following table presents TDRs that have defaulted during the year ended December 31, 2015 that were first modified within the previous 12 months.

(Dollars in millions)	Year Ended December 31, 2015	
	Number of Loans	Amortized Cost
Commercial loans:		
C&I	34	$1
Residential loans:		
Residential mortgages	120	16
Residential home equity products	138	6
Consumer loans:		
Other direct	5	—
Indirect	171	2
Credit cards	84	—
Total TDRs	552	$25

The following table presents TDRs that have defaulted during the year ended December 31, 2014 that were first modified within the previous 12 months.

(Dollars in millions)	Year Ended December 31, 2014	
	Number of Loans	Amortized Cost
Commercial loans:		
C&I	78	$10
Residential loans:		
Residential mortgages	158	19
Home equity products	101	5
Residential construction	6	—
Consumer loans:		
Other direct	9	—
Indirect	181	1
Credit cards	145	1
Total TDRs	678	$36

The majority of loans that were modified and subsequently became 90 days or more delinquent have remained on nonaccrual status since the time of delinquency.

Concentrations of Credit Risk

The Company does not have a significant concentration of risk to any individual client except for the U.S. government and its agencies. However, a geographic concentration arises because the Company operates primarily within Florida, Georgia, Maryland, North Carolina, and Virginia. The Company engages in limited international banking activities. The Company's total cross-border outstanding loans were $2.2 billion and $1.6 billion at December 31, 2016 and 2015, respectively.

With respect to collateral concentration, at December 31, 2016, the Company owned $39.0 billion in loans secured by residential real estate, representing 27% of total LHFI. Additionally, the Company had $10.3 billion in commitments to extend credit on home equity lines and $4.2 billion in residential

mortgage loan commitments outstanding at December 31, 2016. At December 31, 2015, the Company owned $38.9 billion in loans secured by residential real estate, representing 29% of total LHFI, and had $10.5 billion in commitments to extend credit on home equity lines and $3.2 billion in residential mortgage loan commitments outstanding. At December 31, 2016 and December 31, 2015, 1% and 2% of residential loans owned were guaranteed by a federal agency or a GSE, respectively.

The following table presents loans in the residential mortgage portfolio that included a high original LTV ratio (in excess of 80%), an interest only feature, and/or a second lien position that may increase the Company's exposure to credit risk and result in a concentration of credit risk. At December 31, 2016 and December 31, 2015, the current weighted average FICO score for the borrowers of these loans was 751 and 745, respectively.

(Dollars in millions)	**December 31, 2016**	December 31, 2015
Interest only mortgages with MI or with combined original LTV ≤ 80% [1]	**$845**	$1,563
Interest only mortgages with no MI and with combined original LTV > 80% [1]	**279**	547
Total interest only mortgages [1]	**1,124**	2,110
Amortizing mortgages with combined original LTV > 80% and/or second liens [2]	**9,198**	8,366
Total mortgages with potential concentration of credit risk	**$10,322**	$10,476

[1] Comprised of first and/or second liens, primarily with an initial 10 year interest only period.
[2] Comprised of loans with no MI.

NOTE 7 - ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses consists of the ALLL and the unfunded commitments reserve. Activity in the allowance for credit losses is summarized in the following table:

	Year Ended December 31		
(Dollars in millions)	**2016**	2015	2014
Balance, beginning of period	**$1,815**	$1,991	$2,094
Provision for loan losses	**440**	156	338
Provision for unfunded commitments	**4**	9	4
Loan charge-offs	**(591)**	(470)	(607)
Loan recoveries	**108**	129	162
Balance, end of period	**$1,776**	$1,815	$1,991
Components:			
ALLL	**$1,709**	$1,752	$1,937
Unfunded commitments reserve [1]	**67**	63	54
Allowance for credit losses	**$1,776**	$1,815	$1,991

[1] The unfunded commitments reserve is recorded in other liabilities in the Consolidated Balance Sheets.

Activity in the ALLL by loan segment is presented in the following tables:

	Year Ended December 31, 2016			
(Dollars in millions)	**Commercial**	**Residential**	**Consumer**	**Total**
Balance, beginning of period	**$1,047**	**$534**	**$171**	**$1,752**
Provision/(benefit) for loan losses	**329**	**(59)**	**170**	**440**
Loan charge-offs	**(287)**	**(136)**	**(168)**	**(591)**
Loan recoveries	**35**	**30**	**43**	**108**
Balance, end of period	**$1,124**	**$369**	**$216**	**$1,709**

	Year Ended December 31, 2015			
(Dollars in millions)	Commercial	Residential	Consumer	Total
Balance, beginning of period	$986	$777	$174	$1,937
Provision/(benefit) for loan losses	133	(67)	90	156
Loan charge-offs	(117)	(218)	(135)	(470)
Loan recoveries	45	42	42	129
Balance, end of period	$1,047	$534	$171	$1,752

As discussed in Note 1, "Significant Accounting Policies," the ALLL is composed of both specific allowances for certain nonaccrual loans and TDRs and general allowances for groups of loans with similar risk characteristics. No allowance is required for loans measured at fair value. Additionally, the Company records an immaterial allowance for loan products that are guaranteed by government agencies, as there is nominal risk of principal loss.

The Company's LHFI portfolio and related ALLL is presented in the following tables:

	December 31, 2016							
	Commercial		**Residential**		**Consumer**		**Total**	
(Dollars in millions)	**Carrying Value**	**ALLL**	**Carrying Value**	**ALLL**	**Carrying Value**	**ALLL**	**Carrying Value**	**ALLL**
Individually evaluated	**$382**	**$33**	**$2,518**	**$215**	**$168**	**$7**	**$3,068**	**$255**
Collectively evaluated	**77,842**	**1,091**	**36,250**	**154**	**25,916**	**209**	**140,008**	**1,454**
Total evaluated	**78,224**	**1,124**	**38,768**	**369**	**26,084**	**216**	**143,076**	**1,709**
LHFI at fair value	**—**	**—**	**222**	**—**	**—**	**—**	**222**	**—**
Total LHFI	**$78,224**	**$1,124**	**$38,990**	**$369**	**$26,084**	**$216**	**$143,298**	**$1,709**

	December 31, 2015							
	Commercial		Residential		Consumer		Total	
(Dollars in millions)	Carrying Value	ALLL	Carrying Value	ALLL	Carrying Value	ALLL	Carrying Value	ALLL
Individually evaluated	$218	$28	$2,527	$252	$131	$7	$2,876	$287
Collectively evaluated	75,034	1,019	36,144	282	22,131	164	133,309	1,465
Total evaluated	75,252	1,047	38,671	534	22,262	171	136,185	1,752
LHFI at fair value	—	—	257	—	—	—	257	—
Total LHFI	$75,252	$1,047	$38,928	$534	$22,262	$171	$136,442	$1,752

NOTE 8 - PREMISES AND EQUIPMENT

Premises and equipment at December 31 consisted of the following:

(Dollars in millions)	Useful Life *(in years)*	**2016**	2015
Land	Indefinite	**$320**	$330
Buildings and improvements	1 - 40	**1,028**	1,073
Leasehold improvements	1 - 30	**645**	636
Furniture and equipment	1 - 20	**1,492**	1,463
Construction in progress		**357**	249
Total premises and equipment		**3,842**	3,751
Less: Accumulated depreciation and amortization		**2,286**	2,249
Premises and equipment, net		**$1,556**	$1,502

None of the Company's premises and equipment was subject to mortgage indebtedness (included in long-term debt) at December 31, 2016 and 2015. Net capital leases included in net premises and equipment was immaterial at both December 31, 2016 and 2015. Aggregate rent expense (principally for offices), including any contingent rent expense and sublease income, totaled $202 million, $200 million, and $206 million for the years ended December 31, 2016, 2015, and 2014, respectively. Depreciation and amortization expense on premises and equipment for the years ended December 31, 2016, 2015, and 2014 totaled $179 million, $175 million, and $176 million, respectively.

The Company previously completed sale-leaseback transactions consisting of branch properties and various individual office buildings. Upon completion of these transactions, the Company recognized a portion of the resulting gains and deferred the remainder to be recognized ratably over the expected term of the lease, predominantly 10 years, as an offset to net occupancy expense. To the extent that terms on these leases are extended, the remaining deferred gain would be amortized over the new lease term. Amortization of deferred gains on sale-leaseback transactions was $43 million, $54 million, and $53 million for the years ended December 31, 2016, 2015, and 2014, respectively. At December 31, 2016 and 2015, the remaining deferred gain associated with sale-leaseback transactions was $67 million and $108 million, respectively.

The Company has various obligations under capital leases and noncancelable operating leases for premises and equipment. The leases predominantly expire over the next 13 years, with the longest expiring in 2081. Many of these leases provide for periodic adjustment of rentals based on changes in various economic indicators, while others also include a renewal option.

The following table presents future minimum payments under noncancelable operating leases, net of sublease rentals, with initial terms in excess of one year at December 31, 2016.

(Dollars in millions)	Operating Leases
2017	$205
2018	193
2019	179
2020	159
2021	148
Thereafter	727
Total minimum lease payments	$1,611

NOTE 9 – GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The Company conducts a goodwill impairment test at the reporting unit level at least annually, or more frequently as events occur or circumstances change that would more-likely-than-not reduce the fair value of a reporting unit below its carrying amount. See Note 1, "Significant Accounting Policies," for additional information regarding the Company's goodwill accounting policy.

The Company performed goodwill impairment analyses for its Wholesale Banking and Consumer Banking and Private Wealth Management reporting units as of October 1, 2016, October 1, 2015, and September 30, 2015. Based on the results of the impairment analyses, the Company concluded that the fair values of the reporting units exceed their respective carrying values; therefore, there was no goodwill impairment. The Company monitored events and circumstances during the fourth quarter of 2016 and did not observe any factors that would more-likely-than-not reduce the fair value of a reporting unit below its respective carrying value.

There were no material changes in the carrying amount of goodwill by reportable segment for the year ended December 31, 2016, as presented in the following table. There were no changes in the carrying amount of goodwill by reportable segment for the year ended December 31, 2015.

(Dollars in millions)	Consumer Banking and Private Wealth Management	Wholesale Banking	Total
Balance, January 1, 2016	**$4,262**	**$2,075**	**$6,337**
Acquisition of Pillar	—	—	—
Balance, December 31, 2016	**$4,262**	**$2,075**	**$6,337**

Other Intangible Assets

Changes in the carrying amounts of other intangible assets for the years ended December 31 are presented in the following table:

(Dollars in millions)	MSRs - Fair Value	Other	Total
Balance, January 1, 2016	**$1,307**	**$18**	**$1,325**
Amortization [1]	**—**	**(9)**	**(9)**
Servicing rights originated	**312**	**—**	**312**
Servicing rights purchased	**200**	**—**	**200**
Servicing rights acquired in Pillar acquisition	**—**	**62**	**62**
Other intangible assets acquired in Pillar acquisition [2]	**—**	**14**	**14**
Changes in fair value:			
Due to changes in inputs and assumptions [3]	**(13)**	**—**	**(13)**
Other changes in fair value [4]	**(232)**	**—**	**(232)**
Servicing rights sold	**(2)**	**—**	**(2)**
Balance, December 31, 2016	**$1,572**	**$85**	**$1,657**
Balance, January 1, 2015	$1,206	$13	$1,219
Amortization [1]	—	(8)	(8)
Servicing rights originated	238	13	251
Servicing rights purchased	109	—	109
Changes in fair value:			
Due to changes in inputs and assumptions [3]	(32)	—	(32)
Other changes in fair value [4]	(210)	—	(210)
Servicing rights sold	(4)	—	(4)
Balance, December 31, 2015	$1,307	$18	$1,325

[1] Does not include expense associated with non-qualified community development investments. See Note 10, "Certain Transfers of Financial Assets and Variable Interest Entities," for additional information.
[2] The majority of these other intangible assets acquired from Pillar relate to indefinite-lived agency licenses. See Note 2, "Acquisitions/Dispositions," for additional information.
[3] Primarily reflects changes in option adjusted spreads and prepayment speed assumptions, due to changes in interest rates.
[4] Represents changes due to the collection of expected cash flows, net of accretion due to the passage of time.

The Company's estimated future amortization of intangible assets at December 31, 2016 is presented in the following table:

(Dollars in millions)	
2017	$15
2018	12
2019	9
2020	9
2021	7
Thereafter	23
Total [1]	$75

[1] Does not include indefinite-lived intangible assets of $10 million.

Servicing Rights

The Company acquires servicing rights and retains servicing rights for certain of its sales or securitizations of residential mortgage, consumer indirect, and commercial loans. MSRs on residential mortgage loans and servicing rights on commercial and consumer indirect loans are the only servicing assets capitalized by the Company and are classified within other intangible assets on the Company's Consolidated Balance Sheets.

Residential Mortgage Servicing Rights

Income earned by the Company on its residential MSRs is derived primarily from contractually specified mortgage servicing fees and late fees, net of curtailment costs. Such income earned for the years ended December 31, 2016, 2015, and 2014 was $366 million, $347 million, and $329 million, respectively. These amounts are reported in mortgage servicing related income in the Consolidated Statements of Income.

At December 31, 2016 and 2015, the total UPB of residential mortgage loans serviced was $160.2 billion and $148.2 billion, respectively. Included in these amounts were $129.6 billion and $121.0 billion at December 31, 2016 and 2015, respectively, of loans serviced for third parties. The Company purchased MSRs on residential loans with a UPB of $19.7 billion during the year ended December 31, 2016, $13.8 billion of which are reflected in the UPB amounts above and the transfer of servicing for the majority of the remainder is scheduled for the first quarter of 2017. The Company purchased MSRs on residential loans with a UPB of $10.3 billion during the year ended December 31, 2015. During the years ended December 31, 2016 and 2015, the Company sold MSRs on residential loans, at a price approximating their fair value, with a UPB of $575 million and $803 million, respectively.

The Company measures the fair value of its residential MSRs using a valuation model that calculates the present value of estimated future net servicing income using prepayment projections, spreads, and other assumptions. Senior management and the STM valuation committee review all significant assumptions at least quarterly, comparing these inputs to various sources of market data. Changes to valuation model inputs are reflected in the periods' results. See Note 18, “Fair Value Election and Measurement,” for further information regarding the Company's MSR valuation methodology.

A summary of the key inputs used to estimate the fair value of the Company’s residential MSRs at December 31, 2016 and 2015, and the sensitivity of the fair values to immediate 10% and 20% adverse changes in those inputs, are presented in the following table.

(Dollars in millions)	**December 31, 2016**	December 31, 2015
Fair value of MSRs	**$1,572**	$1,307
Prepayment rate assumption (annual)	**9%**	10%
Decline in fair value from 10% adverse change	**$50**	$49
Decline in fair value from 20% adverse change	**97**	94
Option adjusted spread (annual)	**8%**	8%
Decline in fair value from 10% adverse change	**$63**	$64
Decline in fair value from 20% adverse change	**122**	123
Weighted-average life (in years)	**7.0**	6.6
Weighted-average coupon	**4.0%**	4.1%

These residential MSR sensitivities are hypothetical and should be used with caution. Changes in fair value based on variations in assumptions generally cannot be extrapolated because (i) the relationship of the change in an assumption to the change in fair value may not be linear and (ii) changes in one assumption may result in changes in another, which might magnify or counteract the sensitivities. The sensitivities do not reflect the effect of hedging activity undertaken by the Company to offset changes in the fair value of MSRs. See Note 17, “Derivative Financial Instruments,” for further information regarding these hedging activities.

Consumer Loan Servicing Rights

In June 2015, the Company completed the securitization of $1.0 billion of indirect auto loans, with servicing rights retained, and recognized a $13 million servicing asset at the time of sale. See Note 10, “Certain Transfers of Financial Assets and Variable Interest Entities,” for additional information on the Company's securitization transactions.

Income earned by the Company on its consumer loan servicing rights is derived primarily from contractually specified servicing fees and other ancillary fees. Such income earned for the years ended December 31, 2016 and 2015 was $7 million and $5 million, respectively, and is reported in other noninterest income in the Consolidated Statements of Income. There was no income earned on consumer loan servicing rights for the year ended December 31, 2014.

At December 31, 2016 and 2015, the total UPB of consumer indirect loans serviced for third parties was $512 million and $807 million, respectively. No consumer loan servicing rights were purchased or sold during the years ended December 31, 2016 and 2015.

Consumer loan servicing rights are accounted for at amortized cost and are monitored for impairment on an ongoing basis. The Company calculates the fair value of consumer servicing rights using a valuation model that calculates the present value of estimated future net servicing income considering prepayment projections and other assumptions. Impairment, if any, is recognized when changes in valuation model inputs reflect a fair value for the servicing asset that is below its respective carrying value. At December 31, 2016 and 2015, the amortized cost of the Company's consumer loan servicing rights was $4 million and $9 million, respectively.

Commercial Mortgage Servicing Rights

In December 2016, the Company completed the acquisition of substantially all of the assets of the operating subsidiaries of Pillar, and as a result, the Company recognized a $62 million servicing asset. See Note 2, "Acquisitions/Dispositions," for additional information on the Pillar acquisition.

Income earned by the Company on its commercial mortgage servicing rights is derived primarily from contractually specified servicing fees and other ancillary fees. Such income earned for the year ended December 31, 2016 was immaterial and is reported in other noninterest income in the Consolidated Statements of Income. There was no income earned on commercial mortgage servicing rights for the years ended December 31, 2015 and 2014.

At December 31, 2016, the total UPB of commercial mortgage loans serviced for third parties was $4.8 billion. No commercial mortgage servicing rights were purchased or sold during the years ended December 31, 2016 and 2015 (other than those that were acquired as part of the Pillar acquisition).

Commercial mortgage servicing rights are accounted for at amortized cost and are monitored for impairment on an ongoing basis. The Company calculates the fair value of commercial servicing rights using a third party valuation model that calculates the present value of estimated future net servicing income, considering prepayment projections and other assumptions. Impairment, if any, is recognized when the carrying value of the servicing asset exceeds the fair value at the measurement date. At December 31, 2016, the amortized cost and weighted average amortization period of the Company's commercial mortgage servicing rights were $62 million and 7.0 years, respectively.

NOTE 10 - CERTAIN TRANSFERS OF FINANCIAL ASSETS AND VARIABLE INTEREST ENTITIES

The Company has transferred loans and securities in sale or securitization transactions for which the Company retains certain beneficial interests, servicing rights, and/or recourse for Fannie Mae commercial mortgage loan sales. These transfers of financial assets include certain residential mortgage loans, commercial and corporate loans, and consumer loans, as discussed in the following section, "Transfers of Financial Assets." Cash receipts on beneficial interests held related to these transfers were $12 million, $19 million, and $21 million for the years ended December 31, 2016, 2015, and 2014, respectively. The servicing fees related to these asset transfers (excluding servicing fees for residential mortgage loan transfers to GSEs, which are discussed in Note 9, “Goodwill and Other Intangible Assets”) were immaterial for each of the years ended December 31, 2016, 2015, and 2014.

When a transfer or other transaction occurs with a VIE, the Company first determines whether it has a VI in the VIE. A VI is typically in the form of securities representing retained interests in transferred assets and, at times, servicing rights and/or collateral management fees, and for commercial mortgage loans sold to Fannie Mae, the loss share guarantee. When determining whether to consolidate the VIE, the Company evaluates whether it is a primary beneficiary which has both (i) the power to direct the activities that most significantly impact the economic performance of the VIE, and (ii) the obligation to absorb losses, or the right to receive benefits, that could potentially be significant to the VIE.

To determine whether a transfer should be accounted for as a sale or a secured borrowing, the Company evaluates whether: (i) the transferred assets are legally isolated, (ii) the transferee has the right to pledge or exchange the transferred assets, and (iii) the Company has relinquished effective control of the transferred assets. If all three conditions are met, then the transfer is accounted for as a sale.

Except as specifically noted herein, the Company is not required to provide additional financial support to any of the entities to which the Company has transferred financial assets, nor has the Company provided any support it was not otherwise obligated to provide. No events occurred during the year ended December 31, 2016 that changed the Company’s previous conclusions regarding whether it is the primary beneficiary of the VIEs described herein. Furthermore, no events occurred during the year ended December 31, 2016 that changed the Company’s sale conclusion with regards to previously transferred residential mortgage loans, indirect auto loans, student loans, or commercial and corporate loans.

Transfers of Financial Assets

The following discussion summarizes transfers of financial assets to entities for which the Company has retained some level of continuing involvement.

Residential Mortgage Loans

The Company typically transfers first lien residential mortgage loans in conjunction with Ginnie Mae, Fannie Mae, and Freddie Mac securitization transactions, whereby the loans are exchanged for cash or securities that are readily redeemable for cash, and servicing rights are retained.

The Company sold residential mortgage loans to Ginnie Mae, Fannie Mae, and Freddie Mac, which resulted in pre-tax net gains of $331 million, $232 million, and $224 million for the years ended December 31, 2016, 2015, and 2014, respectively. The Company has made certain representations and warranties with respect to the transfer of these loans. See Note 16, “Guarantees,” for additional information regarding representations and warranties.

In a limited number of securitizations, the Company has received securities in addition to cash in exchange for the transferred loans, while also retaining servicing rights. The securities received are measured at fair value and classified as securities AFS. At December 31, 2016 and 2015, the fair value of securities received totaled $30 million and $38 million, respectively.

The Company evaluates securitization entities in which it has a VI for potential consolidation under the VIE consolidation model. Notwithstanding the Company's role as servicer, the Company typically does not have power over the securitization entities as a result of rights held by the master servicer. In certain transactions, the Company does have power as the servicer, but does not have an obligation to absorb losses, or the right to receive benefits, that could potentially be significant. In all such cases, the Company does not consolidate the securitization entity. Total assets of the unconsolidated entities in which the Company has a VI were $203 million and $241 million at December 31, 2016 and 2015, respectively.

The Company’s maximum exposure to loss related to these unconsolidated residential mortgage loan securitizations is comprised of the loss of value of any interests it retains, which was $30 million and $37 million at December 31, 2016 and 2015, respectively, and any repurchase obligations or other losses it incurs as a result of any guarantees related to these securitizations, which is discussed further in Note 16, “Guarantees.”

Commercial and Corporate Loans

In connection with the Pillar acquisition completed in December 2016, the Company acquired licenses and approvals to originate and sell certain commercial mortgage loans to Fannie Mae and Freddie Mac, to originate FHA insured loans, and to issue and sell Ginnie Mae commercial MBS backed by FHA insured loans. During 2016, the Company transferred $19 million in commercial loans to securitization entities sponsored by these agencies, with no associated gain or loss recognized. The loans are exchanged for cash or securities that are readily redeemable for cash, with servicing rights retained. The Company did not retain any debt or equity interests in the securitization entities and the fees received for servicing do not represent a VI; therefore, the Company does not consolidate the securitization entities. The Company has made certain representations and warranties with respect to the transfer of these loans and has entered into a loss share guarantee related to certain loans transferred to Fannie Mae. See Note 16, “Guarantees,” for additional information regarding the commercial mortgage loan loss share guarantee.

The Company holds CLOs issued by securitization entities that own commercial leveraged loans and bonds, certain of which were transferred to the entities by the Company. The Company has determined that these entities are VIEs and that it is not the primary beneficiary of these entities because it does not possess the power to direct the activities that most significantly impact the economic performance of the entities. Total assets at December 31, 2016 and 2015, of unconsolidated entities in which the Company has a VI were $185 million and $525 million, respectively. Total liabilities at December 31, 2016 and 2015, of unconsolidated entities in which the Company has a VI were $159 million and $482 million, respectively. The Company's holdings, which represents its maximum exposure to loss, was an immaterial amount of preference share exposure at December 31, 2016, and immaterial amounts of preference share exposure and senior debt exposure at December 31, 2015.

Consumer Loans

Guaranteed Student Loans

The Company has securitized government-guaranteed student loans through a transfer of loans to a securitization entity and retained the residual interest in the entity. The Company concluded that this entity should be consolidated because the Company has (i) the power to direct the activities that most significantly impact the economic performance of the VIE and (ii) the obligation to absorb losses, and the right to receive benefits, that could potentially be significant. At December 31, 2016 and 2015, the Company's Consolidated Balance Sheets reflected $225 million and $262 million of assets held by the securitization entity and $222 million and $259 million of debt issued by the entity, respectively.

To the extent that the securitization entity incurs losses on its assets, the securitization entity has recourse to the guarantor of the underlying loan, which is backed by the Department of Education up to a maximum guarantee of 100%. When not fully guaranteed, losses reduce the amount of available cash payable to the Company as the owner of the residual interest. To the extent that losses result from a breach of servicing responsibilities, the Company, which functions as the master servicer, may be required to repurchase the defaulting loan(s) at par value. If the breach was caused by the subservicer, the Company would seek reimbursement from the subservicer up to the guaranteed amount. The Company's maximum exposure to loss related to the securitization entity would arise from a breach of its servicing responsibilities. To date, loss claims filed with the guarantor that have been denied due to servicing errors have either been, or are in the process of, being cured, or reimbursement has been provided to the Company by the subservicer, or in limited cases, absorbed by the Company.

Indirect Auto Loans

In June 2015, the Company transferred indirect auto loans to a securitization entity, which was determined to be a VIE, and accounted for the transfer as a sale. The Company retained servicing rights for the transferred loans, but did not retain any debt or equity interest in the securitization entity. The fees received for servicing do not represent a VI and, therefore, the Company does not consolidate the securitization entity.

At the time of the transfer, the UPB of the transferred loans was $1.0 billion and the consideration received was $1.0 billion, resulting in an immaterial pre-tax loss for the year ended December 31, 2015, which was recorded in other noninterest income in the Consolidated Statements of Income. See Note 9, "Goodwill and Other Intangible Assets," for additional information regarding the servicing asset recognized in this transaction.

To the extent that losses on the transferred loans are the result of a breach of representations and warranties related to either the initial transfer or the Company's ongoing servicing responsibilities, the Company may be obligated to either cure the breach or repurchase the affected loans. The Company's maximum exposure to loss related to the loans transferred to the securitization entity would arise from a breach of representations and warranties and/or a breach of the Company's servicing obligations. Potential losses suffered by the securitization entity that the Company may be liable for are limited to approximately $512 million, which is the total remaining UPB of transferred loans and the carrying value of the servicing asset.

The Company's total managed loans, including the LHFI portfolio and other transferred loans (securitized and unsecuritized), are presented in the following table by portfolio balance and delinquency status (accruing loans 90 days or more past due and all nonaccrual loans) at December 31, 2016 and 2015, as well as the related net charge-offs for the years ended December 31, 2016 and 2015.

	Portfolio Balance		Past Due and Nonaccrual		Net Charge-offs	
					Year Ended December 31	
(Dollars in millions)	**December 31, 2016**	December 31, 2015	**December 31, 2016**	December 31, 2015	**2016**	2015
LHFI portfolio:						
Commercial	**$78,224**	$75,252	**$426**	$344	**$252**	$72
Residential	**38,990**	38,928	**758**	729	**106**	176
Consumer	**26,084**	22,262	**949**	580	**125**	93
Total LHFI portfolio	**143,298**	136,442	**2,133**	1,653	**483**	341
Managed securitized loans [1]:						
Commercial [2]	**4,761**	—	—	—	—	—
Residential	**126,641**	116,990	**114**	126	**8** [3]	12 [3]
Consumer	**512**	807	**1**	1	**3**	2
Total managed securitized loans	**131,914**	117,797	**115**	127	**11**	14
Managed unsecuritized loans [4]	**2,985**	3,973	**438**	597	—	—
Total managed loans	**$278,197**	$258,212	**$2,686**	$2,377	**$494**	$355

[1] Excludes loans that have completed the foreclosure or short sale process (i.e., involuntary prepayments).
[2] Comprised of commercial mortgages sold by Pillar through Fannie Mae, Freddie Mac, and Ginnie Mae securitizations, whereby servicing has been retained by the Company.
[3] Net charge-offs are associated with $410 million and $501 million of managed securitized residential loans at December 31, 2016 and 2015, respectively. Net charge-off data is not reported to the Company for the remaining balance of $126.2 billion and $116.5 billion of managed securitized residential loans at December 31, 2016 and 2015, respectively.
[4] Comprised of unsecuritized residential loans the Company originated and sold to private investors with servicing rights retained. Net charge-offs on these loans are not presented in the table as the data is not reported to the Company by the private investors that own these related loans.

Other Variable Interest Entities

In addition to exposure to VIEs arising from transfers of financial assets, the Company also has involvement with VIEs from other business activities.

Total Return Swaps

The Company facilitates matched book TRS transactions on behalf of clients, whereby a VIE purchases reference assets identified by a client and the Company enters into a TRS with the VIE, with a mirror-image TRS facing the client. The TRS contract between the VIE and the Company hedges the Company's exposure to the TRS contract with its third party client. The Company provides senior financing to the VIE, in the form of demand notes to fund the purchase of the reference assets. The TRS contracts pass through interest and other cash flows on the reference assets to the third party clients, along with exposing those clients to decreases in value on the assets and providing them with the rights to appreciation on the assets. The terms of the TRS contracts require the third parties to post initial margin collateral, in addition to ongoing margin as the fair values of the underlying reference assets change.

The Company evaluated the related VIEs for consolidation, noting that the Company and its third party clients are VI holders. The Company evaluated the nature of all VIs and other interests and involvement with the VIEs, in addition to the purpose and design of the VIEs, relative to the risks they were designed to create. The VIEs were designed for the benefit of the third parties and would not exist if the Company did not enter into the TRS contracts on their behalf. The activities of the VIEs are restricted to buying and selling the reference assets and the risks/benefits of any such assets owned by the VIEs are passed to the third party clients via the TRS contracts. The Company determined that it is not the primary beneficiary of the VIEs, as the design of its matched book TRS business results in the Company having no substantive power to direct the significant activities of the VIEs, and therefore, the VIEs are not consolidated.

The outstanding notional amounts of the Company's VIE-facing TRS contracts and related senior financing outstanding to VIEs were $2.1 billion and $2.2 billion at December 31, 2016 and 2015, respectively. These financings were measured at fair value and classified within trading assets and derivative instruments on the Consolidated Balance Sheets. The Company entered into client-facing TRS contracts of the same outstanding notional amounts. The notional amounts of the TRS contracts with VIEs represent the Company's maximum exposure to loss, although this exposure has been mitigated via the TRS contracts with third party clients. For additional information on the Company's TRS contracts and its involvement with these VIEs, see Note 17, "Derivative Financial Instruments."

Community Development Investments

As part of its community reinvestment initiatives, the Company invests in multi-family affordable housing developments and other community development entities as a limited and/or general partner and/or a debt provider. The Company receives tax credits for its limited partner investments. The Company has determined that the vast majority of the related partnerships are VIEs.

In limited circumstances, the Company owns both the limited partner and general partner interests, in which case the related partnerships are not considered VIEs and are consolidated by the Company. One property was sold during the year ended December 31, 2016 for an immaterial gain, and the remaining properties held for sale at December 31, 2016 were immaterial. During the year ended December 31, 2015,

properties with a carrying value of $72 million were sold for gains of $19 million. One property was sold during the year ended December 31, 2014 for an immaterial gain.

The Company has concluded that it is not the primary beneficiary of affordable housing partnerships when it invests as a limited partner and there is a third party general partner. The investments are accounted for in accordance with the accounting guidance for investments in affordable housing projects. The general partner, or an affiliate of the general partner, often provides guarantees to the limited partner, which protects the Company from construction and operating losses and tax credit allocation deficits. Assets of $1.7 billion and $1.6 billion in these and other community development partnerships were not included in the Consolidated Balance Sheets at December 31, 2016 and 2015, respectively. The Company's limited partner interests had carrying values of $780 million and $672 million at December 31, 2016 and 2015, respectively, and are recorded in other assets on the Company’s Consolidated Balance Sheets. The Company’s maximum exposure to loss for these investments totaled $1.1 billion at both December 31, 2016 and 2015. The Company’s maximum exposure to loss would result from the loss of its limited partner investments along with $306 million and $268 million of loans, interest-rate swap fair value exposures, or letters of credit issued by the Company to the entities at December 31, 2016 and 2015, respectively. The remaining exposure to loss is primarily attributable to unfunded equity commitments that the Company is required to fund if certain conditions are met.

The Company also owns noncontrolling interests in funds whose purpose is to invest in community developments. At December 31, 2016 and 2015, the Company's investment in these funds totaled $200 million and $132 million, respectively. The Company's maximum exposure to loss on its investment in these funds is comprised of its equity investments in the funds, loans issued, and any additional unfunded equity commitments, which totaled $562 million and $321 million at December 31, 2016 and 2015, respectively.

During the years ended December 31, 2016, 2015, and 2014, the Company recognized $92 million, $68 million, and $66 million of tax credits for qualified affordable housing projects, and $87 million, $66 million, and $61 million of amortization on these qualified affordable housing projects, respectively. These tax credits and amortization, net of the related tax benefits, are recorded in the provision for income taxes.

Certain of the Company's community development investments do not qualify as affordable housing projects for accounting purposes. The Company recognized tax credits for these investments of $64 million, $53 million, and $33 million during the years ended December 31, 2016, 2015, and 2014, respectively, in the provision for income taxes. Amortization on these investments totaled $46 million and $35 million during the years ended December 31, 2016 and 2015, respectively, recognized in amortization in the Company's Consolidated Statements of Income. During the year ended December 31, 2014, the Company recognized $19 million of amortization related to these non-qualified investments ($5 million of which was recorded within other noninterest expense and $14 million was recorded within amortization in the Company's Consolidated Statements of Income).

NOTE 11 - BORROWINGS AND CONTRACTUAL COMMITMENTS

Other short-term borrowings

Other short-term borrowings at December 31 consisted of the following:

	2016		2015	
(Dollars in millions)	**Balance**	**Interest Rate**	Balance	Interest Rate
Master notes	**$483**	**0.25%**	$582	0.20%
Dealer collateral	**451**	**0.55**	442	0.20
Other	**81**	**2.28**	—	—
Total other short-term borrowings	**$1,015**		$1,024	

Long-term debt

Long-term debt at December 31 consisted of the following:

	2016			2015
(Dollars in millions)	**Maturity Date(s)**	**Interest Rate(s)**	**Balance**	Balance
Parent Company Only:				
Senior, fixed rate	**2017 - 2028**	**2.35% - 6.00%**	**$3,818**	$3,614
Senior, variable rate	**2017 - 2026**	**0.25 - 2.50**	**314**	331
Subordinated, fixed rate	**2026**	**6.00**	**200**	200
Junior subordinated, variable rate	**2027 - 2028**	**1.58 - 1.83**	**627**	627
Total			**4,959**	4,772
Less: Debt issuance costs [1]			**9**	
Total Parent Company debt			**4,950**	4,772
Subsidiaries [2]:				
Senior, fixed rate [3]	**2017 - 2053**	**0.80 - 9.27**	**2,539**	1,620
Senior, variable rate	**2017 - 2043**	**0.61 - 2.27**	**2,613**	1,097
Subordinated, fixed rate [4]	**2017 - 2026**	**3.30 - 7.25**	**1,651**	973
Total			**6,803**	3,690
Less: Debt issuance costs [1]			**5**	
Total subsidiaries debt			**6,798**	3,690
Total long-term debt			**$11,748**	$8,462

[1] Related to the Company's adoption of ASU 2015-03. Debt issuance costs were immaterial in the comparative prior year period, and accordingly, were not reclassified from other assets to long-term debt. See Note 1, "Significant Accounting Policies," for additional information.
[2] 88% and 81% of total subsidiary debt was issued by the Bank as of December 31, 2016 and 2015, respectively.
[3] Includes leases and other obligations that do not have a stated interest rate.
[4] Includes $963 million and $973 million of subordinated debt measured at fair value at December 31, 2016 and 2015, respectively.

The Company had no foreign denominated debt outstanding at December 31, 2016 or 2015. Maturities of long-term debt at December 31, 2016 were as follows:

(Dollars in millions)	Parent Company	Subsidiaries
2017	$482	$1,305
2018	874	1,237
2019	792	27
2020	—	1,721
2021	969	505
Thereafter	1,842	2,008
Total maturities	4,959	6,803
Less: Debt issuance costs	9	5
Total long-term debt	$4,950	$6,798

During 2016, the Bank (i) issued $1.0 billion of 5-year fixed rate senior notes and used the proceeds to pay off $1.0 billion of higher cost, fixed rate senior notes that were due in 2016, (ii) issued $1.0 billion of 5-year fixed rate senior notes and used the proceeds to pay off $750 million of higher cost, fixed rate senior notes that were due in 2017, (iii) added $3.8 billion of long-term FHLB advances and, (iv) issued $750 million of 10-year fixed rate subordinated notes. Furthermore, $1.4 billion of the Bank's long-term FHLB advances were terminated. The Company had no additional material issuances, advances, repurchases, terminations, or extinguishments of long-term debt during the year.

Restrictive provisions of several long-term debt agreements prevent the Company from creating liens on, disposing of, or issuing (except to related parties) voting stock of subsidiaries. Furthermore, there are restrictions on mergers, consolidations, certain leases, sales or transfers of assets, minimum shareholders' equity, and maximum borrowings by the Company. At December 31, 2016, the Company was in compliance with all covenants and provisions of long-term debt agreements.

As currently defined by federal bank regulators, long-term debt of $1.7 billion and $1.0 billion qualified as Tier 2 capital at December 31, 2016 and 2015, respectively, and $157 million qualified as Tier 1 capital at December 31, 2015. Beginning January 1, 2016, the long-term debt that qualified as Tier 1 capital at December 31, 2015 has been completely phased-out of Tier 1 capital and is classified as Tier 2 capital, using the methodology specified under Basel III. See Note 13, "Capital," for additional information regarding regulatory capital adequacy requirements for the Company and the Bank.

The Company does not consolidate certain wholly-owned trusts which were formed for the sole purpose of issuing trust preferred securities. The proceeds from the trust preferred securities issuances were invested in junior subordinated debentures of the Parent Company. The obligations of these debentures constitute a full and unconditional guarantee by the Parent Company of the trust preferred securities.

Contractual Commitments

In the normal course of business, the Company enters into certain contractual commitments. These commitments include obligations to make future payments on the Company's borrowings, partnership investments, and lease arrangements, as well as commitments to lend to clients and to fund capital expenditures and service contracts.

The following table presents the Company's significant contractual commitments at December 31, 2016, except for long-term debt and short-term borrowings, operating leases, and pension and other postretirement benefit plans. Information on those obligations is included above, in Note 8, "Premises and Equipment," and in Note 15, "Employee Benefit Plans." Capital lease obligations were immaterial at December 31, 2016 and are not presented in the table.

	Payments Due by Period						
(Dollars in millions)	**2017**	**2018**	**2019**	**2020**	**2021**	**Thereafter**	**Total**
Unfunded lending commitments	**$26,057**	**$8,786**	**$13,727**	**$16,439**	**$14,568**	**$11,994**	**$91,571**
Purchase obligations [1]	**497**	**22**	**20**	**14**	**12**	**219**	**784**
Consumer and other time deposits [2, 3]	**3,893**	**1,794**	**1,082**	**983**	**603**	**1,112**	**9,467**
Brokered time deposits [3]	**161**	**102**	**175**	**232**	**131**	**123**	**924**
Foreign time deposits [3]	**610**	**—**	**—**	**—**	**—**	**—**	**610**
Commitments to fund partnership investments [4]	**563**	**—**	**—**	**—**	**—**	**—**	**563**

[1] For legally binding purchase obligations of $5 million or more, amounts include either termination fees under the associated contracts when early termination provisions exist, or the total potential obligation over the full contractual term for noncancelable purchase obligations. Payments made towards the purchase of goods or services under these contracts totaled $236 million, $243 million, and $223 million in 2016, 2015, and 2014, respectively.

[2] The aggregate amount of time deposit accounts in denominations of $250,000 or more totaled $1.7 billion and $1.4 billion at December 31, 2016 and 2015, respectively.

[3] Amounts do not include interest.

[4] Commitments to fund investments in affordable housing and other partnerships do not have defined funding dates as certain criteria must be met before the Company is obligated to fund. Accordingly, these commitments are considered to be due on demand for presentation purposes. See Note 10, "Certain Transfers of Financial Assets and Variable Interest Entities," in this Form 10-K for additional information.

NOTE 12 – NET INCOME PER COMMON SHARE

Equivalent shares of 1 million, 14 million, and 15 million related to common stock options and common stock warrants outstanding at December 31, 2016, 2015, and 2014, respectively, were excluded from the computations of diluted net income per average common share because they would have been anti-dilutive. On April 1, 2016, the Company early adopted ASU 2016-09, which provides improvements to employee share-based payment accounting, with an effective date of January 1, 2016. The early adoption favorably impacted basic EPS by $0.03 per share and diluted EPS by $0.02 per share for the year ended December 31, 2016. See Note 1, "Significant Accounting Policies," for additional information.

Reconciliations of net income to net income available to common shareholders and the difference between average basic common shares outstanding and average diluted common shares outstanding are presented in the following table.

	Year Ended December 31		
(Dollars and shares in millions, except per share data)	**2016**	2015	2014
Net income	**$1,878**	$1,933	$1,774
Preferred dividends	**(66)**	(64)	(42)
Dividends and undistributed earnings allocated to unvested shares	**(1)**	(6)	(10)
Net income available to common shareholders	**$1,811**	$1,863	$1,722
Average basic common shares	**499**	515	528
Effect of dilutive securities:			
Stock options	**1**	2	1
Restricted stock, RSUs, and warrants	**3**	4	4
Average diluted common shares	**503**	521	533
Net income per average common share - diluted	**$3.60**	$3.58	$3.23
Net income per average common share - basic	**3.63**	3.62	3.26

NOTE 13 – CAPITAL

During 2016, pursuant to the Federal Reserve's non-objection to the Company's capital plan in conjunction with the 2016 CCAR, the Company increased its quarterly common stock dividend from $0.24 to $0.26 per share beginning in the third quarter of 2016, maintained dividend payments on its preferred stock, and repurchased $480 million of its outstanding common stock at market value (approximately 11.0 million shares) under the 2016 plan. During the first and second quarters of 2016, the Company also repurchased $350 million of its outstanding common stock and common stock warrants, which completed its repurchase of authorized common equity under the 2015 CCAR capital plan, which effectively expired on June 30, 2016. At December 31, 2016, the Company had capacity under its 2016 capital plan to repurchase an additional $480 million of its outstanding common stock through June 30, 2017.

During the years ended December 31, 2016, 2015, and 2014, the Company declared and paid common dividends of $498 million, or $1.00 per common share, $475 million, or $0.92 per common share, and $371 million, or $0.70 per common share, respectively. The Company also recognized dividends on perpetual preferred stock of $66 million, $64 million, and $42 million during the years ended December 31, 2016, 2015, and 2014, respectively. During 2016, both the Series A and Series B Perpetual Preferred Stock dividend was $4,067 per share, the Series E Perpetual Preferred Stock dividend was $5,875 per share, and the Series F Perpetual Preferred Stock dividend was $5,625 per share.

The Company remains subject to certain restrictions on its ability to increase the dividend on common shares as a result of participating in the U.S. Treasury's CPP. If the Company increases its dividend above $0.54 per share per quarter prior to the tenth anniversary of its participation in the CPP (in the fourth quarter of 2018), then the anti-dilution provision within the warrants issued in connection with the Company's participation in the CPP will require the exercise price and number of shares to be issued upon exercise to be proportionately adjusted. The amount of such adjustment is determined by a formula and depends in part on the extent to which the Company raises its dividend. The formulas are contained in the warrant agreements which were filed as exhibits to Registration Statements on Form 8-A filed on September 23, 2011.

Substantially all of the Company's retained earnings are undistributed earnings of the Bank, which are restricted by various regulations administered by federal and state bank regulatory authorities. At December 31, 2016 and 2015, retained earnings of the Bank available for payment of cash dividends to the Parent Company under these regulations totaled approximately $2.5 billion and $2.7 billion, respectively. Additionally, the Federal Reserve requires the Company to maintain cash reserves. At December 31, 2016 and 2015, these reserve requirements totaled $1.3 billion and $1.0 billion, respectively, and were fulfilled with a combination of cash on hand and deposits at the Federal Reserve.

Regulatory Capital

The Company is subject to various regulatory capital requirements that involve quantitative measures of the Company's assets. The following table presents regulatory capital metrics for SunTrust and the Bank at December 31:

	2016		2015	
(Dollars in millions)	**Amount**	**Ratio**	Amount	Ratio
SunTrust Banks, Inc.				
CET1	**$16,953**	**9.59%**	$16,421	9.96%
Tier 1 capital	**18,186**	**10.28**	17,804	10.80
Total capital	**21,685**	**12.26**	20,668	12.54
Leverage		**9.22**		9.69
SunTrust Bank				
CET1	**$18,535**	**10.71%**	$17,859	11.02%
Tier 1 capital	**18,573**	**10.73**	17,908	11.05
Total capital	**21,276**	**12.29**	20,101	12.40
Leverage		**9.63**		9.96

In 2013, the Federal Reserve published final rules in the Federal Register implementing Basel III. These rules, which became effective for the Company and the Bank on January 1, 2015, include the following minimum capital requirements: CET1 ratio of 4.5%; Tier 1 capital ratio of 6%; Total capital ratio of 8%; Leverage ratio of 4%; and a capital conservation buffer of 2.5%. The capital conservation buffer became applicable on January 1, 2016 and is being phased-in through December 31, 2018.

At December 31, 2016, the Company had $627 million in principal amount of trust preferred securities outstanding. The Basel III rules require the phase-out of non-qualifying Tier 1 capital instruments such as trust preferred securities. Accordingly, on January 1, 2015, the Company began phasing-out of Tier 1 capital its trust preferred and other hybrid capital securities, and instead began treating them as qualifying Tier 2 capital. Beginning January 1, 2016, these securities have been completely phased-out of Tier 1 capital and are classified as Tier 2 capital, using the methodology specified under Basel III.

Preferred Stock

Preferred stock at December 31 consisted of the following:

(Dollars in millions)	**2016**	2015	2014
Series A (1,725 shares outstanding)	**$172**	$172	$172
Series B (1,025 shares outstanding)	**103**	103	103
Series E (4,500 shares outstanding)	**450**	450	450
Series F (5,000 shares outstanding)	**500**	500	500
Total preferred stock	**$1,225**	$1,225	$1,225

In September 2006, the Company authorized and issued depositary shares representing ownership interests in 5,000 shares of Perpetual Preferred Stock, Series A, no par value and $100,000 liquidation preference per share (the Series A Preferred Stock). The Series A Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends on the Series A Preferred Stock, if declared, will accrue and be payable quarterly at a rate per annum equal to the greater of three-month LIBOR plus 0.53%, or 4.00%. Dividends on the shares are noncumulative. Shares of the Series

A Preferred Stock have priority over the Company's common stock with regard to the payment of dividends and, as such, the Company may not pay dividends on or repurchase, redeem, or otherwise acquire for consideration shares of its common stock unless dividends for the Series A Preferred Stock have been declared for that period and sufficient funds have been set aside to make payment. During 2009, the Company repurchased 3,275 shares of the Series A Preferred Stock. In September 2011, the Series A Preferred Stock became redeemable at the Company's option at a redemption price equal to $100,000 per share, plus any declared and unpaid dividends. Except in certain limited circumstances, the Series A Preferred Stock does not have any voting rights.

In December 2011, the Company authorized 5,010 shares and issued 1,025 shares of Perpetual Preferred Stock, Series B, no par value and $100,000 liquidation preference per share (the Series B Preferred Stock). The Series B Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company. Dividends on the shares are noncumulative and, if declared, will accrue and be payable quarterly at a rate per annum equal to the greater of three-month LIBOR plus 0.65%, or 4.00%. Shares of the Series B Preferred Stock have priority over the Company's common stock with regard to the payment of dividends and, as such, the Company may not pay dividends on or repurchase, redeem, or otherwise acquire for consideration shares of its common stock unless dividends for the Series B Preferred Stock have been declared for that period and sufficient funds have been set aside to make payment. The Series B Preferred Stock was immediately redeemable upon issuance at the Company's option at a redemption price equal to $100,000 per share, plus any declared and unpaid dividends. Except in certain limited circumstances, the Series B Preferred Stock does not have any voting rights.

In December 2012, the Company authorized 5,000 shares and issued 4,500 shares of Perpetual Preferred Stock, Series E, no par value and $100,000 liquidation preference per share (the Series E Preferred Stock). The Series E Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company to redeem, repurchase, or retire the shares. Dividends on the shares are noncumulative and, if declared, will accrue and be payable quarterly at a rate per annum of 5.875%. Shares of the Series E Preferred Stock have priority over the Company's common stock with regard to the payment of dividends and rank equally with the Company's outstanding Perpetual Preferred Stock, Series A and Series B and, as such, the Company may not pay dividends on or repurchase, redeem, or otherwise acquire for consideration shares of its common stock unless dividends for the Series E Preferred Stock have been declared for that period and sufficient funds have been set aside to make payment. The Series E Preferred Stock is redeemable, at the option of the Company, on any dividend payment date occurring on or after March 15, 2018, at a redemption price equal to $100,000 per share, plus any declared and unpaid dividends, without regard to any undeclared dividends. Except in certain limited circumstances, the Series E Preferred Stock does not have any voting rights.

In November 2014, the Company issued depositary shares representing ownership interest in 5,000 shares of Perpetual Preferred Stock, Series F, with no par value and $100,000 liquidation preference per share (the Series F Preferred Stock). As a result of this issuance, the Company received net proceeds of $496 million after the underwriting discount, but before expenses, and used the net proceeds for general corporate purposes. The Series F Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of the Company to redeem, repurchase, or retire the shares. Dividends for the shares are noncumulative and, if declared, will be payable semi-annually beginning on June 15, 2015 through December 15, 2019 at a rate per annum of 5.625%, and payable quarterly beginning on March 15, 2020 at a rate per annum equal to the three-month LIBOR plus 3.86%. By its terms, the Company may redeem the Series F Preferred Stock on any dividend payment date occurring on or after December 15, 2019 or at any time within 90 days following a regulatory capital event, at a redemption price of $100,000 per share plus any declared and unpaid dividends. Except in certain limited circumstances, the Series F Preferred Stock does not have any voting rights.

In 2008, the Company issued to the U.S. Treasury as part of the CPP, Series C and D Fixed Rate Cumulative Perpetual Preferred Stock and Series A and B warrants to purchase a total of 17.9 million shares of the Company's common stock. The Series A warrants entitle the holder to purchase 6 million shares of the Company's common stock at an exercise price of $33.70 per share, while the Series B warrants entitle the holder to purchase 11.9 million shares of the Company's common stock at an exercise price of $44.15 per share. The Series A and B warrants have expiration dates of December 2018 and November 2018, respectively.

In March 2011, the Company repurchased its Series C and D Preferred Stock from the U.S. Treasury. In September 2011, the U.S. Treasury held a public auction to sell the warrants to purchase the 17.9 million shares of the Company's common stock. In conjunction with the U.S. Treasury's auction, the Company acquired 4 million of the common stock purchase warrants, Series A, for $11 million, which were then retired. In January and February of 2016, the Company acquired an additional 1.1 million of Series A common stock warrants and 5.4 million of Series B common stock warrants as part of its 2015 CCAR capital plan for a total of $24 million.

At December 31, 2016, 7.4 million warrants remained outstanding and the Company had authority from its Board to repurchase all of these outstanding stock purchase warrants; however, any such repurchase would be subject to the non-objection of the Federal Reserve through the capital planning and stress testing process.

NOTE 14 - INCOME TAXES

The components of the provision for income taxes included in the Consolidated Statements of Income for the years ended December 31 are presented in the following table:

(Dollars in millions)	**2016**	2015	2014
Current income tax provision:			
Federal	**$667**	$707	$365
State	**27**	36	29
Total	**694**	743	394
Deferred income tax provision/(benefit):			
Federal	**59**	27	99
State	**52**	(6)	—
Total	**111**	21	99
Total provision for income taxes	**$805**	$764	$493

The provision for income taxes does not reflect the tax effects of unrealized gains and losses and other income and expenses recorded in AOCI. For additional information on AOCI, see Note 21, "Accumulated Other Comprehensive (Loss)/Income."

A reconciliation of the provision for income taxes, using the statutory federal income tax rate of 35%, to the Company's actual provision for income taxes and the effective tax rate during the years ended December 31 are presented in the following table:

	2016		2015		2014	
(Dollars in millions)	**Amount**	**% of Pre-Tax Income**	Amount	% of Pre-Tax Income	Amount	% of Pre-Tax Income
Income tax provision at federal statutory rate	**$939**	**35.0%**	$944	35.0%	$793	35.0%
Increase/(decrease) resulting from:						
State income taxes, net	**53**	**2.0**	25	0.9	12	0.5
Tax-exempt interest	**(86)**	**(3.2)**	(88)	(3.3)	(89)	(3.9)
Changes in UTBs (including interest), net	**6**	**0.2**	(31)	(1.1)	(82)	(3.6)
Income tax credits, net of amortization [1]	**(86)**	**(3.2)**	(69)	(2.6)	(65)	(2.9)
Non-deductible expenses	**8**	**0.3**	—	—	(57)	(2.5)
Other	**(29)** [2]	**(1.1)** [2]	(17)	(0.6)	(19)	(0.8)
Total provision for income taxes and effective tax rate	**$805**	**30.0%**	$764	28.3%	$493	21.8%

[1] Excludes income tax benefits of $2 million, $6 million, and $21 million for the years ended December 31, 2016, 2015, and 2014, respectively, related to tax credits, which were recognized as a reduction to the related investment asset.

[2] Includes income tax benefits of $15 million related to the Company's early adoption of ASU 2016-09. See Note 1, "Significant Accounting Policies," for additional information.

Deferred income tax assets and liabilities result from differences between the timing of the recognition of assets and liabilities for financial reporting purposes and for income tax purposes. These assets and liabilities are measured using the enacted federal and state tax rates expected to apply in the periods in which the deferred tax assets or liabilities are expected to be realized. The net deferred income tax liability is recorded in other liabilities in the Consolidated Balance Sheets.

The significant DTAs and DTLs at December 31, net of the federal impact for state taxes, are presented in the following table:

(Dollars in millions)	2016	2015
DTAs:		
ALLL	**$639**	$651
Accrued expenses	**275**	297
State NOLs and other carryforwards	**170**	192
Net unrealized losses in AOCI	**472**	257
Other	**70**	97
Total gross DTAs	**1,626**	1,494
Valuation allowance	**(80)**	(79)
Total DTAs	**1,546**	1,415
DTLs:		
Leasing	**659**	707
Compensation and employee benefits	**179**	140
MSRs	**370**	372
Loans	**142**	109
Goodwill and intangible assets	**233**	216
Fixed assets	**113**	131
Other	**82**	65
Total DTLs	**1,778**	1,740
Net DTL	**($232)**	($325)

The DTAs include state NOLs and other state carryforwards that will expire, if not utilized, in varying amounts from 2017 to 2036. At December 31, 2016 and 2015, the Company had a valuation allowance recorded against its state carryforwards and certain state DTAs of $80 million and $79 million, respectively. A valuation allowance is not required for the federal and the remaining state DTAs because the Company believes it is more-likely-than-not that these assets will be realized.

The following table provides a rollforward of the Company's gross federal and state UTBs, excluding interest and penalties, during the years ended December 31:

(Dollars in millions)	2016	2015
Balance at January 1	**$100**	$210
Increases in UTBs related to prior years	**18**	4
Decreases in UTBs related to prior years	**(4)**	(4)
Increases in UTBs related to the current year	**13**	10
Decreases in UTBs related to settlements	**(16)**	(119)
Decreases in UTBs related to lapse of the applicable statutes of limitations	**—**	(1)
Balance at December 31	**$111**	$100

The amount of UTBs that would favorably affect the Company's effective tax rate, if recognized, was $74 million at December 31, 2016.

Interest and penalties related to UTBs are recorded in the provision for income taxes. The Company had a gross liability of $8 million for interest and penalties related to its UTBs at both December 31, 2016 and 2015. During the years ended December 31, 2016 and 2015, the Company recognized a gross benefit of less than $1 million and $4 million, respectively, for interest and penalties on the UTBs.

The Company files U.S. federal, state, and local income tax returns. The Company's federal income tax returns are no longer subject to examination by the IRS for taxable years prior to 2011. With limited exceptions, the Company is no longer subject to examination by state and local taxing authorities for taxable years prior to 2012. It is reasonably possible that the liability for UTBs could decrease by as much as $5 million during the next 12 months due to completion of tax authority examinations and the expiration of statutes of limitations. It is uncertain how much, if any, of this potential decrease will impact the Company’s effective tax rate.

NOTE 15 - EMPLOYEE BENEFIT PLANS

The Company sponsors various compensation and benefit programs to attract and retain talent. Aligned with a pay for performance culture, the Company's plans and programs include short-term incentives, AIP, LTI cash and LTI plans with various forms of stock-based compensation, which are discussed in the following section. All incentive awards are subject to clawback provisions. Compensation expense for long-term incentive plans with cash payouts was $291 million, $245 million, and $203 million for the years ended December 31, 2016, 2015, and 2014, respectively. Compensation expense for short-term incentive plans with cash payouts was $469 million, $448 million, and $462 million for the years ended December 31, 2016, 2015, and 2014, respectively.

Stock-Based Compensation

The Company provides stock-based awards through the 2009 Stock Plan and various other deferred compensation plans under which the Compensation Committee of the Board of Directors has the authority to grant stock options, stock appreciation rights, restricted stock, phantom stock units, and RSUs to key employees of the Company. Award vesting may be conditional based upon individual, business unit, Company, and/or performance relative to peer group metrics. On April 1, 2016, the Company early adopted ASU 2016-09, which provides improvements to employee share-based payment accounting, with an effective date of January 1, 2016. See Note 1, "Significant Accounting Policies," for additional information.

As amended and restated effective January 1, 2014, following approval by the Compensation Committee of the Board, shareholders approved an amendment to the 2009 Stock Plan to remove the sub-limit on shares available for grant that may be issued as restricted stock or RSUs. Accordingly, all 17 million remaining authorized shares previously under the Stock Plan became available for grant as stock options, stock appreciation rights, restricted stock, or RSUs. Prior to the amendment, only a portion of such shares were available to be granted as either restricted stock or RSUs. At December 31, 2016, approximately 17 million shares were available for grant. All stock option grants are exercisable for 10 years after the grant date.

Shares or units of restricted stock may be granted to employees and directors. Generally, grants to employees either cliff vest after three years or vest pro-rata annually over three years. Restricted stock and RSU grants may be subject to one or more criteria, including employment, performance, or other conditions as established by the Compensation Committee at the time of grant. Any shares of restricted stock that are forfeited will again become available for issuance under the Stock Plan. An employee or director has the right to vote the shares of restricted stock after grant until they are forfeited. Compensation cost for restricted stock and RSUs is generally equal to the fair market value of the shares on the grant date of the award and is amortized to compensation expense over the vesting period. Dividends are paid on awarded, unvested restricted stock.

The Company accrues and reinvests dividends in equivalent shares of SunTrust common stock for unvested RSU awards, which are paid out when the underlying RSU award vests. Generally, RSU awards are classified as equity. However, during 2012 there were 574,257 RSUs granted that were classified as a liability. These awards were granted with a fair value of $21.67 per unit on the grant date. RSUs classified as a liability at December 31, 2015 totaled $23 million. These awards were fully vested and paid in cash during February 2016.

Consistent with the Company's 2014 decision to discontinue the issuance of stock options, no stock options were granted during the years ended December 31, 2016, 2015, and 2014.

The following table presents a summary of stock options, restricted stock, and RSU activity for the years ended December 31:

	Stock Options			Restricted Stock			Restricted Stock Units	
(Dollars in millions, except per share data)	Shares	Price Range	Weighted Average Exercise Price	Shares	Deferred Compensation	Weighted Average Grant Price	Shares	Weighted Average Grant Price
Balance, January 1, 2014	10,929,371	$9.06 - 150.45	$49.86	3,983,538	$50	$27.04	2,496,178	$26.69
Granted	—	—	—	21,427	—	39.20	1,590,075	36.67
Exercised/vested	(426,889)	9.06 - 32.27	20.86	(957,308)	—	29.31	(338,196)	32.80
Cancelled/expired/forfeited	(2,774,725)	23.70 - 149.81	71.10	(117,798)	(2)	25.60	(58,793)	37.73
Amortization of restricted stock compensation	—	—	—	—	(27)	—	—	—
Balance, December 31, 2014	7,727,757	9.06 - 150.45	43.84	2,929,859	21	26.45	3,689,264	31.15
Granted	—	—	—	20,412	1	41.15	1,670,587	40.54
Exercised/vested	(687,832)	9.06 - 32.27	20.38	(1,510,045)	—	22.86	(883,621)	26.39
Cancelled/expired/forfeited	(1,821,667)	23.70 - 150.45	73.01	(106,151)	(4)	29.95	(157,390)	39.19
Amortization of restricted stock compensation	—	—	—	—	(16)	—	—	—
Balance, December 31, 2015	5,218,258	9.06 - 85.34	36.75	1,334,075	2	30.44	4,318,840	35.44
Granted	**—**	**—**	**—**	**11,312**	**1**	**42.44**	**2,548,326**	**35.08**
Exercised/vested	**(1,547,255)**	**9.06 - 32.27**	**16.25**	**(1,332,995)**	**—**	**30.43**	**(2,428,213)**	**30.52**
Cancelled/expired/forfeited	**(417,210)**	**21.67 - 71.03**	**67.59**	**(1,080)**	**(1)**	**35.03**	**(263,144)**	**36.67**
Amortization of restricted stock compensation	**—**	**—**	**—**	**—**	**(2)**	**—**	**—**	**—**
Balance, December 31, 2016	**3,253,793**	**$9.06 - 85.34**	**$42.54**	**11,312**	**$—**	**$42.44**	**4,175,809**	**$36.27**
Exercisable, December 31, 2016	**3,253,793**		**$42.54**					

The following table presents stock option information at December 31, 2016:

(Dollars in millions, except per share data)	Options Outstanding				Options Exercisable			
	Number Outstanding at December 31, 2016	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life (Years)**	**Total Aggregate Intrinsic Value**	**Number Exercisable at December 31, 2016**	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life (Years)**	**Total Aggregate Intrinsic Value**
Range of Exercise Prices:								
$9.06 to 49.46	**1,904,207**	**$22.00**	**3.73**	**$63**	**1,904,207**	**$22.00**	**3.73**	**$63**
$49.47 to 64.57	**781**	**56.34**	**0.84**	**—**	**781**	**56.34**	**0.84**	**—**
$64.58 to 85.34	**1,348,805**	**71.53**	**0.51**	**—**	**1,348,805**	**71.53**	**0.51**	**—**
	3,253,793	**$42.54**	**2.39**	**$63**	**3,253,793**	**$42.54**	**2.39**	**$63**

The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on the last trading day of 2016 and the exercise price, multiplied by the number of in-the-money stock options) that would have been received by the option holders had all option holders exercised their options on December 31, 2016. Additional option and stock-based compensation information at December 31 is presented in the following table:

(Dollars in millions)	**2016**	2015	2014
Intrinsic value of options exercised [1]	**$43**	$15	$8
Fair value of vested restricted shares [1]	**41**	35	28
Fair value of vested RSUs [1]	**74**	23	11

[1] Measured as of the grant date.

At December 31, 2016 and 2015, there was $65 million and $54 million, respectively, of unrecognized stock-based compensation expense related to stock options, restricted stock, and RSUs. The unrecognized stock compensation expense for December 31, 2016 is expected to be recognized over a weighted average period of 2.2 years.

Additionally, the Company allows for the granting of phantom stock units, whereby certain employees are granted the contractual right to receive an amount in cash equal to the fair market value of a share of common stock on the vesting date. These shares vest pro-rata annually over three years on the anniversary of the grant date and are subject to variable accounting. The employees are entitled to dividend-equivalent rights on the granted shares. The Company granted 1.8 million, 1.4 million, and 1.2 million phantom stock units during 2016, 2015, and 2014, respectively. The unrecognized compensation expense related to these phantom stock units as of December 31, 2016 was $87 million based on the Company's stock price as of that date.

Stock-based compensation expense recognized in noninterest expense consisted of the following:

	Years Ended December 31		
(Dollars in millions)	**2016**	2015	2014
Stock options	**$—**	$1	$2
Restricted stock	**2**	16	27
Phantom stock units [1]	**67**	32	13
RSUs	**56**	46	34
Total stock-based compensation	**$125**	$95	$76
Stock-based compensation tax benefit	**$48**	$36	$29

[1] Phantom stock units are settled in cash.

Retirement Plans

Noncontributory Pension Plans

The Company maintains various frozen, funded, noncontributory qualified retirement plans ("Retirement Plans") covering employees meeting certain service requirements. The Retirement Plans provide benefits based on salary and years of service. The SunTrust Retirement Plan includes a cash balance formula where the PPAs continue to be credited with interest each year. The interest crediting rate applied to each PPA was 3.00% for 2016. The Company monitors the funded status of the Retirement Plans closely and, due to the current funded status, the Company did not make a contribution to them for the 2016 plan year.

The Company also maintains various frozen, unfunded, noncontributory nonqualified supplemental defined benefit pension plans that cover key executives of the Company (the "SERP", the "ERISA Excess Plan", and the "Restoration Plan"). These plans provide defined benefits based on years of service and salary.

Other Postretirement Benefits

The Company provides certain health care and life insurance benefits ("Other Postretirement Benefits") to retired employees. At the option of the Company, retirees may continue certain health and life insurance benefits if they meet specific age and service requirements at the time of retirement. The health care plans are contributory with participant contributions adjusted annually, and the life insurance plans are noncontributory. Certain retiree health benefits are funded in a Retiree Health Trust. Additionally, certain retiree life insurance benefits are funded in a VEBA. Effective April 1, 2014, the Company amended the plan, which now requires retirees age 65 and older to enroll in individual Medicare supplemental plans. In addition, the Company will fund a tax-advantaged HRA to assist some retirees with medical expenses.

Changes in Benefit Obligations and Plan Assets

The following table presents the change in benefit obligations, change in fair value of plan assets, funded status, accumulated benefit obligation, and the weighted average discount rate related to the Company's pension and other postretirement benefits plans for the years ended December 31:

	Pension Benefits [1]		Other Postretirement Benefits	
(Dollars in millions)	**2016**	2015	**2016**	2015
Benefit obligation, beginning of year	**$2,716**	$2,935	**$65**	$69
Service cost	**5**	5	**—**	—
Interest cost	**97**	116	**2**	2
Plan participants' contributions	**—**	—	**4**	6
Actuarial loss/(gain)	**76**	(171)	**(4)**	(2)
Benefits paid	**(142)**	(164)	**(9)**	(10)
Administrative expenses paid from pension trust	**(5)**	(5)	**—**	—
Benefit obligation, end of year [2]	**$2,747**	$2,716	**$58**	$65
Change in plan assets:				
Fair value of plan assets, beginning of year	**$2,879**	$3,080	**$156**	$160
Actual return on plan assets	**279**	(37)	**5**	1
Employer contributions [3]	**5**	5	**—**	—
Plan participants' contributions	**—**	—	**5**	5
Benefits paid	**(142)**	(164)	**(9)**	(10)
Administrative expenses paid from pension trust	**(5)**	(5)	**—**	—
Fair value of plan assets, end of year [4]	**$3,016**	$2,879	**$157**	$156
Funded status at end of year [5, 6]	**$269**	$163	**$99**	$91
Funded status at end of year (%)	**110%**	106%		
Accumulated benefit obligation	**$2,747**	$2,716		
Discount rate	**4.18%**	4.44%	**3.70%**	3.95%

[1] Employer contributions represent the benefits that were paid to nonqualified plan participants. Unfunded nonqualified supplemental pension plans are not funded through plan assets.

[2] Includes $80 million and $81 million of benefit obligations for the unfunded nonqualified supplemental pension plans at December 31, 2016 and 2015, respectively.

[3] The Company contributed less than $1 million to the other postretirement benefits plans during both 2016 and 2015.

[4] Includes $2 million and $1 million of the Company's common stock acquired by the asset manager and held as part of the equity portfolio for pension benefits at December 31, 2016 and 2015, respectively. During both 2016 and 2015, there was no SunTrust common stock held in the other postretirement benefit plans.

[5] Pension benefits recorded in the Consolidated Balance Sheets included other assets of $349 million and $244 million, and other liabilities of $80 million and $81 million, at December 31, 2016 and 2015, respectively.

[6] Other postretirement benefits recorded in the Consolidated Balance Sheets included other assets of $99 million and $91 million at December 31, 2016 and 2015, respectively.

Net Periodic Benefit

Components of net periodic benefit for the years ended December 31 are presented in the following table:

	Pension Benefits [1]			Other Postretirement Benefits		
(Dollars in millions)	**2016**	2015	2014	**2016**	2015	2014
Service cost	**$5**	$5	$5	**$—**	$—	$—
Interest cost	**97**	116	124	**2**	2	3
Expected return on plan assets	**(186)**	(206)	(200)	**(5)**	(5)	(5)
Amortization of prior service credit	**—**	—	—	**(6)**	(6)	(6)
Amortization of actuarial loss	**25**	21	16	**—**	—	—
Net periodic benefit	**($59)**	($64)	($55)	**($9)**	($9)	($8)
Weighted average assumptions used to determine net periodic benefit:						
Discount rate	**4.44%**	4.09%	4.98%	**3.95%**	3.60%	4.15%
Expected return on plan assets	**6.68**	6.91	7.17	**3.13**	3.50	3.68

[1] Administrative fees are recognized in service cost for each of the periods presented.

Amounts Recognized in AOCI

Components of the benefit obligations AOCI balance at December 31 were as follows:

	Pension Benefits		Other Postretirement Benefits	
(Dollars in millions)	**2016**	2015	**2016**	2015
Prior service credit	**$—**	$—	**($59)**	($64)
Net actuarial loss/(gain)	**1,031**	1,072	**(15)**	(11)
Total AOCI, pre-tax	**$1,031**	$1,072	**($74)**	($75)

Other changes in plan assets and benefit obligations recognized in AOCI during 2016 were as follows:

(Dollars in millions)	Pension Benefits	Other Postretirement Benefits
Current year actuarial gain	**($16)**	**($5)**
Amortization of prior service credit	—	**6**
Amortization of actuarial loss	**(25)**	—
Total recognized in AOCI, pre-tax	**($41)**	**$1**
Total recognized in net periodic benefit and AOCI, pre-tax	**($100)**	**($8)**

For pension plans, the estimated actuarial loss that will be amortized from AOCI into net periodic benefit in 2017 is $24 million. For other postretirement benefit plans, the estimated prior service credit to be amortized from AOCI into net periodic benefit in 2017 is $6 million.

Plan Assumptions

Each year, the SBFC, which includes several members of senior management, reviews and approves the assumptions used in the year-end measurement calculations for each plan. The discount rate for each plan, used to determine the present value of future benefit obligations, is determined by matching the expected cash flows of each plan to a yield curve based on long-term, high quality fixed income debt instruments available as of the measurement date. A series of benefit payments projected to be paid by the plan is developed based on the most recent census data, plan provisions, and assumptions. The benefit payments at each future maturity date are discounted by the year-appropriate spot interest rates. The model then solves for the discount rate that produces the same present value of the projected benefit payments as generated by discounting each year's payments by the spot interest rate.

On December 31, 2015, the Company refined the calculation of the service and interest cost components of net periodic benefit expense for pension and other postretirement benefit plans. Previously the Company estimated service and interest cost components utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. Under the refined method, the Company utilized a full yield curve approach to estimate these components by applying specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. The Company made this change to more closely match the projected benefit cash flows and the corresponding yield curve spot rates, and to provide a more precise measurement of service and interest costs. This change had no impact on the measurement of the Company's total benefit obligations recorded at December 31, 2015 or any other prior period. The Company accounted for this service and interest cost methodology refinement as a change in estimate that is inseparable from a change in accounting principle, and accordingly, recognized its effect prospectively beginning in 2016, which impacted the total 2016 net periodic pension benefit by $19 million. The change in estimate favorably impacted both basic and diluted EPS by $0.04 per share for the year ended December 31, 2016.

Actuarial gains and losses are created when actual experience deviates from assumptions. The actuarial gains during 2016 for the pension plans resulted primarily from asset experience. The actuarial losses during 2015 for the pension plans resulted primarily from asset experience.

The SBFC establishes investment policies and strategies and formally monitors the performance of the investments throughout the year. The Company's investment strategy with respect to pension assets is to invest the assets in accordance with ERISA and related fiduciary standards. The long-term primary investment objectives for the pension plans are to provide a

commensurate amount of long-term growth of principal and income in order to satisfy the pension plan obligations without undue exposure to risk in any single asset class or investment category. The objectives are accomplished through investments in equities, fixed income, and cash equivalents using a mix that is conducive to participation in a rising market while allowing for protection in a declining market. The portfolio is viewed as long-term in its entirety, avoiding decisions regarding short-term concerns and any single investment. Asset allocation, as a percent of the total market value of the total portfolio, is set with the target percentages and ranges presented in the investment policy statement. Rebalancing occurs on a periodic basis to maintain the target allocation, but normal market activity may result in deviations.

The basis for determining the overall expected long-term rate of return on plan assets considers past experience, current market conditions, and expectations on future trends. A building block approach is used that considers long-term inflation, real returns, equity risk premiums, target asset allocations, market corrections, and expenses. Capital market simulations from internal and external sources, survey data, economic forecasts, and actuarial judgment are all used in this process. The expected long-term rate of return for pension obligations is 6.66% for 2017.

The investment strategy for the other postretirement benefit plans is maintained separately from the strategy for the pension plans. The Company's investment strategy is to create a series of investment returns sufficient to provide a commensurate amount of long-term principal and income growth in order to satisfy the other postretirement benefit plan's obligations. Assets are diversified among equity funds and fixed income investments according to the mix approved by the SBFC. Due to other postretirement benefits having a shorter time horizon, a lower equity profile is appropriate. The expected long-term rate of return for other postretirement benefits is 3.12% for 2017.

Plan Assets Measured at Fair Value

The following tables present combined pension and other postretirement benefit plan assets measured at fair value. See Note 18, "Fair Value Election and Measurement" for level definitions within the fair value hierarchy.

		Fair Value Measurements at December 31, 2016 [1]		
(Dollars in millions)	**Total**	**Level 1**	**Level 2**	**Level 3**
Money market funds [2]	**$112**	**$112**	**$—**	**$—**
Equity securities	**1,415**	**1,415**	**—**	**—**
Mutual funds [3]:				
Equity index fund	**47**	**47**	**—**	**—**
Tax exempt municipal bond funds	**82**	**82**	**—**	**—**
Taxable fixed income index funds	**13**	**13**	**—**	**—**
Futures contracts	**(5)**	**—**	**(5)**	**—**
Fixed income securities	**1,486**	**—**	**1,486**	**—**
Other assets	**6**	**6**	**—**	**—**
Total plan assets	**$3,156**	**$1,675**	**$1,481**	**$—**

[1] Fair value measurements do not include pension benefits accrued income amounting to less than 0.6% of total plan assets.
[2] Includes $16 million for other postretirement benefit plans.
[3] Relates exclusively to other postretirement benefit plans.

		Fair Value Measurements at December 31, 2015 [1]		
(Dollars in millions)	Total	Level 1	Level 2	Level 3
Money market funds [2]	$83	$83	$—	$—
Equity securities	1,416	1,416	—	—
Mutual funds [3]:				
Equity index fund	48	48	—	—
Tax exempt municipal bond funds	84	84	—	—
Taxable fixed income index funds	13	13	—	—
Futures contracts	(11)	—	(11)	—
Fixed income securities	1,381	—	1,381	—
Other assets	11	11	—	—
Total plan assets	$3,025	$1,655	$1,370	$—

[1] Fair value measurements do not include pension benefits accrued income amounting to less than 0.4% of total plan assets.
[2] Includes $11 million for other postretirement benefit plans.
[3] Relates exclusively to other postretirement benefit plans.

Target allocations for pension and other postretirement benefits at December 31, by asset category, are presented below:

	Pension Benefits			Other Postretirement Benefits		
	Target Allocation	% of plan assets		Target Allocation	% of plan assets	
		2016	2015		**2016**	2015
Cash equivalents	**0-10 %**	**3%**	3%	**5-15 %**	**10%**	7%
Equity securities	**0-50**	**47**	49	**20-40**	**30**	31
Debt securities	**50-100**	**50**	48	**50-70**	**60**	62
Total		**100%**	100%		**100%**	100%

The Company sets pension asset values equal to their market value, reflecting gains and losses immediately rather than deferring over a period of years, which provides a more realistic economic measure of the plan's funded status and cost. Assumed healthcare cost trend rates have a significant effect on the amounts reported for the other postretirement benefit plans. At December 31, 2016, the Company assumed that pre-65 retiree healthcare costs will increase at an initial rate of 7.00% per year. The Company expects this annual cost increase to decrease over an 8-year period to 5.00% per year. The effect of a 1% increase/decrease in the healthcare cost trend rate for other postretirement benefit obligations, service cost, and interest cost are less than $1 million, respectively. Assumed discount rates and expected returns on plan assets affect the amounts of net periodic benefit. A 25 basis point increase/decrease in the expected long-term return on plan assets would increase/decrease the net periodic benefit by $7 million for pension and other postretirement benefits plans. A 25 basis point increase/decrease in the discount rate would change the net periodic benefit by less than $1 million for pension and other postretirement benefits plans.

Expected Cash Flows

Expected cash flows for the pension and other postretirement benefit plans are presented in the following table:

(Dollars in millions)	Pension Benefits [1]	Other Postretirement Benefits (excluding Medicare Subsidy) [2]
Employer Contributions:		
2017 (expected) to plan trusts	$—	$—
2017 (expected) to plan participants [3]	11	—
Expected Benefit Payments:		
2017	183	6
2018	168	6
2019	166	5
2020	165	5
2021	165	4
2022 - 2026	812	19

[1] Based on the funding status and ERISA limitations, the Company anticipates contributions to the Retirement Plan will not be required during 2017.
[2] Expected payments under other postretirement benefit plans are shown net of participant contributions.
[3] The expected benefit payments for the SERP will be paid directly from the Company's corporate assets.

Defined Contribution Plans

SunTrust's employee benefit program includes a qualified defined contribution plan. For years ended December 31, 2016, 2015, and 2014, the 401(k) plan provided a dollar-for-dollar match on the first 6% of eligible pay that a participant, including executive participants, elected to defer.

SunTrust also maintains the SunTrust Banks, Inc. Deferred Compensation Plan in which key executives of the Company are eligible. Matching contributions for the deferred compensation plan are the same percentage as provided in the 401(k) plan, subject to limitations imposed by the plans' provisions and applicable laws and regulations. Matching contributions for both the Company's 401(k) plan and the deferred compensation plan fully vest upon two years of completed service. Furthermore, both plans permit an additional discretionary Company contribution equal to a fixed percentage of eligible pay.

The Company's 401(k) expense, including any discretionary contributions, was $105 million, $121 million, and $117 million for the years ended December 31, 2016, 2015, and 2014, respectively.

NOTE 16 – GUARANTEES

The Company has undertaken certain guarantee obligations in the ordinary course of business. The issuance of a guarantee imposes an obligation for the Company to stand ready to perform and make future payments should certain triggering events occur. Payments may be in the form of cash, financial instruments, other assets, shares of stock, or through provision of the Company's services. The following is a discussion of the guarantees that the Company has issued at December 31, 2016. The Company has also entered into certain contracts that are similar to guarantees, but that are accounted for as derivative instruments as discussed in Note 17, "Derivative Financial Instruments."

Letters of Credit

Letters of credit are conditional commitments issued by the Company, generally to guarantee the performance of a client to a third party in borrowing arrangements, such as CP, bond financing, or similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to clients but may be reduced by selling participations to third parties. The Company issues letters of credit that are classified as financial standby, performance standby, or commercial letters of credit.

At both December 31, 2016 and 2015, the Company's maximum potential exposure for issued financial and performance standby letters of credit was $2.9 billion. The Company's outstanding letters of credit generally have a term of more than one year. Some standby letters of credit are designed to be drawn upon in the normal course of business and others are drawn upon only in circumstances of dispute or default in the underlying transaction to which the Company is not a party. In all cases, the Company is entitled to reimbursement from the client. If a letter of credit is drawn upon and reimbursement is not provided by the client, the Company may take possession of the collateral securing the letter of credit, where applicable.

The Company monitors its credit exposure under standby letters of credit in the same manner as it monitors other extensions of credit in accordance with its credit policies. Consistent with the methodologies used for all commercial borrowers, an internal assessment of the PD and loss severity in the event of default is performed. The management of credit risk for letters of credit leverages the risk rating process to focus greater visibility on higher risk and/or higher dollar letters of credit. The allowance for credit losses associated with letters of credit is a component of the unfunded commitments reserve recorded in other liabilities on the Consolidated Balance Sheets and is included in the allowance for credit losses as disclosed in Note 7, "Allowance for Credit Losses." Additionally, unearned fees relating to letters of credit are recorded in other liabilities on the Consolidated Balance Sheets. The net carrying amount of unearned fees was immaterial at both December 31, 2016 and 2015.

Loan Sales and Servicing

STM, a consolidated subsidiary of the Company, originates and purchases residential mortgage loans, a portion of which are sold to outside investors in the normal course of business through a combination of whole loan sales to GSEs, Ginnie Mae, and non-agency investors. In connection with the December 2016 acquisition of Pillar, the Company also originates and sells certain commercial mortgage loans to Fannie Mae and Freddie Mac, originates FHA insured loans, and issues and sells Ginnie Mae commercial MBS backed by FHA insured loans.

When residential loans are sold, representations and warranties regarding certain attributes of the loans are made to third party purchasers. Subsequent to the sale, if a material underwriting deficiency or documentation defect is discovered, the Company may be obligated to repurchase the loan or to reimburse an investor for losses incurred (make whole requests), if such deficiency or defect cannot be cured by the Company within the specified period following discovery. Additionally, servicing representations and warranties can result in loan repurchases, as well as adversely affect the valuation of servicing rights, servicing advances, or other loan-related exposures, such as OREO. These representations and warranties may extend through the life of the loan. The Company's risk of loss under its representations and warranties is partially driven by borrower payment performance since investors will perform extensive reviews of delinquent loans as a means of mitigating losses.

Loans sold to Ginnie Mae are insured by the FHA or are guaranteed by the VA. As servicer, the Company may elect to repurchase delinquent loans in accordance with Ginnie Mae guidelines; however, the loans continue to be insured. The Company may also indemnify the FHA and VA for losses related to loans not originated in accordance with their guidelines.

The Company previously reached agreements with Freddie Mac and Fannie Mae that relieve the Company of certain existing and future repurchase obligations related to loans sold from 2000-2008 to Freddie Mac and loans sold from 2000-2012 to Fannie Mae. The Company experienced significantly fewer repurchase claims and losses related to loans sold since 2009, relative to pre-2009 vintages, as a result of stronger credit performance, more stringent credit guidelines, and underwriting process improvements.

Repurchase requests from GSEs, Ginnie Mae, and non-agency investors, for all vintages, are presented in the following table that summarizes demand activity for the years ended December 31.

(Dollars in millions)	**2016**	2015	2014
Pending repurchase requests, beginning of period	**$17**	$47	$126
Repurchase requests received	**44**	73	158
Repurchase requests resolved:			
Repurchased	**(18)**	(22)	(28)
Cured	**(29)**	(81)	(209)
Total resolved	**(47)**	(103)	(237)
Pending repurchase requests, end of period [1]	**$14**	$17	$47
Percent from non-agency investors:			
Pending repurchase requests, end of period	**40.4%**	32.9%	6.7%
Repurchase requests received	**7.1%**	7.2%	0.9%

[1] Comprised of $8 million, $11 million, and $44 million from the GSEs, and $6 million, $6 million, and $3 million from non-agency investors at December 31, 2016, 2015, and 2014 respectively.

The repurchase and make whole requests received have been due primarily to alleged material breaches of representations related to compliance with the applicable underwriting standards, including borrower misrepresentation and appraisal issues. The Company performs a loan-by-loan review of all requests and contests demands to the extent they are not considered valid.

The following table summarizes the changes in the Company's reserve for residential mortgage loan repurchases for the years ended December 31:

(Dollars in millions)	**2016**	2015	2014
Balance, beginning of period	**$57**	$85	$78
Repurchase (benefit)/provision	**(17)**	(12)	12
Charge-offs, net of recoveries	**—**	(16)	(5)
Balance, end of period	**$40**	$57	$85

A significant degree of judgment is used to estimate the mortgage repurchase liability as the estimation process is inherently uncertain and subject to imprecision. The Company believes that its reserve appropriately estimates incurred losses based on its current analysis and assumptions, inclusive of the Freddie Mac and Fannie Mae settlement agreements, GSE owned loans serviced by third party servicers, loans sold to private investors, and other indemnifications.

Notwithstanding the aforementioned agreements with Freddie Mac and Fannie Mae settling certain aspects of the Company's repurchase obligations, those institutions preserve their right to require repurchases arising from certain types of events, and that preservation of rights can impact future losses of the Company. While the mortgage repurchase reserve includes the estimated cost of settling claims related to required repurchases, the Company's estimate of losses depends on its assumptions regarding GSE and other counterparty behavior, loan performance, home prices, and other factors. The liability is recorded in other liabilities on the Consolidated Balance Sheets, and the related repurchase (benefit)/provision is recognized in mortgage production related income in the Consolidated Statements of Income. See Note 19, "Contingencies," for additional information on current legal matters related to loan sales.

The following table summarizes the carrying value of the Company's outstanding repurchased mortgage loans at December 31:

(Dollars in millions)	**2016**	2015
Outstanding repurchased mortgage loans:		
Performing LHFI	**$230**	$255
Nonperforming LHFI	**12**	17
Total carrying value of outstanding repurchased mortgage loans	**$242**	$272

In addition to representations and warranties related to loan sales, the Company makes representations and warranties that it will service the loans in accordance with investor servicing guidelines and standards, which may include (i) collection and remittance of principal and interest, (ii) administration of escrow for taxes and insurance, (iii) advancing principal, interest, taxes, insurance, and collection expenses on delinquent accounts, (iv) loss mitigation strategies including loan modifications, and (v) foreclosures.

The Company normally retains servicing rights when loans are transferred; however, servicing rights are occasionally sold to third parties. When servicing rights are sold, the Company makes representations and warranties related to servicing standards and obligations, and records a liability for contingent losses in other liabilities on the Consolidated Balance Sheets. This liability, which is separate from the mortgage repurchase reserve and separate from the commercial mortgage loan loss share guarantee described below, totaled $7 million and $14 million at December 31, 2016 and 2015, respectively.

Commercial Mortgage Loan Loss Share Guarantee

In connection with the December 2016 acquisition of Pillar, the Company assumed a loss share obligation associated with the terms of a master loss sharing agreement with Fannie Mae for multi-family commercial mortgage loans that were sold by Pillar to Fannie Mae under Fannie Mae's delegated underwriting and servicing program. Upon the acquisition of Pillar, the Company entered into a lender contract amendment with Fannie Mae for multi-family commercial mortgage loans that Pillar sold to Fannie Mae prior to acquisition and that the Company sold to Fannie Mae subsequent to acquisition, whereby the Company bears a risk of loss of up to one-third of the incurred losses resulting from borrower defaults. The breach of any representation or warranty related to a loan sold to Fannie Mae could increase the Company's level of risk-sharing associated with the loan. At December 31, 2016, the outstanding UPB of loans sold subject to the loss share guarantee was $2.9 billion and the potential maximum exposure to loss was $787 million. Using probability of default and severity of loss estimates, the Company recorded the estimated fair value of the loss share liability of $6 million in other liabilities at the acquisition date, which was also the liability at December 31, 2016.

Visa

The Company executes credit and debit transactions through Visa and MasterCard. The Company is a defendant, along with Visa and MasterCard (the "Card Associations"), as well as several other banks, in one of several antitrust lawsuits challenging the practices of the Card Associations (the "Litigation"). The Company entered into judgment and loss sharing agreements with Visa and certain other banks in order to apportion financial responsibilities arising from any potential adverse judgment or negotiated settlements related to the Litigation. Additionally, in connection with Visa's restructuring in 2007, shares of Visa common stock were issued to its financial institution members and the Company received its proportionate number of shares of Visa Inc. common stock, which were subsequently converted to Class B shares of Visa Inc. upon completion of Visa's IPO in 2008. A provision of the original Visa By-Laws, which was restated in Visa's certificate of incorporation, contains a general indemnification provision between a Visa member and Visa that explicitly provides that each member's indemnification obligation is limited to losses arising from its own conduct and the specifically defined Litigation. While the district court approved a class action settlement of the Litigation in 2012, the U.S. Court of Appeals for the Second Circuit reversed the district court's approval of

the settlement on June 30, 2016. The parties await further action on the appeal and/or a return of the case to the district court.

Agreements associated with Visa's IPO have provisions that Visa will fund a litigation escrow account, established for the purpose of funding judgments in, or settlements of, the Litigation. If the escrow account is insufficient to cover the Litigation losses, then Visa will issue additional Class A shares (“loss shares”). The proceeds from the sale of the loss shares would then be deposited in the escrow account. The issuance of the loss shares will cause a dilution of Visa's Class B shares as a result of an adjustment to lower the conversion factor of the Class B shares to Class A shares. Visa U.S.A.'s members are responsible for any portion of the settlement or loss on the Litigation after the escrow account is depleted and the value of the Class B shares is fully diluted.

In May 2009, the Company sold its 3.2 million Class B shares to the Visa Counterparty and entered into a derivative with the Visa Counterparty. Under the derivative, the Visa Counterparty is compensated by the Company for any decline in the conversion factor as a result of the outcome of the Litigation. Conversely, the Company is compensated by the Visa Counterparty for any increase in the conversion factor. The amount of payments made or received under the derivative is a function of the 3.2 million shares sold to the Visa Counterparty, the change in conversion rate, and Visa’s share price. The Visa Counterparty, as a result of its ownership of the Class B shares, is impacted by dilutive adjustments to the conversion factor of the Class B shares caused by the Litigation losses. Additionally, the Company will make periodic payments based on the notional of the derivative and a fixed rate until the date on which the Litigation is settled. The fair value of the derivative is estimated based on unobservable inputs consisting of management's estimate of the probability of certain litigation scenarios and the timing of the resolution of the Litigation due in large part to the aforementioned decision by the U.S. Court of Appeals for the Second Circuit. The fair value of the derivative liability was $15 million and $6 million at December 31, 2016 and 2015, respectively. The increase in fair value of the derivative liability was driven by changes in management's estimate of both the probability of certain litigation scenarios as well as the timing of the resolution of the Litigation. However, the ultimate impact to the Company could be significantly different based on the Litigation outcome.

Public Deposits

The Company holds public deposits from various states in which it does business. Individual state laws require banks to collateralize public deposits, typically as a percentage of their public deposit balance in excess of FDIC insurance and may also require a cross-guarantee among all banks holding public deposits of the individual state. The amount of collateral required varies by state and may also vary by bank within each state, depending on the individual state's risk assessment of each participating bank. Certain of the states in which the Company holds public deposits use a pooled collateral method, whereby in the event of default of a bank holding public deposits, the collateral of the defaulting bank is liquidated to the extent necessary to recover the loss of public deposits of the defaulting bank. To the extent the collateral is insufficient, the remaining public deposit balances of the defaulting bank are recovered through an assessment of the other banks holding public deposits in that state. The maximum potential amount of future payments the Company could be required to make is dependent on a variety of factors, including the amount of public funds held by banks in the states in which the Company also holds public deposits and the amount of collateral coverage associated with any defaulting bank. Individual states appear to be monitoring this risk and evaluating collateral requirements; therefore, the likelihood that the Company would have to perform under this guarantee is dependent on whether any banks holding public funds default as well as the adequacy of collateral coverage.

Other

In the normal course of business, the Company enters into indemnification agreements and provides standard representations and warranties in connection with numerous transactions. These transactions include those arising from securitization activities, underwriting agreements, merger and acquisition agreements, swap clearing agreements, loan sales, contractual commitments, payment processing, sponsorship agreements, and various other business transactions or arrangements. The extent of the Company's obligations under these indemnification agreements depends upon the occurrence of future events; therefore, the Company's potential future liability under these arrangements is not determinable. STIS and STRH, broker-dealer affiliates of the Company, use a common third party clearing broker to clear and execute their customers' securities transactions and to hold customer accounts. Under their respective agreements, STIS and STRH agree to indemnify the clearing broker for losses that result from a customer's failure to fulfill its contractual obligations. As the clearing broker's rights to charge STIS and STRH have no maximum amount, the Company believes that the maximum potential obligation cannot be estimated. However, to mitigate exposure, the affiliate may seek recourse from the customer through cash or securities held in the defaulting customers' account. For the years ended December 31, 2016, 2015, and 2014, STIS and STRH experienced minimal net losses as a result of the indemnity. The clearing agreements expire in May 2020 for both STIS and STRH.

NOTE 17 - DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into various derivative financial instruments, both in a dealer capacity to facilitate client transactions and as an end user as a risk management tool. The ALCO monitors all risk management derivative activities. When derivatives have been entered into with clients, the Company generally manages the risk associated with these derivatives within the framework of its VAR methodology that monitors total daily exposure and seeks to manage the exposure on an overall basis. Derivatives are also used as a risk management tool to hedge the Company's balance sheet exposure to changes in identified cash flow and fair value risks, either economically or in accordance with hedge accounting provisions. The Company's Corporate Treasury function is responsible for employing the various hedge strategies to manage these objectives. Additionally, as a normal part of its operations, the Company enters into IRLCs on residential and commercial mortgage loans that are accounted for as freestanding derivatives and has certain contracts containing embedded derivatives that are measured, in their entirety, at fair value. All freestanding derivatives and any embedded derivatives that the Company bifurcates from the host contracts are measured at fair value in the Consolidated Balance Sheets in trading assets and derivative instruments and trading liabilities and derivative instruments. The associated gains and losses are either recognized in AOCI, net of tax, or within the Consolidated Statements of Income, depending upon the use and designation of the derivatives.

Credit and Market Risk Associated with Derivative Instruments

Derivatives expose the Company to risk that the counterparty to the derivative contract does not perform as expected. The Company manages its exposure to counterparty credit risk associated with derivatives by entering into transactions with counterparties with defined exposure limits based on their credit quality and in accordance with established policies and procedures. All counterparties are reviewed regularly as part of the Company's credit risk management practices and appropriate action is taken to adjust the exposure to certain counterparties as necessary. The Company's derivative transactions may also be governed by ISDA agreements or other legally enforceable industry standard master netting agreements. In certain cases and depending on the nature of the underlying derivative transactions, bilateral collateral agreements are also utilized. Furthermore, the Company and its subsidiaries are subject to OTC derivative clearing requirements, which require certain derivatives to be cleared through central clearinghouses. These clearinghouses require the Company to post initial and variation margin to mitigate the risk of non-payment, the latter of which is received or paid daily based on the net asset or liability position of the contracts.

When the Company has more than one outstanding derivative transaction with a single counterparty, and there exists a legal right of offset with that counterparty, the Company considers its exposure to the counterparty to be the net fair value of its derivative positions with that counterparty. If the net fair value is positive, then the corresponding asset value also reflects cash collateral held. At December 31, 2016, these net asset positions were $774 million, reflecting $1.1 billion of net derivative gains, adjusted for cash and other collateral of $339 million that the Company held in relation to these positions. At December 31, 2015, reported net derivative assets were $896 million, reflecting $1.4 billion of net derivative gains, adjusted for cash and other collateral held of $463 million.

Derivatives also expose the Company to market risk arising from the adverse effects that changes in market factors, such as interest rates, currency rates, equity prices, commodity prices, or implied volatility, may have on the value of a derivative. The Company manages this risk by establishing and monitoring limits on the types and degree of risk that may be undertaken. The Company measures its market risk exposure using a VAR methodology for derivatives designated as trading instruments. Other tools and risk measures are also used to actively manage risk associated with derivatives including scenario analysis and stress testing.

Derivative instruments are priced using observable market inputs at a mid-market valuation point and take into consideration appropriate valuation adjustments for collateral, market liquidity, and counterparty credit risk. For purposes of determining fair value adjustments to its OTC derivative positions, the Company takes into consideration the credit profile and likelihood of default by counterparties and itself, as well as its net exposure, which considers legally enforceable master netting agreements and collateral along with remaining maturities. The expected loss of each counterparty is estimated using market-based views of counterparty default probabilities observed in the single-name CDS market, when available and of sufficient liquidity. When single-name CDS market data is not available or not of sufficient liquidity, the probability of default is estimated using a combination of the Company's internal risk rating system and sector/rating based CDS data.

For purposes of estimating the Company's own credit risk on derivative liability positions, the DVA, the Company uses probabilities of default from observable, sector/rating based CDS data. The Company adjusted the net fair value of its derivative contracts for estimates of counterparty credit risk by approximately $6 million and $4 million at December 31, 2016 and 2015, respectively. For additional information on the Company's fair value measurements, see Note 18, "Fair Value Election and Measurement."

Currently, the majority of the Company's derivatives contain contingencies that relate to the creditworthiness of the Bank. These contingencies, which are contained in industry standard master netting agreements, may be considered events of default. Should the Bank be in default under any of these provisions, the Bank's counterparties would be permitted to close out transactions with the Bank on a net basis, at amounts that would approximate the fair values of the derivatives, resulting in a single sum due by one party to the other. The counterparties would have the right to apply any collateral posted by the Bank against any net amount owed by the Bank. Additionally, certain of the Company's derivative liability positions, totaling $1.1 billion in fair value at both December 31, 2016 and 2015, contain provisions conditioned on downgrades of the Bank's credit rating. These provisions, if triggered, would either give rise to an ATE that permits the counterparties to close-out net and apply collateral or, where a CSA is present, require the Bank to post additional collateral. At December 31, 2016, the Bank held

senior long-term debt credit ratings of Baal/A-/A- from Moody's, S&P, and Fitch, respectively. At December 31, 2016, ATEs have been triggered for less than $1 million in fair value liabilities. The maximum additional liability that could be triggered from ATEs was approximately $13 million at December 31, 2016. At December 31, 2016, $1.1 billion in fair value of derivative liabilities were subject to CSAs, against which the Bank has posted $1.1 billion in collateral, primarily in the form of cash. If requested by the counterparty pursuant to the terms of the CSA, the Bank would be required to post additional collateral of approximately $5 million against these contracts if the Bank were downgraded to Baa3/BBB-. Further downgrades to Ba1/BB+ or below do not contain predetermined collateral posting levels.

Notional and Fair Value of Derivative Positions

The following tables present the Company's derivative positions at December 31, 2016 and 2015. The notional amounts in the tables are presented on a gross basis and have been classified within derivative assets or derivative liabilities based on the estimated fair value of the individual contract at December 31, 2016 and 2015. Gross positive and gross negative fair value amounts associated with respective notional amounts are presented without consideration of any netting agreements, including collateral arrangements. Net fair value derivative amounts are adjusted on an aggregate basis, where applicable, to take into consideration the effects of legally enforceable master netting agreements, including any cash collateral received or paid, and are recognized in trading assets and derivative instruments or trading liabilities and derivative instruments on the Consolidated Balance Sheets. For contracts constituting a combination of options that contain a written option and a purchased option (such as a collar), the notional amount of each option is presented separately, with the purchased notional amount generally being presented as a derivative asset and the written notional amount being presented as a derivative liability. For contracts that contain a combination of options, the fair value is generally presented as a single value with the purchased notional amount if the combined fair value is positive, and with the written notional amount if the combined fair value is negative.

(Dollars in millions)	December 31, 2016			
	Asset Derivatives		Liability Derivatives	
	Notional Amounts	Fair Value	Notional Amounts	Fair Value
Derivative instruments designated in cash flow hedging relationships [1]				
Interest rate contracts hedging floating rate loans	$6,400	$34	$11,050	$265
Derivative instruments designated in fair value hedging relationships [2]				
Interest rate contracts hedging fixed rate debt	600	2	4,510	81
Interest rate contracts hedging brokered CDs	60	—	30	—
Total	660	2	4,540	81
Derivative instruments not designated as hedging instruments [3]				
Interest rate contracts hedging:				
MSRs [4]	12,165	413	18,774	335
LHFS, IRLCs [5]	11,774	134	8,306	58
LHFI	100	2	36	1
Trading activity [6]	70,599	1,536	67,477	1,401
Foreign exchange rate contracts hedging trading activity	3,231	161	3,360	148
Credit contracts hedging:				
Loans	15	—	620	8
Trading activity [7]	2,128	34	2,271	33
Equity contracts hedging trading activity [6]	23,164	2,095	35,312	2,477
Other contracts:				
IRLCs and other [8]	2,412	28	668	22
Commodities	747	75	746	73
Total	126,335	4,478	137,570	4,556
Total derivative instruments	$133,395	$4,514	$153,160	$4,902
Total gross derivative instruments, before netting		$4,514		$4,902
Less: Legally enforceable master netting agreements		(3,239)		(3,239)
Less: Cash collateral received/paid		(291)		(1,265)
Total derivative instruments, after netting		$984		$398

[1] See "Cash Flow Hedges" in this Note for further discussion.
[2] See "Fair Value Hedges" in this Note for further discussion.
[3] See "Economic Hedging and Trading Activities" in this Note for further discussion.
[4] Amount includes $6.7 billion of notional amounts related to interest rate futures. These futures contracts settle in cash daily, one day in arrears. The derivative asset or liability associated with the one day lag is included in the fair value column of this table.
[5] Amount includes $720 million of notional amounts related to interest rate futures. These futures contracts settle in cash daily, one day in arrears. The derivative asset or liability associated with the one day lag is included in the fair value column of this table.
[6] Amounts include $12.3 billion of notional amounts related to interest rate futures and $629 million of notional amounts related to equity futures. These futures contracts settle in cash daily, one day in arrears. The derivative asset or liability associated with the one day lag is included in the fair value column of this table. Amounts also include notional amounts related to interest rate swaps hedging fixed rate debt.
[7] Asset and liability amounts include $5 million and $13 million, respectively, of notional amounts from purchased and written credit risk participation agreements, whose notional is calculated as the notional of the derivative participated adjusted by the relevant RWA conversion factor.
[8] Includes $49 million notional amount that is based on the 3.2 million of Visa Class B shares, the conversion ratio from Class B shares to Class A shares, and the Class A share price at the derivative inception date of May 28, 2009. This derivative was established upon the sale of Class B shares in the second quarter of 2009. See Note 16, "Guarantees" for additional information.

	December 31, 2015			
	Asset Derivatives		Liability Derivatives	
(Dollars in millions)	Notional Amounts	Fair Value	Notional Amounts	Fair Value
Derivative instruments designated in cash flow hedging relationships [1]				
Interest rate contracts hedging floating rate loans	$14,500	$130	$2,900	$11
Derivative instruments designated in fair value hedging relationships [2]				
Interest rate contracts hedging fixed rate debt	1,700	14	600	—
Interest rate contracts hedging brokered CDs	60	—	30	—
Total	1,760	14	630	—
Derivative instruments not designated as hedging instruments [3]				
Interest rate contracts hedging:				
MSRs [4]	7,782	198	16,882	98
LHFS, IRLCs [5]	4,309	10	2,520	5
LHFI	15	—	40	1
Trading activity [6]	67,164	1,983	66,854	1,796
Foreign exchange rate contracts hedging trading activity	3,648	127	3,227	122
Credit contracts hedging:				
Loans	—	—	175	2
Trading activity [7]	2,232	57	2,385	54
Equity contracts hedging trading activity [6]	19,138	1,812	27,154	2,222
Other contracts:				
IRLCs and other [8]	2,024	21	299	6
Commodities	453	113	448	111
Total	106,765	4,321	119,984	4,417
Total derivative instruments	$123,025	$4,465	$123,514	$4,428
Total gross derivative instruments, before netting		$4,465		$4,428
Less: Legally enforceable master netting agreements		(2,916)		(2,916)
Less: Cash collateral received/paid		(397)		(1,048)
Total derivative instruments, after netting		$1,152		$464

[1] See "Cash Flow Hedges" in this Note for further discussion.
[2] See "Fair Value Hedges" in this Note for further discussion.
[3] See "Economic Hedging and Trading Activities" in this Note for further discussion.
[4] Amount includes $9.1 billion of notional amounts related to interest rate futures. These futures contracts settle in cash daily, one day in arrears. The derivative asset or liability associated with the one day lag is included in the fair value column of this table.
[5] Amount includes $518 million of notional amounts related to interest rate futures. These futures contracts settle in cash daily, one day in arrears. The derivative asset or liability associated with the one day lag is included in the fair value column of this table.
[6] Amounts include $12.6 billion of notional amounts related to interest rate futures and $329 million of notional amounts related to equity futures. These futures contracts settle in cash daily, one day in arrears. The derivative asset or liability associated with the one day lag is included in the fair value column of this table. Amounts also include notional amounts related to interest rate swaps hedging fixed rate debt.
[7] Asset and liability amounts include $6 million and $9 million, respectively, of notional amounts from purchased and written credit risk participation agreements, whose notional is calculated as the notional of the derivative participated adjusted by the relevant RWA conversion factor.
[8] Includes $49 million notional amount that is based on the 3.2 million of Visa Class B shares, the conversion ratio from Class B shares to Class A shares, and the Class A share price at the derivative inception date of May 28, 2009. This derivative was established upon the sale of Class B shares in the second quarter of 2009. See Note 16, "Guarantees" for additional information.

Impact of Derivative Instruments on the Consolidated Statements of Income and Shareholders' Equity

The impacts of derivative instruments on the Consolidated Statements of Income and the Consolidated Statements of Shareholders' Equity for the year ended December 31 are presented in the following tables. The impacts are segregated between derivatives that are designated in hedge accounting relationships and those that are used for economic hedging or trading purposes, with further identification of the underlying risks in the derivatives and the hedged items, where appropriate. The tables do not disclose the financial impact of the activities that these derivative instruments are intended to hedge.

	Year Ended December 31, 2016		
(Dollars in millions)	Amount of Pre-tax Loss Recognized in OCI on Derivatives (Effective Portion)	Amount of Pre-tax Gain Reclassified from AOCI into Income (Effective Portion)	Classification of Pre-tax Gain/(Loss) Reclassified from AOCI into Income (Effective Portion)
Derivative instruments in cash flow hedging relationships:			
Interest rate contracts hedging floating rate loans [1]	**($145)**	**$147**	**Interest and fees on loans**

[1] During the year ended December 31, 2016, the Company also reclassified $97 million of pre-tax gains from AOCI into net interest income. These gains related to hedging relationships that have been terminated or de-designated and are reclassified into earnings consistent with the pattern of net cash flows expected to be recognized.

	Year Ended December 31, 2016		
(Dollars in millions)	Amount of Loss on Derivatives Recognized in Income	Amount of Gain on Related Hedged Items Recognized in Income	Amount of Gain Recognized in Income on Hedges (Ineffective Portion)
Derivative instruments in fair value hedging relationships:			
Interest rate contracts hedging fixed rate debt [1]	**($87)**	**$89**	**$2**
Interest rate contracts hedging brokered CDs [1]	—	—	—
Total	**($87)**	**$89**	**$2**

[1] Amounts are recognized in trading income in the Consolidated Statements of Income.

(Dollars in millions)	Classification of Gain/(Loss) Recognized in Income on Derivatives	Amount of Gain/(Loss) Recognized in Income on Derivatives During the Year Ended December 31, 2016
Derivative instruments not designated as hedging instruments:		
Interest rate contracts hedging:		
MSRs	Mortgage servicing related income	**$62**
LHFS, IRLCs	Mortgage production related income	**(6)**
LHFI	Other noninterest income	**(1)**
Trading activity	Trading income	**51**
Foreign exchange rate contracts hedging trading activity	Trading income	**101**
Credit contracts hedging:		
Loans	Other noninterest income	**(3)**
Trading activity	Trading income	**19**
Equity contracts hedging trading activity	Trading income	**4**
Other contracts:		
IRLCs	Mortgage production related income	**210**
Commodities	Trading income	**3**
Total		**$440**

(Dollars in millions)	Year Ended December 31, 2015 Amount of Pre-tax Gain Recognized in OCI on Derivatives (Effective Portion)	Amount of Pre-tax Gain Reclassified from AOCI into Income (Effective Portion)	Classification of Pre-tax Gain Reclassified from AOCI into Income (Effective Portion)
Derivative instruments in cash flow hedging relationships:			
Interest rate contracts hedging floating rate loans [1]	$246	$169	Interest and fees on loans

[1] During the year ended December 31, 2015, the Company also reclassified $92 million of pre-tax gains from AOCI into net interest income. These gains related to hedging relationships that have been terminated or de-designated and are reclassified into earnings consistent with the pattern of net cash flows expected to be recognized.

(Dollars in millions)	Year Ended December 31, 2015 Amount of Loss on Derivatives Recognized in Income	Amount of Gain on Related Hedged Items Recognized in Income	Amount of Loss Recognized in Income on Hedges (Ineffective Portion)
Derivative instruments in fair value hedging relationships:			
Interest rate contracts hedging fixed rate debt [1]	($2)	$1	($1)
Interest rate contracts hedging brokered CDs [1]	—	—	—
Total	($2)	$1	($1)

[1] Amounts are recognized in trading income in the Consolidated Statements of Income.

(Dollars in millions)	Classification of Gain/(Loss) Recognized in Income on Derivatives	Amount of Gain/(Loss) Recognized in Income on Derivatives During the Year Ended December 31, 2015
Derivative instruments not designated as hedging instruments:		
Interest rate contracts hedging:		
MSRs	Mortgage servicing related income	$19
LHFS, IRLCs	Mortgage production related income	(45)
LHFI	Other noninterest income	(1)
Trading activity	Trading income	61
Foreign exchange rate contracts hedging trading activity	Trading income	93
Credit contracts hedging:		
Loans	Other noninterest income	(1)
Trading activity	Trading income	23
Equity contracts hedging trading activity	Trading income	4
Other contracts:		
IRLCs	Mortgage production related income	156
Commodities	Trading income	2
Total		$311

(Dollars in millions)	Year Ended December 31, 2014		
	Amount of Pre-tax Gain Recognized in OCI on Derivatives (Effective Portion)	Amount of Pre-tax Gain Reclassified from AOCI into Income (Effective Portion)	Classification of Pre-tax Gain Reclassified from AOCI into Income (Effective Portion)
Derivative instruments in cash flow hedging relationships:			
Interest rate contracts hedging floating rate loans [1]	$99	$290	Interest and fees on loans

[1] During the year ended December 31, 2014, the Company also reclassified $97 million pre-tax gains from AOCI into net interest income. These gains related to hedging relationships that have been previously terminated or de-designated and are reclassified into earnings consistent with the pattern of net cash flows expected to be recognized.

(Dollars in millions)	Year Ended December 31, 2014		
	Amount of Gain on Derivatives Recognized in Income	Amount of Loss on Related Hedged Items Recognized in Income	Amount of Gain Recognized in Income on Hedges (Ineffective Portion)
Derivative instruments in fair value hedging relationships:			
Interest rate contracts hedging fixed rate debt [1]	$8	($7)	$1
Interest rate contracts hedging brokered CDs [1]	—	—	—
Total	$8	($7)	$1

[1] Amounts are recognized in trading income in the Consolidated Statements of Income.

(Dollars in millions)	Classification of Gain/(Loss) Recognized in Income on Derivatives	Amount of Gain/(Loss) Recognized in Income on Derivatives During the Year Ended December 31, 2014
Derivative instruments not designated as hedging instruments:		
Interest rate contracts hedging:		
MSRs	Mortgage servicing related income	$257
LHFS, IRLCs	Mortgage production related income	(149)
Trading activity	Trading income	49
Foreign exchange rate contracts hedging trading activity	Trading income	69
Credit contracts hedging:		
Loans	Other noninterest income	(1)
Trading activity	Trading income	17
Equity contracts hedging trading activity	Trading income	4
Other contracts - IRLCs	Mortgage production related income	261
Total		$507

Netting of Derivative Instruments

The Company has various financial assets and financial liabilities that are subject to enforceable master netting agreements or similar agreements. The Company's securities borrowed or purchased under agreements to resell, and securities sold under agreements to repurchase, that are subject to enforceable master netting agreements or similar agreements, are discussed in Note 3, "Federal Funds Sold and Securities Financing Activities." The Company enters into ISDA or other legally enforceable industry standard master netting agreements with derivative counterparties. Under the terms of the master netting agreements, all transactions between the Company and the counterparty constitute a single business relationship such that in the event of default, the nondefaulting party is entitled to set off claims and apply property held by that party in respect of any transaction against obligations owed. Any payments, deliveries, or other transfers may be applied against each other and netted.

The following tables present total gross derivative instrument assets and liabilities at December 31, 2016 and 2015, which are adjusted to reflect the effects of legally enforceable master netting agreements and cash collateral received or paid when calculating the net amount reported in the Consolidated Balance Sheets. Also included in the tables are financial instrument collateral related to legally enforceable master netting agreements that represents securities collateral received or pledged and customer cash collateral held at third party custodians. These amounts are not offset on the Consolidated Balance Sheets but are shown as a reduction to total derivative instrument assets and liabilities to derive net derivative assets and liabilities. These amounts are limited to the derivative asset/ liability balance, and accordingly, do not include excess collateral received/pledged.

(Dollars in millions)	Gross Amount	Amount Offset	Net Amount Presented in Consolidated Balance Sheets	Held/Pledged Financial Instruments	Net Amount
December 31, 2016					
Derivative instrument assets:					
Derivatives subject to master netting arrangement or similar arrangement	**$4,193**	**$3,384**	**$809**	**$48**	**$761**
Derivatives not subject to master netting arrangement or similar arrangement	**27**	**—**	**27**	**—**	**27**
Exchange traded derivatives	**294**	**146**	**148**	**—**	**148**
Total derivative instrument assets	**$4,514**	**$3,530**	**$984** [1]	**$48**	**$936**
Derivative instrument liabilities:					
Derivatives subject to master netting arrangement or similar arrangement	**$4,649**	**$4,358**	**$291**	**$33**	**$258**
Derivatives not subject to master netting arrangement or similar arrangement	**105**	**—**	**105**	**—**	**105**
Exchange traded derivatives	**148**	**146**	**2**	**—**	**2**
Total derivative instrument liabilities	**$4,902**	**$4,504**	**$398** [2]	**$33**	**$365**
December 31, 2015					
Derivative instrument assets:					
Derivatives subject to master netting arrangement or similar arrangement	$4,184	$3,156	$1,028	$66	$962
Derivatives not subject to master netting arrangement or similar arrangement	21	—	21	—	21
Exchange traded derivatives	260	157	103	—	103
Total derivative instrument assets	$4,465	$3,313	$1,152 [1]	$66	$1,086
Derivative instrument liabilities:					
Derivatives subject to master netting arrangement or similar arrangement	$4,162	$3,807	$355	$19	$336
Derivatives not subject to master netting arrangement or similar arrangement	105	—	105	—	105
Exchange traded derivatives	161	157	4	—	4
Total derivative instrument liabilities	$4,428	$3,964	$464 [2]	$19	$445

[1] At December 31, 2016, $984 million, net of $291 million offsetting cash collateral, is recognized in trading assets and derivative instruments within the Company's Consolidated Balance Sheets. At December 31, 2015, $1.2 billion, net of $397 million offsetting cash collateral, is recognized in trading assets and derivative instruments within the Company's Consolidated Balance Sheets.

[2] At December 31, 2016, $398 million, net of $1.3 billion offsetting cash collateral, is recognized in trading liabilities and derivative instruments within the Company's Consolidated Balance Sheets. At December 31, 2015, $464 million, net of $1.0 billion offsetting cash collateral, is recognized in trading liabilities and derivative instruments within the Company's Consolidated Balance Sheets.

Credit Derivative Instruments

As part of the Company's trading businesses, the Company enters into contracts that are, in form or substance, written guarantees; specifically, CDS, risk participations, and TRS. The Company accounts for these contracts as derivatives, and accordingly, records these contracts at fair value, with changes in fair value recognized in trading income in the Consolidated Statements of Income.

At December 31, 2016 and 2015, the gross notional amounts of purchased CDS contracts designated as trading instruments were $135 million and $150 million, respectively. The fair values of purchased CDS were $3 million and $1 million at December 31, 2016 and 2015, respectively.

The Company has also entered into TRS contracts on loans. The Company's TRS business consists of matched trades, such that when the Company pays depreciation on one TRS, it receives the same amount on the matched TRS. To mitigate its credit risk, the Company typically receives initial cash collateral from the counterparty upon entering into the TRS and is entitled to additional collateral if the fair value of the underlying reference assets deteriorates. There were $2.1 billion and $2.2 billion of outstanding TRS notional balances at December 31, 2016 and 2015, respectively. The fair values of these TRS assets and liabilities at December 31, 2016 were $34 million and $31 million, respectively, and related collateral held at December 31, 2016 was $450 million. The fair values of the TRS assets and liabilities at December 31, 2015 were $57 million and $52 million, respectively, and related collateral held at December 31, 2015 was $492 million. For additional information on the Company's TRS contracts, see Note 10, "Certain Transfers of Financial Assets and Variable Interest Entities," as well as Note 18, "Fair Value Election and Measurement."

The Company writes risk participations, which are credit derivatives, whereby the Company has guaranteed payment to a dealer counterparty in the event the counterparty experiences a loss on a derivative, such as an interest rate swap, due to a failure to pay by the counterparty's customer (the "obligor") on that derivative. The Company manages its payment risk on its risk participations by monitoring the creditworthiness of the obligors, which are all corporations or partnerships, through the normal credit review process that the Company would have performed had it entered into a derivative directly with the obligors. To date, no material losses have been incurred related to the Company's written risk participations. At December 31, 2016, the remaining terms on these risk participations generally ranged from less than one year to thirty-one years, with a weighted average term on the maximum estimated exposure of 8.5 years. At December 31, 2015, the remaining terms on these risk participations generally ranged from less than one year to eight years, with a weighted average term on the maximum estimated exposure of 5.6 years. The Company's maximum estimated exposure to written risk participations, as measured by projecting a maximum value of the guaranteed derivative instruments based on interest rate curve simulations and assuming 100% default by all obligors on the maximum values, was approximately $95 million and $55 million at December 31, 2016 and 2015, respectively. The fair values of the written risk participations were immaterial at both December 31, 2016 and 2015. The Company may enter into purchased risk participations to mitigate this written credit risk exposure to a derivative counterparty.

Cash Flow Hedging Instruments

The Company utilizes a comprehensive risk management strategy to monitor sensitivity of earnings to movements in interest rates. Specific types of funding and principal amounts hedged are determined based on prevailing market conditions and the shape of the yield curve. In conjunction with this strategy, the Company may employ various interest rate derivatives as risk management tools to hedge interest rate risk from recognized assets and liabilities or from forecasted transactions. The terms and notional amounts of derivatives are determined based on management's assessment of future interest rates, as well as other factors.

Interest rate swaps have been designated as hedging the exposure to the benchmark interest rate risk associated with floating rate loans. At December 31, 2016, the maturities for hedges of floating rate loans ranged from less than one year to six years, with the weighted average being 4.1 years. At December 31, 2015, the maturities for hedges of floating rate loans ranged from less than one year to seven years, with the weighted average being 3.3 years. These hedges have been highly effective in offsetting the designated risks, yielding an immaterial amount of ineffectiveness for the years ended December 31, 2016 and 2015. At December 31, 2016, $138 million of deferred net pre-tax gains on derivative instruments designated as cash flow hedges on floating rate loans recognized in AOCI are expected to be reclassified into net interest income during the next twelve months. The amount to be reclassified into income incorporates the impact from both active and terminated or de-designated cash flow hedges, including the net interest income earned on the active hedges, assuming no changes in LIBOR. The Company may choose to terminate or de-designate a hedging relationship due to a change in the risk management objective for that specific hedge item, which may arise in conjunction with an overall balance sheet management strategy.

Fair Value Hedging Instruments

The Company enters into interest rate swap agreements as part of the Company's risk management objectives for hedging its exposure to changes in fair value due to changes in interest rates. These hedging arrangements convert certain fixed rate long-term debt and CDs to floating rates. Consistent with this objective, the Company reflects the accrued contractual interest on the hedged item and the related swaps as part of current period interest expense. There were no components of derivative gains or losses excluded in the Company's assessment of hedge effectiveness related to the fair value hedges.

Economic Hedging Instruments and Trading Activities

In addition to designated hedge accounting relationships, the Company also enters into derivatives as an end user to economically hedge risks associated with certain non-derivative and derivative instruments, along with entering into derivatives in a trading capacity with its clients.

The primary risks that the Company economically hedges are interest rate risk, foreign exchange risk, and credit risk. The Company mitigates these risks by entering into offsetting

derivatives either on an individual basis or collectively on a macro basis.

The Company utilizes interest rate derivatives related to:

- *Residential MSRs*. The Company hedges these instruments with a combination of interest rate derivatives, including forward and option contracts, futures, and forward rate agreements.
- *Residential mortgage IRLCs and LHFS*. The Company hedges these instruments using forward and option contracts, futures, and forward rate agreements.

The Company is exposed to volatility and changes in foreign exchange rates associated with certain commercial loans. To hedge against this foreign exchange rate risk, the Company enters into foreign exchange rate contracts that provide for the future receipt and delivery of foreign currency at previously agreed-upon terms.

The Company enters into CDS to hedge credit risk associated with certain loans held within its Wholesale Banking segment. The Company accounts for these contracts as derivatives, and accordingly, recognizes these contracts at fair value, with changes in fair value recognized in other noninterest income in the Consolidated Statements of Income.

Trading activity primarily includes interest rate swaps, equity derivatives, CDS, futures, options, foreign currency contracts, and commodities. These derivatives are entered into in a dealer capacity to facilitate client transactions, or are utilized as a risk management tool by the Company as an end user (predominantly in certain macro-hedging strategies). The macro-hedging strategies are focused on managing the Company's overall interest rate risk exposure that is not otherwise hedged by derivatives or in connection with specific hedges.

NOTE 18 - FAIR VALUE ELECTION AND MEASUREMENT

The Company measures certain assets and liabilities at fair value, which are classified as level 1, 2, or 3 within the fair value hierarchy, as shown below, on the basis of whether the measurement employs observable or unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's own assumptions, taking into account information about market participant assumptions that is readily available.

- Level 1: Quoted prices for identical instruments in active markets
- Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The Company's recurring fair value measurements are based on either a requirement to measure such assets and liabilities at fair value or on the Company's election to measure certain financial assets and liabilities at fair value. Assets and liabilities that are required to be measured at fair value on a recurring basis include trading securities, securities AFS, and derivative financial instruments. Assets and liabilities that the Company has elected to measure at fair value on a recurring basis include MSRs and certain LHFS, LHFI, trading loans, brokered time deposits, and issuances of fixed rate debt.

The Company elects to measure certain assets and liabilities at fair value to better align its financial performance with the economic value of actively traded or hedged assets or liabilities. The use of fair value also enables the Company to mitigate non-economic earnings volatility caused from financial assets and liabilities being measured using different bases of accounting, as well as to more accurately portray the active and dynamic management of the Company's balance sheet.

The Company uses various valuation techniques and assumptions in estimating fair value. The assumptions used to estimate the value of an instrument have varying degrees of impact to the overall fair value of an asset or liability. This process involves gathering multiple sources of information, including broker quotes, values provided by pricing services, trading activity in other identical or similar securities, market indices, and pricing matrices. When observable market prices for the asset or liability are not available, the Company employs various modeling techniques, such as discounted cash flow analyses, to estimate fair value. Models used to produce material financial reporting information are validated prior to use and following any material change in methodology. Their performance is monitored at least quarterly, and any material deterioration in model performance is escalated. This review is performed by different internal groups depending on the type of fair value asset or liability.

The Company has formal processes and controls in place to support the appropriateness of its fair value estimates. For fair values obtained from a third party, or those that include certain trader estimates of fair value, there is an independent price validation function that provides oversight for these estimates. For level 2 instruments and certain level 3 instruments, the validation generally involves evaluating pricing received from two or more third party pricing sources that are widely used by market participants. The Company evaluates this pricing information from both a qualitative and quantitative perspective and determines whether any pricing differences exceed acceptable thresholds. If thresholds are exceeded, the Company assesses differences in valuation approaches used, which may include contacting a pricing service to gain further insight into the valuation of a particular security or class of securities to resolve the pricing variance, which could include an adjustment to the price used for financial reporting purposes.

The Company classifies instruments within level 2 in the fair value hierarchy when it determines that external pricing sources estimated fair value using prices for similar instruments trading in active markets. A wide range of quoted values from pricing sources may imply a reduced level of market activity and indicate that significant adjustments to price indications have been made. In such cases, the Company evaluates whether the asset or liability should be classified as level 3.

Determining whether to classify an instrument as level 3 involves judgment and is based on a variety of subjective factors, including whether a market is inactive. A market is considered inactive if significant decreases in the volume and level of activity for the asset or liability have been observed. In making this determination the Company evaluates the number of recent transactions in either the primary or secondary market, whether or not price quotations are current, the nature of market participants, the variability of price quotations, the breadth of bid/ask spreads, declines in, or the absence of, new issuances, and the availability of public information. When a market is determined to be inactive, significant adjustments may be made to price indications when estimating fair value. In making these adjustments the Company seeks to employ assumptions a market participant would use to value the asset or liability, including consideration of illiquidity in the referenced market.

Recurring Fair Value Measurements

The following tables present certain information regarding assets and liabilities measured at fair value on a recurring basis and the changes in fair value for those specific financial instruments for which fair value has been elected.

	December 31, 2016				
	Fair Value Measurements				
(Dollars in millions)	Level 1	Level 2	Level 3	Netting Adjustments [1]	Assets/Liabilities at Fair Value
Assets					
Trading assets and derivative instruments:					
U.S. Treasury securities	$539	$—	$—	$—	$539
Federal agency securities	—	480	—	—	480
U.S. states and political subdivisions	—	134	—	—	134
MBS - agency	—	567	—	—	567
CLO securities	—	1	—	—	1
Corporate and other debt securities	—	656	—	—	656
CP	—	140	—	—	140
Equity securities	49	—	—	—	49
Derivative instruments	293	4,193	28	(3,530)	984
Trading loans	—	2,517	—	—	2,517
Total trading assets and derivative instruments	881	8,688	28	(3,530)	6,067
Securities AFS:					
U.S. Treasury securities	5,405	—	—	—	5,405
Federal agency securities	—	313	—	—	313
U.S. states and political subdivisions	—	275	4	—	279
MBS - agency	—	23,662	—	—	23,662
MBS - non-agency residential	—	—	74	—	74
MBS - non-agency commercial	—	252	—	—	252
ABS	—	—	10	—	10
Corporate and other debt securities	—	30	5	—	35
Other equity securities [2]	102	—	540	—	642
Total securities AFS	5,507	24,532	633	—	30,672
LHFS	—	3,528	12	—	3,540
LHFI	—	—	222	—	222
MSRs	—	—	1,572	—	1,572
Liabilities					
Trading liabilities and derivative instruments:					
U.S. Treasury securities	697	—	—	—	697
MBS - agency	—	1	—	—	1
Corporate and other debt securities	—	255	—	—	255
Derivative instruments	149	4,731	22	(4,504)	398
Total trading liabilities and derivative instruments	846	4,987	22	(4,504)	1,351
Brokered time deposits	—	78	—	—	78
Long-term debt	—	963	—	—	963

[1] Amounts represent offsetting cash collateral received from, and paid to, the same derivative counterparties, and the impact of netting derivative assets and derivative liabilities when a legally enforceable master netting agreement or similar agreement exists.

[2] Includes $102 million of mutual fund investments, $132 million of FHLB of Atlanta stock, $402 million of Federal Reserve Bank of Atlanta stock, and $6 million of other.

	December 31, 2015				
	Fair Value Measurements				
(Dollars in millions)	Level 1	Level 2	Level 3	Netting Adjustments [1]	Assets/Liabilities at Fair Value
Assets					
Trading assets and derivative instruments:					
U.S. Treasury securities	$538	$—	$—	$—	$538
Federal agency securities	—	588	—	—	588
U.S. states and political subdivisions	—	30	—	—	30
MBS - agency	—	553	—	—	553
CLO securities	—	2	—	—	2
Corporate and other debt securities	—	379	89	—	468
CP	—	67	—	—	67
Equity securities	66	—	—	—	66
Derivative instruments	262	4,182	21	(3,313)	1,152
Trading loans	—	2,655	—	—	2,655
Total trading assets and derivative instruments	866	8,456	110	(3,313)	6,119
Securities AFS:					
U.S. Treasury securities	3,449	—	—	—	3,449
Federal agency securities	—	411	—	—	411
U.S. states and political subdivisions	—	159	5	—	164
MBS - agency	—	23,124	—	—	23,124
MBS - non-agency residential	—	—	94	—	94
ABS	—	—	12	—	12
Corporate and other debt securities	—	33	5	—	38
Other equity securities [2]	93	—	440	—	533
Total securities AFS	3,542	23,727	556	—	27,825
Residential LHFS	—	1,489	5	—	1,494
LHFI	—	—	257	—	257
MSRs	—	—	1,307	—	1,307
Liabilities					
Trading liabilities and derivative instruments:					
U.S. Treasury securities	503	—	—	—	503
MBS - agency	—	37	—	—	37
Corporate and other debt securities	—	259	—	—	259
Derivative instruments	161	4,261	6	(3,964)	464
Total trading liabilities and derivative instruments	664	4,557	6	(3,964)	1,263
Long-term debt	—	973	—	—	973
Other liabilities [3]	—	—	23	—	23

[1] Amounts represent offsetting cash collateral received from, and paid to, the same derivative counterparties, and the impact of netting derivative assets and derivative liabilities when a legally enforceable master netting agreement or similar agreement exists.
[2] Includes $93 million of mutual fund investments, $32 million of FHLB of Atlanta stock, $402 million of Federal Reserve Bank of Atlanta stock, and $6 million of other.
[3] Includes contingent consideration obligations related to acquisitions.

The following tables present the difference between fair value and the aggregate UPB for which the FVO has been elected for certain trading loans, LHFS, LHFI, brokered time deposits, and long-term debt instruments.

(Dollars in millions)	**Fair Value at December 31, 2016**	**Aggregate UPB at December 31, 2016**	**Fair Value Over/(Under) Unpaid Principal**
Assets:			
Trading loans	**$2,517**	**$2,488**	**$29**
LHFS:			
Accruing	**3,540**	**3,516**	**24**
LHFI:			
Accruing	**219**	**225**	**(6)**
Nonaccrual	**3**	**4**	**(1)**
Liabilities:			
Brokered time deposits	**78**	**80**	**(2)**
Long-term debt	**963**	**924**	**39**

(Dollars in millions)	Fair Value at December 31, 2015	Aggregate UPB at December 31, 2015	Fair Value Over/(Under) Unpaid Principal
Assets:			
Trading loans	$2,655	$2,605	$50
LHFS:			
Accruing	1,494	1,453	41
LHFI:			
Accruing	254	259	(5)
Nonaccrual	3	5	(2)
Liabilities:			
Long-term debt	973	907	66

The following tables present the change in fair value during the years ended December 31, 2016, 2015, and 2014 of financial instruments for which the FVO has been elected, as well as for MSRs. The tables do not reflect the change in fair value attributable to related economic hedges that the Company uses to mitigate market-related risks associated with the financial instruments. Generally, changes in the fair value of economic hedges are recognized in trading income, mortgage production related income, mortgage servicing related income, or other noninterest income as appropriate, and are designed to partially offset the change in fair value of the financial instruments referenced in the tables below. The Company's economic hedging activities are deployed at both the instrument and portfolio level.

	Fair Value Gain/(Loss) for the Year Ended December 31, 2016 for Items Measured at Fair Value Pursuant to Election of the FVO				
(Dollars in millions)	**Trading Income**	**Mortgage Production Related Income [1]**	**Mortgage Servicing Related Income**	**Other Noninterest Income**	**Total Changes in Fair Values Included in Earnings [2]**
Assets:					
Trading loans	**$15**	**$—**	**$—**	**$—**	**$15**
LHFS	**—**	**75**	**—**	**—**	**75**
MSRs	**—**	**3**	**(245)**	**—**	**(242)**
Liabilities:					
Brokered time deposits	**4**	**—**	**—**	**—**	**4**
Long-term debt	**27**	**—**	**—**	**—**	**27**

[1] Income related to LHFS does not include income from IRLCs. For the year ended December 31, 2016, income related to MSRs includes income recognized upon the sale of loans reported at LOCOM.
[2] Changes in fair value for the year ended December 31, 2016 exclude accrued interest for the period then ended. Interest income or interest expense on trading loans, LHFS, brokered time deposits, and long-term debt that have been elected to be measured at fair value are recognized in interest income or interest expense in the Consolidated Statements of Income.

	Fair Value (Loss)/Gain for the Year Ended December 31, 2015 for Items Measured at Fair Value Pursuant to Election of the FVO				
(Dollars in millions)	Trading Income	Mortgage Production Related Income [1]	Mortgage Servicing Related Income	Other Noninterest Income	Total Changes in Fair Values Included in Earnings [2]
Assets:					
Trading loans	($1)	$—	$—	$—	($1)
LHFS	—	44	—	—	44
LHFI	—	—	—	5	5
MSRs	—	2	(242)	—	(240)
Liabilities:					
Long-term debt	41	—	—	—	41

[1] Income related to LHFS does not include income from IRLCs. For the year ended December 31, 2015, income related to MSRs includes income recognized upon the sale of loans reported at LOCOM.
[2] Changes in fair value for the year ended December 31, 2015 exclude accrued interest for the period then ended. Interest income or interest expense on trading loans, LHFS, LHFI, and long-term debt that have been elected to be measured at fair value are recognized in interest income or interest expense in the Consolidated Statements of Income.

(Dollars in millions)	Fair Value Gain/(Loss) for the Year Ended December 31, 2014 for Items Measured at Fair Value Pursuant to Election of the FVO			
	Trading Income	Mortgage Production Related Income [1]	Mortgage Servicing Related Income	Total Changes in Fair Values Included in Earnings [2]
Assets:				
Trading loans	$11	$—	$—	$11
LHFS	—	3	—	3
LHFI	—	11	—	11
MSRs	—	3	(401)	(398)
Liabilities:				
Brokered time deposits	6	—	—	6
Long-term debt	17	—	—	17

[1] Income related to LHFS does not include income from IRLCs. For the year ended December 31, 2014, income related to MSRs includes income recognized upon the sale of loans reported at LOCOM.

[2] Changes in fair value for the year ended December 31, 2014 exclude accrued interest for the period then ended. Interest income or interest expense on trading loans, LHFS, LHFI, brokered time deposits, and long-term debt that have been elected to be measured at fair value are recognized in interest income or interest expense in the Consolidated Statements of Income.

The following is a discussion of the valuation techniques and inputs used in estimating fair value for assets and liabilities measured at fair value on a recurring basis and classified as level 1, 2, and/or 3.

Trading Assets and Derivative Instruments and Securities Available for Sale

Unless otherwise indicated, trading assets are priced by the trading desk and securities AFS are valued by an independent third party pricing service.

Federal Agency Securities

The Company includes in this classification securities issued by federal agencies and GSEs. Agency securities consist of debt obligations issued by HUD, FHLB, and other agencies or collateralized by loans that are guaranteed by the SBA and are, therefore, backed by the full faith and credit of the U.S. government. For SBA instruments, the Company estimates fair value based on pricing from observable trading activity for similar securities or from a third party pricing service. Accordingly, the Company classified these instruments as level 2.

U.S. States and Political Subdivisions

The Company's investments in U.S. states and political subdivisions (collectively "municipals") include obligations of county and municipal authorities and agency bonds, which are general obligations of the municipality or are supported by a specified revenue source. Holdings were geographically dispersed, with no significant concentrations in any one state or municipality. Additionally, all AFS municipal obligations classified as level 2 are highly rated or are otherwise collateralized by securities backed by the full faith and credit of the federal government.

Level 3 AFS municipal securities at December 31, 2016 and 2015 includes an immaterial amount of bonds that are redeemable with the issuer at par and cannot be traded in the market. As such, no significant observable market data for these instruments is available; therefore, these securities are priced at par.

MBS – Agency

Agency MBS includes pass-through securities and collateralized mortgage obligations issued by GSEs and U.S. government agencies, such as Fannie Mae, Freddie Mac, and Ginnie Mae. Each security contains a guarantee by the issuing GSE or agency. For agency MBS, the Company estimates fair value based on pricing from observable trading activity for similar securities or from a third party pricing service; accordingly, the Company has classified these instruments as level 2.

MBS – Non-agency

Non-agency residential MBS includes purchased interests in third party securitizations, as well as retained interests in Company-sponsored securitizations of 2006 and 2007 vintage residential mortgages (including both prime jumbo fixed rate collateral and floating rate collateral). At the time of purchase or origination, these securities had high investment grade ratings; however, through the credit crisis, they experienced deterioration in credit quality leading to downgrades to non-investment grade levels. The Company obtains pricing for these securities from an independent pricing service. The Company evaluates third party pricing to determine the reasonableness of the information relative to changes in market data, such as any recent trades, information received from market participants and analysts, and/or changes in the underlying collateral performance. The Company continued to classify non-agency residential MBS as level 3, as the Company believes that available third party pricing relies on significant unobservable assumptions, as evidenced by a persistently wide bid-ask price range and variability in pricing from the pricing services, particularly for the vintage and exposures held by the Company.

Non-agency commercial MBS at December 31, 2016 consists of purchased interests in newly issued third party securitizations. These interests have high investment grade ratings, and the Company obtains pricing for these securities

from an independent pricing service. The Company has classified these non-agency commercial MBS as level 2, as the Company believes that the independent pricing service relies on observable data in active markets.

CLO Securities
CLO preference share exposure is estimated at fair value based on pricing from observable trading activity for similar securities. Accordingly, the Company has classified these instruments as level 2.

Asset-Backed Securities
ABS classified as securities AFS includes purchased interests in third party securitizations collateralized by home equity loans and are valued based on third party pricing with significant unobservable assumptions; as such, they are classified as level 3.

Corporate and Other Debt Securities
Corporate debt securities are comprised predominantly of senior and subordinate debt obligations of domestic corporations and are classified as level 2. Other debt securities classified as trading in level 3 at December 31, 2015 included bonds that were not actively traded in the market and for which valuation judgments were highly subjective due to limited observable market data. At December 31, 2015, the fair value of these level 3 bonds were estimated using market comparable bond index yields. These bonds were sold during the first quarter of 2016.

Other debt securities classified as AFS in level 3 at December 31, 2016 and 2015 include bonds that are redeemable with the issuer at par and cannot be traded in the market. As such, observable market data for these instruments is not available.

Commercial Paper
The Company acquires CP that is generally short-term in nature (maturity of less than 30 days) and highly rated. The Company estimates the fair value of this CP based on observable pricing from executed trades of similar instruments; as such, CP is classified as level 2.

Equity Securities
Equity securities classified as securities AFS include primarily FHLB of Atlanta stock and Federal Reserve Bank of Atlanta stock, which are redeemable with the issuer at cost and cannot be traded in the market. As such, observable market data for these instruments is not available and they are classified as level 3. The Company accounts for the stock based on industry guidance that requires these investments be carried at cost and evaluated for impairment based on the ultimate recovery of cost.

The Company estimates the fair value of its mutual fund investments based on quoted prices for similar instruments observed in active markets; as such, these investments are classified as level 1.

Derivative Instruments
The Company holds derivative instruments for both trading and risk management purposes. Level 1 derivative instruments generally include exchange-traded futures or option contracts for which pricing is readily available. The Company's level 2 instruments are predominantly OTC swaps, options, and forwards, measured using observable market assumptions for interest rates, foreign exchange, equity, and credit. Because fair values for OTC contracts are not readily available, the Company estimates fair values using internal, but standard, valuation models. The selection of valuation models is driven by the type of contract: for option-based products, the Company uses an appropriate option pricing model such as Black-Scholes. For forward-based products, the Company's valuation methodology is generally a discounted cash flow approach.

The Company's derivative instruments classified as level 2 are primarily transacted in the institutional dealer market and priced with observable market assumptions at a mid-market valuation point, with appropriate valuation adjustments for liquidity and credit risk. To this end, the Company has evaluated liquidity premiums required by market participants, as well as the credit risk of its counterparties and its own credit. See Note 17, "Derivative Financial Instruments," for additional information on the Company's derivative instruments.

The Company's derivative instruments classified as level 3 include IRLCs that satisfy the criteria to be treated as derivative financial instruments. The fair value of IRLCs on residential and commercial LHFS, while based on interest rates observable in the market, is highly dependent on the ultimate closing of the loans. These "pull-through" rates are based on the Company's historical data and reflect the Company's best estimate of the likelihood that a commitment will result in a closed loan. As pull-through rates increase, the fair value of IRLCs also increases. Servicing value is included in the fair value of IRLCs, and the fair value of servicing is determined by projecting cash flows, which are then discounted to estimate an expected fair value. The fair value of servicing is impacted by a variety of factors, including prepayment assumptions, discount rates, delinquency rates, contractually specified servicing fees, servicing costs, and underlying portfolio characteristics. Because these inputs are not transparent in market trades, IRLCs are considered to be level 3 assets. During the years ended December 31, 2016 and 2015, the Company transferred $211 million and $161 million, respectively, of net IRLCs out of level 3 as the associated loans were closed.

Trading Loans
The Company engages in certain businesses whereby electing to measure loans at fair value for financial reporting aligns with the underlying business purpose. Specifically, loans included within this classification include trading loans that are: (i) made or acquired in connection with the Company's TRS business, (ii) part of the loan sales and trading business within the Company's Wholesale Banking segment, and (iii) backed by the SBA. See Note 10, "Certain Transfers of Financial Assets and Variable Interest Entities," and Note 17, "Derivative Financial Instruments," for further discussion of this business. All of these loans are classified as level 2 due to the nature of market data that the Company uses to estimate fair value.

The loans made in connection with the Company's TRS business are short-term, senior demand loans supported by a pledge agreement granting first priority security interest to the Bank in all the assets held by the borrower, a VIE with assets comprised primarily of corporate loans. While these loans do not trade in the market, the Company believes that the par amount of the loans approximates fair value and no unobservable assumptions are used by the Company to value these loans. At

December 31, 2016 and 2015, the Company had $2.1 billion and $2.2 billion, respectively, of these short-term loans outstanding, measured at fair value.

The loans from the Company's sales and trading business are commercial and corporate leveraged loans that are either traded in the market or for which similar loans trade. The Company elected to measure these loans at fair value since they are actively traded. For each of the years ended December 31, 2016, 2015, and 2014, the Company recognized an immaterial amount of gains/(losses) in the Consolidated Statements of Income due to changes in fair value attributable to instrument-specific credit risk. The Company is able to obtain fair value estimates for substantially all of these loans through a third party valuation service that is broadly used by market participants. While most of the loans are traded in the market, the Company does not believe that trading activity qualifies the loans as level 1 instruments, as the volume and level of trading activity is subject to variability and the loans are not exchange-traded. At both December 31, 2016 and 2015, $356 million of loans related to the Company's trading business were held in inventory.

SBA loans are similar to SBA securities discussed herein under "Federal agency securities," except for their legal form. In both cases, the Company trades instruments that are fully guaranteed by the U.S. government as to contractual principal and interest and there is sufficient observable trading activity upon which to base the estimate of fair value. As these SBA loans are fully guaranteed, the changes in fair value are attributable to factors other than instrument-specific credit risk.

Loans Held for Sale and Loans Held for Investment

Residential LHFS

The Company values certain newly-originated residential mortgage LHFS at fair value based upon defined product criteria. The Company chooses to fair value these residential mortgage LHFS to eliminate the complexities and inherent difficulties of achieving hedge accounting and to better align reported results with the underlying economic changes in value of the loans and related hedge instruments. Any origination fees are recognized within mortgage production related income in the Consolidated Statements of Income when earned at the time of closing. The servicing value is included in the fair value of the loan and is initially recognized at the time the Company enters into IRLCs with borrowers. The Company employs derivative instruments to economically hedge changes in interest rates and the related impact on servicing value in the fair value of the loan. The mark-to-market adjustments related to LHFS and the associated economic hedges are captured in mortgage production related income.

LHFS classified as level 2 are primarily agency loans which trade in active secondary markets and are priced using current market pricing for similar securities, adjusted for servicing, interest rate risk, and credit risk. Non-agency residential mortgages are also included in level 2 LHFS. Transfers of certain residential mortgage LHFS into level 3 during the years ended December 31, 2016 and 2015 were largely due to borrower defaults or the identification of other loan defects impacting the marketability of the loans.

For residential loans that the Company has elected to measure at fair value, the Company recognized an immaterial amount of gains/(losses) in the Consolidated Statements of Income due to changes in fair value attributable to borrower-specific credit risk for each of the years ended December 31, 2016, 2015, and 2014. In addition to borrower-specific credit risk, there are other more significant variables that drive changes in the fair values of the loans, including interest rates and general market conditions.

Commercial LHFS

The Company values certain commercial LHFS at fair value based upon observable current market prices for similar loans. These loans are generally transferred to agencies within 90 days of origination. The Company has commitments from agencies to purchase these loans at December 31, 2016; therefore, they are classified as Level 2. For commercial loans that the Company has elected to measure at fair value, there were no gains/(losses) recognized in the Consolidated Statements of Income due to changes in fair value attributable to borrower-specific credit risk for the years ended December 31, 2016, 2015, and 2014.

LHFI

LHFI classified as level 3 includes predominantly mortgage loans that are not marketable, largely due to the identification of loan defects. The Company chooses to measure these mortgage LHFI at fair value to better align reported results with the underlying economic changes in value of the loans and any related hedging instruments. The Company values these loans using a discounted cash flow approach based on assumptions that are generally not observable in current markets, such as prepayment speeds, default rates, loss severity rates, and discount rates. Level 3 LHFI also includes mortgage loans that are valued using collateral based pricing. Changes in the applicable housing price index since the time of the loan origination are considered and applied to the loan's collateral value. An additional discount representing the return that a buyer would require is also considered in the overall fair value.

Mortgage Servicing Rights

The Company records residential MSR assets at fair value using a discounted cash flow approach. The fair values of residential MSRs are impacted by a variety of factors, including prepayment assumptions, spreads, delinquency rates, contractually specified servicing fees, servicing costs, and underlying portfolio characteristics. The underlying assumptions and estimated values are corroborated by values received from independent third parties based on their review of the servicing portfolio, and comparisons to market transactions. Because these inputs are not transparent in market trades, MSRs are classified as level 3 assets. For additional information see Note 9, "Goodwill and Other Intangible Assets."

Liabilities

Trading Liabilities and Derivative Instruments

Trading liabilities are comprised primarily of derivative contracts, including IRLCs that satisfy the criteria to be treated as derivative financial instruments, as well as various contracts (primarily U.S. Treasury securities, corporate and other debt securities) that the Company uses in certain of its trading businesses. The Company's valuation methodologies for these derivative contracts and securities are consistent with those discussed within the corresponding sections herein under

"Trading Assets and Derivative Instruments and Securities Available for Sale."

During the second quarter of 2009, in connection with its sale of Visa Class B shares, the Company entered into a derivative contract whereby the ultimate cash payments received or paid, if any, under the contract are based on the ultimate resolution of the Litigation involving Visa. The fair value of the derivative is estimated based on the Company's expectations regarding the ultimate resolution of that Litigation. The significant unobservable inputs used in the fair value measurement of the derivative involve a high degree of judgment and subjectivity; accordingly, the derivative liability is classified as level 3. See Note 16, "Guarantees," for a discussion of the valuation assumptions.

Brokered Time Deposits

The Company has elected to measure certain CDs that contain embedded derivatives at fair value. This fair value election better aligns the economics of the CDs with the Company's risk management strategies. The Company evaluated, on an instrument by instrument basis, whether a new issuance would be measured at fair value.

On January 1, 2016, the Company partially adopted ASU 2016-01, which requires changes in credit spreads for financial liabilities measured at fair value pursuant to a fair value option to be recognized in OCI. The impact to OCI is determined from the change in credit spreads above LIBOR swap spreads. For the year ended December 31, 2016, the impact on AOCI due to changes in credit spreads was immaterial. For additional information on the Company's partial adoption of ASU 2016-01, see Note 1, "Significant Accounting Policies."

The Company has classified CDs measured at fair value as level 2 instruments due to the Company's ability to reasonably measure all significant inputs based on observable market variables. The Company employs a discounted cash flow approach based on observable market interest rates for the term of the CD and an estimate of the Bank's credit risk. For any embedded derivative features, the Company uses the same valuation methodologies as if the derivative were a standalone derivative, as discussed herein under "Derivative instruments."

Long-term Debt

The Company has elected to measure at fair value certain fixed rate issuances of public debt that are valued by obtaining price indications from a third party pricing service and utilizing broker quotes to corroborate the reasonableness of those marks. Additionally, information from market data of recent observable trades and indications from buy side investors, if available, are taken into consideration as additional support for the value. Due to the availability of this information, the Company determined that the appropriate classification for these debt issuances is level 2. The fair value election of certain fixed rate debt issuances was made to align the accounting for the debt with the accounting for offsetting derivative positions, without having to apply complex hedge accounting.

The Company utilizes derivative financial instruments to convert interest rates on its debt from fixed to floating rates. On January 1, 2016, the Company partially adopted ASU 2016-01, which requires changes in credit spreads for certain financial instruments elected to be measured at fair value to be recognized in OCI. The impact to OCI for public debt measured at fair value is determined based on the change in credit spreads above LIBOR swap spreads. Upon adoption, the Company recognized a $5 million one-time, cumulative credit risk adjustment in AOCI to recognize the change in credit spreads that occurred prior to January 1, 2016. For the year ended December 31, 2016, the impact on AOCI from changes in credit spreads resulted in a loss of $2 million, net of tax. Prior to January 1, 2016, changes in the Company's credit spreads for public debt measured at fair value impacted earnings. The estimated earnings impact from changes in credit spreads above U.S. Treasury rates resulted in an immaterial amount of losses for the year ended December 31, 2015 and $19 million of losses for the year ended December 31, 2014. For additional information on the Company's partial adoption of ASU 2016-01, see Note 1, "Significant Accounting Policies."

Other Liabilities

At December 31, 2015 the Company's other liabilities measured at fair value on a recurring basis included a contingent consideration obligation related to a prior business combination. Contingent consideration was adjusted to fair value until settled. As the assumptions used to measure fair value were based on internal metrics that were not observable in the market, the contingent consideration liability was classified as level 3. During the first quarter of 2016, the Company's contingent consideration obligation under the liability was settled and paid in full.

The valuation technique and range, including weighted average, of the unobservable inputs associated with the Company's level 3 assets and liabilities are as follows:

	Level 3 Significant Unobservable Input Assumptions			
(Dollars in millions)	Fair value December 31, 2016	Valuation Technique	Unobservable Input [1]	Range (weighted average)
Assets				
Trading assets and derivative instruments:				
Derivative instruments, net [2]	$6	Internal model	Pull through rate	40-100% (81%)
			MSR value	22-170 bps (106 bps)
Securities AFS:				
U.S. states and political subdivisions	4	Cost	N/A	
MBS - non-agency residential	74	Third party pricing	N/A	
ABS	10	Third party pricing	N/A	
Corporate and other debt securities	5	Cost	N/A	
Other equity securities	540	Cost	N/A	
Residential LHFS	12	Monte Carlo/ Discounted cash flow	Option adjusted spread	104-125 bps (124 bps)
			Conditional prepayment rate	2-28 CPR (7 CPR)
			Conditional default rate	0-3 CDR (0.4 CDR)
LHFI	219	Monte Carlo/ Discounted cash flow	Option adjusted spread	62-784 bps (184 bps)
			Conditional prepayment rate	3-36 CPR (13 CPR)
			Conditional default rate	0-5 CDR (2.1 CDR)
	3	Collateral based pricing	Appraised value	NM [3]
MSRs	1,572	Monte Carlo/ Discounted cash flow	Conditional prepayment rate	1-25 CPR (9 CPR)
			Option adjusted spread	0-122% (8%)

[1] For certain assets and liabilities where the Company utilizes third party pricing, the unobservable inputs and their ranges are not reasonably available, and therefore, have been noted as not applicable ("N/A").

[2] Amount represents the net of IRLC assets and liabilities and includes the derivative liability associated with the Company's sale of Visa shares. Refer to the "Trading Liabilities and Derivative Instruments" section herein for a discussion of valuation assumptions related to the Visa derivative liability.

[3] Not meaningful.

(Dollars in millions)	Fair value December 31, 2015	Valuation Technique	Unobservable Input [1]	Range (weighted average)
	Level 3 Significant Unobservable Input Assumptions			
Assets				
Trading assets and derivative instruments:				
Corporate and other debt securities	$89	Market comparables	Yield adjustment	126-447 bps (287 bps)
Derivative instruments, net [2]	15	Internal model	Pull through rate	24-100% (79%)
			MSR value	29-210 bps (103 bps)
Securities AFS:				
U.S. states and political subdivisions	5	Cost	N/A	
MBS - non-agency residential	94	Third party pricing	N/A	
ABS	12	Third party pricing	N/A	
Corporate and other debt securities	5	Cost	N/A	
Other equity securities	440	Cost	N/A	
Residential LHFS	5	Monte Carlo/ Discounted cash flow	Option adjusted spread	104-197 bps (125 bps)
			Conditional prepayment rate	2-17 CPR (8 CPR)
			Conditional default rate	0-2 CDR (0.5 CDR)
LHFI	251	Monte Carlo/ Discounted cash flow	Option adjusted spread	62-784 bps (193 bps)
			Conditional prepayment rate	5-36 CPR (14 CPR)
			Conditional default rate	0-5 CDR (1.7 CDR)
	6	Collateral based pricing	Appraised value	NM [4]
MSRs	1,307	Monte Carlo/ Discounted cash flow	Conditional prepayment rate	2-21 CPR (10 CPR)
			Option adjusted spread	(5)-110% (8%)
Liabilities				
Other liabilities [3]	23	Internal model	Loan production volume	150% (150%)

[1] For certain assets and liabilities where the Company utilizes third party pricing, the unobservable inputs and their ranges are not reasonably available, and therefore, have been noted as not applicable ("N/A").
[2] Amount represents the net of IRLC assets and liabilities and includes the derivative liability associated with the Company's sale of Visa shares. Refer to the "Trading Liabilities and Derivative Instruments" section herein for a discussion of valuation assumptions related to the Visa derivative liability.
[3] Input assumptions relate to the Company's contingent consideration obligations related to acquisitions. See Note 16, "Guarantees," for additional information.
[4] Not meaningful.

The following tables present a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (other than servicing rights which are disclosed in Note 9, "Goodwill and Other Intangible Assets"). Transfers into and out of the fair value hierarchy levels are assumed to occur at the end of the period in which the transfer occurred. None of the transfers into or out of level 3 have been the result of using alternative valuation approaches to estimate fair values. There were no transfers between level 1 and 2 during the years ended December 31, 2016 and 2015.

	Fair Value Measurements Using Significant Unobservable Inputs										
(Dollars in millions)	Beginning Balance January 1, 2016	Included in Earnings	OCI	Purchases	Sales	Settlements	Transfers to/from Other Balance Sheet Line Items	Transfers into Level 3	Transfers out of Level 3	Fair Value December 31, 2016	Included in Earnings (held at December 31, 2016 [1])
Assets											
Trading assets:											
Corporate and other debt securities	$89	($1) [2]	$—	$—	($88)	$—	$—	$—	$—	$—	$—
Derivative instruments, net	15	198 [3]	—	2	—	2	(211)	—	—	6	7 [3]
Total trading assets	104	197	—	2	(88)	2	(211)	—	—	6	7
Securities AFS:											
U.S. states and political subdivisions	5	—	—	—	—	(1)	—	—	—	4	—
MBS - non-agency residential	94	—	1 [4]	—	—	(21)	—	—	—	74	—
ABS	12	—	1 [4]	—	—	(3)	—	—	—	10	—
Corporate and other debt securities	5	—	—	—	—	—	—	—	—	5	—
Other equity securities	440	—	—	308	—	(208)	—	—	—	540	—
Total securities AFS	556	—	2 [4]	308	—	(233)	—	—	—	633	—
Residential LHFS	5	(1) [5]	—	—	(35)	—	(5)	52	(4)	12	(1) [5]
LHFI	257	(2) [5]	—	—	—	(44)	1	10	—	222	(2) [5]
Liabilities											
Other liabilities	23	—	—	—	—	(23)	—	—	—	—	—

[1] Change in unrealized gains/(losses) included in earnings during the period related to financial assets still held at December 31, 2016.
[2] Amounts included in earnings are recognized in trading income.
[3] Includes issuances, fair value changes, and expirations. Amount related to IRLCs is recognized in mortgage production related income and amount related to Visa derivative liability is recognized in other noninterest expense.
[4] Amounts recognized in OCI are included in change in net unrealized (losses)/gains on securities AFS, net of tax.
[5] Amounts are generally included in mortgage production related income; however, the mark on certain fair value loans is included in other noninterest income.

	Fair Value Measurements Using Significant Unobservable Inputs										
(Dollars in millions)	Beginning Balance January 1, 2015	Included in Earnings	OCI	Purchases	Sales	Settlements	Transfers to/ from Other Balance Sheet Line Items	Transfers into Level 3	Transfers out of Level 3	Fair Value December 31, 2015	Included in Earnings (held at December 31, 2015 [1])
Assets											
Trading assets:											
Corporate and other debt securities	$—	($13) [2]	$—	$123	($21)	$—	$—	$—	$—	$89	($13) [2]
Derivative instruments, net	20	153 [3]	—	—	—	3	(161)	—	—	15	20 [3]
Total trading assets	20	140	—	123	(21)	3	(161)	—	—	104	7
Securities AFS:											
U.S. states and political subdivisions	12	—	—	—	—	(7)	—	—	—	5	—
MBS - non-agency residential	123	(1) [6]	1 [4]	—	—	(29)	—	—	—	94	(1) [6]
ABS	21	—	—	—	—	(9)	—	—	—	12	—
Corporate and other debt securities	5	—	—	5	—	(5)	—	—	—	5	—
Other equity securities	785	—	(2) [4]	104	—	(447)	—	—	—	440	—
Total securities AFS	946	(1) [6]	(1) [4]	109	—	(497)	—	—	—	556	(1) [6]
Residential LHFS	1	—	—	—	(20)	(1)	(1)	26	—	5	—
LHFI	272	6 [5]	—	—	—	(41)	(1)	21	—	257	4 [5]
Liabilities											
Other liabilities	27	6 [7]	—	—	—	(10)	—	—	—	23	6 [7]

[1] Change in unrealized (losses)/gains included in earnings during the period related to financial assets/liabilities still held at December 31, 2015.
[2] Amounts included in earnings are recognized in trading income.
[3] Includes issuances, fair value changes, and expirations. Amount related to IRLCs is recognized in mortgage production related income and amount related to Visa derivative liability is recognized in other noninterest expense.
[4] Amounts recognized in OCI are included in change in net unrealized (losses)/gains on securities AFS, net of tax.
[5] Amounts are generally included in mortgage production related income; however, the mark on certain fair value loans is included in trading income.
[6] Amount included in earnings is recognized in net securities gains/(losses).
[7] Amounts included in earnings are recognized in other noninterest expense.

Non-recurring Fair Value Measurements

The following tables present losses recognized on assets still held at period end, and measured at fair value on a non-recurring basis, for the year ended December 31, 2016 and the year ended December 31, 2015. Adjustments to fair value generally result from the application of LOCOM or through write-downs of individual assets. The tables do not reflect changes in fair value attributable to economic hedges the Company may have used to mitigate interest rate risk associated with LHFS.

		Fair Value Measurements			**Losses for the Year Ended**
(Dollars in millions)	**December 31, 2016**	**Level 1**	**Level 2**	**Level 3**	**December 31, 2016**
LHFI	**$75**	**$—**	**$—**	**$75**	**$—**
OREO	**17**	**—**	**—**	**17**	**(2)**
Other assets	**112**	**—**	**58**	**54**	**(36)**

		Fair Value Measurements			Losses for the Year Ended
(Dollars in millions)	December 31, 2015	Level 1	Level 2	Level 3	December 31, 2015
LHFS	$202	$—	$—	$202	($6)
LHFI	48	—	—	48	—
OREO	19	—	—	19	(4)
Other assets	36	—	29	7	(6)

Discussed below are the valuation techniques and inputs used in estimating fair values for assets measured at fair value on a non-recurring basis and classified as level 2 and/or 3.

Loans Held for Sale

At December 31, 2015, LHFS consisted of commercial loans that were valued using significant unobservable assumptions from comparably rated loans. As such, these loans are classified as level 3. The decline in LHFS during the year ended December 31, 2016 was due to the sale of $185 million of these loans in the second quarter of 2016 and the sale of the remaining $17 million in the third quarter of 2016.

Loans Held for Investment

At December 31, 2016 and 2015, LHFI consisted primarily of consumer and residential real estate loans discharged in Chapter 7 bankruptcy that had not been reaffirmed by the borrower, as well as nonperforming CRE loans for which specific reserves had been recognized. Cash proceeds from the sale of the underlying collateral is the expected source of repayment for a majority of these loans. Accordingly, the fair value of these loans is derived from the estimated fair value of the underlying collateral, incorporating market data if available. There were no gains/(losses) recognized during the year ended December 31, 2016 or during the year ended December 31, 2015, as the charge-offs related to these loans are a component of the ALLL. Due to the lack of market data for similar assets, all of these loans are classified as level 3.

OREO

OREO is measured at the lower of cost, or fair value less costs to sell. OREO classified as level 3 consists primarily of residential homes, commercial properties, and vacant lots and land for which initial valuations are based on property-specific appraisals, broker pricing opinions, or other limited, highly subjective market information. Updated value estimates are received regularly for level 3 OREO.

Other Assets

Other assets consists of cost and equity method investments, other repossessed assets, assets under operating leases where the Company is the lessor, branch properties, and land held for sale.

Investments in cost and equity method investments are valued based on the expected remaining cash flows to be received from these assets discounted at a market rate that is commensurate with the expected risk, considering relevant Company-specific valuation multiples, where applicable. Based on the valuation methodology and associated unobservable inputs, these investments are classified as level 3. During the year ended December 31, 2016, the Company recognized impairment charges of $8 million on its equity investments. There were no impairment charges recognized on equity investments during the year ended December 31, 2015.

Other repossessed assets comprises repossessed personal property that is measured at fair value less cost to sell. These assets are classified as level 3 as their fair value is determined based on a variety of subjective, unobservable factors. There were no losses recognized in earnings by the Company on other repossessed assets during the year ended December 31, 2016 or during the year ended December 31, 2015, as the impairment charges on repossessed personal property were a component of the ALLL.

The Company monitors the fair value of assets under operating leases where the Company is the lessor and recognizes impairment on the leased asset to the extent the carrying value is not recoverable and is greater than its fair value. Fair value is determined using collateral specific pricing digests, external appraisals, broker opinions, recent sales data from industry equipment dealers, and the discounted cash flows derived from the underlying lease agreement. As market data for similar assets and lease arrangements is available and used in the valuation, these assets are considered level 2. During the years ended December 31, 2016 and 2015, the Company recognized impairment charges of $12 million and $6 million attributable

to changes in the fair value of various personal property under operating leases.

The Company recognized impairment charges of $12 million on branch properties during the year ended December 31, 2016. These branches are classified as level 3, as their fair values were based on market comparables and broker opinions.

Land held for sale is recorded at the lesser of carrying value or fair value less cost to sell, and is considered level 3 as its fair value is determined based on market comparables and broker opinions. The Company recognized impairment charges of $4 million on land held for sale during the year ended December 31, 2016. Impairment charges recognized on land held for sale was immaterial during the year ended December 31, 2015.

Fair Value of Financial Instruments

The carrying amounts and fair values of the Company's financial instruments are as follows:

	December 31, 2016		Fair Value Measurements			
(Dollars in millions)	Carrying Amount	Fair Value	Level 1	Level 2	Level 3	
Financial assets:						
Cash and cash equivalents	**$6,423**	**$6,423**	**$6,423**	**$—**	**$—**	(a)
Trading assets and derivative instruments	**6,067**	**6,067**	**881**	**5,158**	**28**	(b)
Securities AFS	**30,672**	**30,672**	**5,507**	**24,532**	**633**	(b)
LHFS	**4,169**	**4,178**	**—**	**4,161**	**17**	(c)
LHFI, net	**141,589**	**140,516**	**—**	**282**	**140,234**	(d)
Financial liabilities:						
Deposits	**160,398**	**160,280**	**—**	**160,280**	**—**	(e)
Short-term borrowings	**4,764**	**4,764**	**—**	**4,764**	**—**	(f)
Long-term debt	**11,748**	**11,779**	**—**	**11,051**	**728**	(f)
Trading liabilities and derivative instruments	**1,351**	**1,351**	**846**	**483**	**22**	(b)

	December 31, 2015		Fair Value Measurements			
(Dollars in millions)	Carrying Amount	Fair Value	Level 1	Level 2	Level 3	
Financial assets:						
Cash and cash equivalents	$5,599	$5,599	$5,599	$—	$—	(a)
Trading assets and derivative instruments	6,119	6,119	866	5,143	110	(b)
Securities AFS	27,825	27,825	3,542	23,727	556	(b)
LHFS	1,838	1,842	—	1,803	39	(c)
LHFI, net	134,690	131,178	—	397	130,781	(d)
Financial liabilities:						
Deposits	149,830	149,889	—	149,889	—	(e)
Short-term borrowings	4,627	4,627	—	4,627	—	(f)
Long-term debt	8,462	8,374	—	7,772	602	(f)
Trading liabilities and derivative instruments	1,263	1,263	664	593	6	(b)

The following methods and assumptions were used by the Company in estimating the fair value of financial instruments:

(a) Cash and cash equivalents are valued at their carrying amounts, which are reasonable estimates of fair value due to the relatively short period to maturity of the instruments.

(b) Trading assets and derivative instruments, securities AFS, and trading liabilities and derivative instruments that are classified as level 1 are valued based on quoted market prices. For those instruments classified as level 2 or 3, refer to the respective valuation discussions within this footnote.

(c) LHFS are generally valued based on observable current market prices or, if quoted market prices are not available, quoted market prices of similar instruments. Refer to the LHFS section within this footnote for further discussion. When valuation assumptions are not readily observable in the market, instruments are valued based on the best available data to approximate fair value. This data may be internally developed and considers risk premiums that a market participant would require under then-current market conditions.

(d) LHFI fair values are based on a hypothetical exit price, which does not represent the estimated intrinsic value of the loan if held for investment. The assumptions used are expected to approximate those that a market participant purchasing the loans would use to value the loans, including a market risk premium and liquidity discount. Estimating the fair value of the loan portfolio when loan sales and trading markets are illiquid or nonexistent requires significant judgment.

Generally, the Company measures fair value for LHFI based on estimated future discounted cash flows using current origination rates for loans with similar terms and credit quality, which derived an estimated value of 101% on the loan portfolio's net carrying value at both December 31, 2016 and 2015. The value derived from origination rates likely does not represent an exit price; therefore, an incremental market risk and liquidity discount was applied when estimating the fair value of these loans. The discounted value is a function of a market participant's required yield in the current environment and is not a reflection of the expected cumulative losses on the loans.

(e) Deposit liabilities with no defined maturity such as DDAs, NOW/money market accounts, and savings accounts have a fair value equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). Fair values for CDs are estimated using a discounted cash flow approach that applies current interest rates to a schedule of aggregated expected maturities. The assumptions used in the discounted cash flow analysis are expected to approximate those that market participants would use in valuing deposits. The value of long-term relationships with depositors is not taken into account in estimating fair values. Refer to the respective valuation section within this footnote for valuation information related to brokered time deposits that the Company measures at fair value as well as those that are carried at amortized cost.

(f) Fair values for short-term borrowings and certain long-term debt are based on quoted market prices for similar instruments or estimated discounted cash flows utilizing the Company's current incremental borrowing rate for similar types of instruments. Refer to the respective valuation section within this footnote for valuation information related to long-term debt that the Company measures at fair value. For level 3 debt, the terms are unique in nature or there are no similar instruments that can be used to value the instrument without using significant unobservable assumptions. In these situations, the Company reviews current borrowing rates along with the collateral levels that secure the debt in determining an appropriate fair value adjustment.

Unfunded loan commitments and letters of credit are not included in the table above. At December 31, 2016 and 2015, the Company had $67.2 billion and $66.2 billion, respectively, of unfunded commercial loan commitments and letters of credit. A reasonable estimate of the fair value of these instruments is the carrying value of deferred fees plus the related unfunded commitments reserve, which was a combined $71 million and $66 million at December 31, 2016 and 2015, respectively. No active trading market exists for these instruments, and the estimated fair value does not include value associated with the borrower relationship. The Company does not estimate the fair values of consumer unfunded lending commitments which can generally be canceled by providing notice to the borrower.

NOTE 19 – CONTINGENCIES

Litigation and Regulatory Matters

In the ordinary course of business, the Company and its subsidiaries are parties to numerous civil claims and lawsuits and subject to regulatory examinations, investigations, and requests for information. Some of these matters involve claims for substantial amounts. The Company's experience has shown that the damages alleged by plaintiffs or claimants are often overstated, based on unsubstantiated legal theories, unsupported by facts, and/or bear no relation to the ultimate award that a court might grant. Additionally, the outcome of litigation and regulatory matters and the timing of ultimate resolution are inherently difficult to predict. These factors make it difficult for the Company to provide a meaningful estimate of the range of reasonably possible outcomes of claims in the aggregate or by individual claim. However, on a case-by-case basis, reserves are established for those legal claims in which it is probable that a loss will be incurred and the amount of such loss can be reasonably estimated. The Company's financial statements at December 31, 2016 reflect the Company's current best estimate of probable losses associated with these matters, including costs to comply with various settlement agreements, where applicable. The actual costs of resolving these claims may be substantially higher or lower than the amounts reserved.

For a limited number of legal matters in which the Company is involved, the Company is able to estimate a range of reasonably possible losses in excess of related reserves, if any. Management currently estimates these losses to range from $0 to approximately $190 million. This estimated range of reasonably possible losses represents the estimated possible losses over the life of such legal matters, which may span a currently indeterminable number of years, and is based on information available at December 31, 2016. The matters underlying the estimated range will change from time to time, and actual results may vary significantly from this estimate. Those matters for which an estimate is not possible are not included within this estimated range; therefore, this estimated range does not represent the Company's maximum loss exposure. Based on current knowledge, it is the opinion of management that liabilities arising from legal claims in excess of the amounts currently reserved, if any, will not have a material impact on the Company's financial condition, results of operations, or cash flows. However, in light of the significant uncertainties involved in these matters and the large or indeterminate damages sought in some of these matters, an adverse outcome in one or more of these matters could be material to the Company's financial condition, results of operations, or cash flows for any given reporting period.

The following is a description of certain litigation and regulatory matters:

Card Association Antitrust Litigation

The Company is a defendant, along with Visa and MasterCard, as well as several other banks, in several antitrust lawsuits challenging their practices. For a discussion regarding the Company's involvement in this litigation matter, see Note 16, "Guarantees."

Lehman Brothers Holdings, Inc. Litigation

Beginning in October 2008, STRH, along with other underwriters and individuals, were named as defendants in several individual and putative class action complaints filed in the U.S. District Court for the Southern District of New York and state and federal courts in Arkansas, California, Texas, and Washington. Plaintiffs alleged violations of Sections 11 and 12 of the Securities Act of 1933 and/or state law for allegedly false and misleading disclosures in connection with various debt and preferred stock offerings of Lehman Brothers Holdings, Inc. ("Lehman Brothers") and sought unspecified damages. All cases were transferred for coordination to the multi-district litigation captioned *In re Lehman Brothers Equity/Debt Securities Litigation* pending in the U.S. District Court for the Southern District of New York. Defendants filed a motion to dismiss all claims asserted in the class action. On July 27, 2011, the District Court granted in part and denied in part the motion to dismiss the claims against STRH and the other underwriter defendants in the class action. A settlement with the class plaintiffs was approved by the Court and the class settlement approval process was completed. A number of individual lawsuits and smaller putative class actions remained following the class settlement. STRH settled two such individual actions. The other individual lawsuits were dismissed. In two of such dismissed individual actions, the plaintiffs were unable to appeal the dismissals of their claims until their claims against a third party were resolved. In one of these individual actions, the plaintiffs filed a notice of appeal to the Second Circuit Court of Appeals, but that appeal was denied on July 8, 2016. The plaintiff filed a petition to appeal the decision to the U.S. Supreme Court, and on January 13, 2017, the U.S. Supreme Court agreed to hear the appeal. In the other individual action, no appeal has been filed.

Bickerstaff v. SunTrust Bank

This case was filed in the Fulton County State Court on July 12, 2010, and an amended complaint was filed on August 9, 2010. Plaintiff asserts that all overdraft fees charged to his account which related to debit card and ATM transactions are actually interest charges and therefore subject to the usury laws of Georgia. Plaintiff has brought claims for violations of civil and criminal usury laws, conversion, and money had and received, and purports to bring the action on behalf of all Georgia citizens who incurred such overdraft fees within the four years before the complaint was filed where the overdraft fee resulted in an interest rate being charged in excess of the usury rate. The Bank filed a motion to compel arbitration and on March 16, 2012, the Court entered an order holding that the Bank's arbitration provision is enforceable but that the named plaintiff in the case had opted out of that provision pursuant to its terms. The Court explicitly stated that it was not ruling at that time on the question of whether the named plaintiff could have opted out for the putative class members. The Bank filed an appeal of this decision, but this appeal was dismissed based on a finding that the appeal was prematurely granted. On April 8, 2013, the plaintiff filed a motion for class certification and that motion was denied on February 19, 2014. Plaintiff appealed the denial of class certification and on September 8, 2015, the Georgia Supreme Court agreed to hear the appeal. On January 4, 2016, the Georgia Supreme Court heard oral argument on the appeal. On July 8, 2016, the Georgia Supreme Court reversed the Court of Appeals of Georgia and remanded the case for further proceedings.

ERISA Class Actions

Company Stock Class Action

Beginning in July 2008, the Company and certain officers, directors, and employees of the Company were named in a class action alleging that they breached their fiduciary duties under ERISA by offering the Company's common stock as an investment option in the SunTrust Banks, Inc. 401(k) Plan (the "Plan"). The plaintiffs sought to represent all current and former Plan participants who held the Company stock in their Plan accounts from May 15, 2007 to March 30, 2011 and seek to recover alleged losses these participants supposedly incurred as a result of their investment in Company stock.

This case was originally filed in the U.S. District Court for the Southern District of Florida but was transferred to the U.S. District Court for the Northern District of Georgia, Atlanta Division, (the "District Court") in November 2008. On October 26, 2009, an amended complaint was filed. On December 9, 2009, defendants filed a motion to dismiss the amended complaint. On October 25, 2010, the District Court granted in part and denied in part defendants' motion to dismiss the amended complaint.

On April 14, 2011, the U.S. Court of Appeals for the Eleventh Circuit ("the Circuit Court") granted defendants and plaintiffs permission to pursue interlocutory review in separate appeals. The Circuit Court subsequently stayed these appeals pending decision of a separate appeal involving The Home Depot in which substantially similar issues are presented. On May 8, 2012, the Circuit Court decided that appeal in favor of The Home Depot. On March 5, 2013, the Circuit Court issued an order remanding the case to the District Court for further proceedings in light of its decision in The Home Depot case. On September 26, 2013, the District Court granted the defendants' motion to dismiss plaintiffs' claims. Plaintiffs filed an appeal of this decision in the Circuit Court. Subsequent to the filing of this appeal, the U.S. Supreme Court decided *Fifth Third Bancorp v. Dudenhoeffer,* which held that employee stock ownership plan fiduciaries receive no presumption of prudence with respect to employer stock plans. The Circuit Court remanded the case back to the District Court for further proceedings in light of *Dudenhoeffer*. On June 18, 2015, the Court entered an order granting in part and denying in part the Company's motion to dismiss. The discovery process has begun.

On August 17, 2016, the District Court entered an order that among other things granted certain of the plaintiffs' motion for class certification. According to the Order, the class is defined as "All persons, other than Defendants and members of their immediate families, who were participants in or beneficiaries of

the SunTrust Banks, Inc. 401(k) Savings Plan (the "Plan") at any time between May 15, 2007 and March 30, 2011, inclusive (the "Class Period") and whose accounts included investments in SunTrust common stock ("SunTrust Stock") during that time period and who sustained a loss to their account as a result of the investment in SunTrust Stock."

On August 1, 2016, certain non-fiduciary defendants filed a motion for summary judgment as it relates to them, which was granted by the District Court on October 5, 2016.

Mutual Funds Class Actions

On March 11, 2011, the Company and certain officers, directors, and employees of the Company were named in a putative class action alleging that they breached their fiduciary duties under ERISA by offering certain STI Classic Mutual Funds as investment options in the Plan. The plaintiffs purport to represent all current and former Plan participants who held the STI Classic Mutual Funds in their Plan accounts from April 2002 through December 2010 and seek to recover alleged losses these Plan participants supposedly incurred as a result of their investment in the STI Classic Mutual Funds. This action is pending in the U.S. District Court for the Northern District of Georgia, Atlanta Division (the “District Court”). On June 6, 2011, plaintiffs filed an amended complaint, and, on June 20, 2011, defendants filed a motion to dismiss the amended complaint. On March 12, 2012, the Court granted in part and denied in part the motion to dismiss. The Company filed a subsequent motion to dismiss the remainder of the case on the ground that the Court lacked subject matter jurisdiction over the remaining claims. On October 30, 2012, the Court dismissed all claims in this action. Immediately thereafter, plaintiffs' counsel initiated a substantially similar lawsuit against the Company naming two new plaintiffs and also filed an appeal of the dismissal with the U.S. Court of Appeals for the Eleventh Circuit. The Company filed a motion to dismiss in the new action and this motion was granted. On February 26, 2014, the U.S. Court of Appeals for the Eleventh Circuit upheld the District Court's dismissal. On March 18, 2014, the plaintiffs' counsel filed a motion for reconsideration with the Eleventh Circuit. On August 26, 2014, plaintiffs in the original action filed a Motion for Consolidation of Appeals requesting that the Court consider this appeal jointly with the appeal in the second action. This motion was granted on October 9, 2014 and plaintiffs filed their consolidated appeal on December 16, 2014.

On June 27, 2014, the Company and certain current and former officers, directors, and employees of the Company were named in another putative class action alleging breach of fiduciary duties associated with the inclusion of STI Classic Mutual Funds as investment options in the Plan. This case, *Brown, et al. v. SunTrust Banks, Inc., et al.,* was filed in the U.S. District Court for the District of Columbia. On September 3, 2014, the U.S. District Court for the District of Columbia issued an order transferring the case to the U.S. District Court for the Northern District of Georgia. On November 12, 2014, the Court granted plaintiffs’ motion to stay this case until the U.S. Supreme Court issued a decision in *Tibble v. Edison International*. On May 18, 2015, the U.S. Supreme Court decided *Tibble* and held that plan fiduciaries have a duty, separate and apart from investment selection, to monitor and remove imprudent investments.

After *Tibble*, the cases pending on appeal were remanded to the District Court. On March 25, 2016, a consolidated amended complaint was filed, consolidating all of these pending actions into one case. The Company filed an answer to the consolidated amended complaint on June 6, 2016 and discovery is ongoing.

Intellectual Ventures II v. SunTrust Banks, Inc. and SunTrust Bank

This action was filed in the U.S. District Court for the Northern District of Georgia on July 24, 2013. Plaintiff alleges that SunTrust violates one or more of several patents held by plaintiff in connection with SunTrust’s provision of online banking services and other systems and services. Plaintiff seeks damages for alleged patent infringement of an unspecified amount, as well as attorney’s fees and expenses. The matter was stayed on October 7, 2014 pending *inter partes* review of a number of the claims asserted against SunTrust.

Consent Order with the Federal Reserve

On April 13, 2011, SunTrust, SunTrust Bank, and STM entered into a Consent Order with the FRB in which SunTrust, SunTrust Bank, and STM agreed to strengthen oversight of, and improve risk management, internal audit, and compliance programs concerning the residential mortgage loan servicing, loss mitigation, and foreclosure activities of STM.

On July 25, 2014, the FRB imposed a $160 million civil money penalty as a result of the FRB’s review of the Company’s residential mortgage loan servicing and foreclosure processing practices that preceded the Consent Order. The Company believes that it has fully satisfied this penalty by having provided consumer relief and certain cash payments as contemplated by the settlement with the U.S. and the States Attorneys' General regarding certain mortgage servicing claims, discussed below at “United States Mortgage Servicing Settlement.” SunTrust continues its engagement with the FRB to demonstrate compliance with its commitments under the Consent Order.

United States Mortgage Servicing Settlement

In the second quarter of 2014, STM and the U.S., through the DOJ, HUD, and Attorneys General for several states, reached a final settlement agreement related to the National Mortgage Servicing Settlement. The settlement agreement became effective on September 30, 2014 when the court entered the Consent Judgment. Pursuant to the settlements, STM made $50 million in cash payments and committed to provide $500 million of consumer relief by the fourth quarter of 2017 and to implement certain mortgage servicing standards. While subject to confirmation by the independent Office of Mortgage Settlement Oversight (“OMSO”) appointed to review and certify compliance with the provisions of the settlement, the Company believes it has fulfilled its consumer relief commitments. STM also implemented all of the prescribed servicing standards within the required timeframes. Compliance with the servicing standards continues to be monitored, tested, and reported quarterly by an internal review group and semi-annually by the OMSO. As a result, the Company does not expect to incur additional costs in satisfying its consumer relief obligations or implementation of the servicing standards associated with the settlement.

DOJ Investigation of GSE Loan Origination Practices
In January 2014, STM received notice from the DOJ of an investigation regarding the origination and underwriting of single family residential mortgage loans sold by STM to Fannie Mae and Freddie Mac. The DOJ and STM have not yet engaged in any material dialogue about how this matter may proceed and no allegations have been raised against STM. STM continues to cooperate with the investigation.

Residential Funding Company, LLC v. SunTrust Mortgage, Inc.
STM has been named as a defendant in a complaint filed December 17, 2013 in the Southern District of New York by Residential Funding Company, LLC ("RFC"), a Chapter 11 debtor-affiliate of GMAC Mortgage, LLC, alleging breaches of representations and warranties made in connection with loan sales and seeking indemnification against losses allegedly suffered by RFC as a result of such alleged breaches. The case was transferred to the United States Bankruptcy Court for the Southern District of New York. The litigation remains active in the Bankruptcy Court and discovery continues.

Thurmond, Christopher, et al. v. SunTrust Banks, Inc., et al.
STM and Twin Rivers Insurance Company ("Twin Rivers") have been named as defendants in a putative class action alleging that the companies entered into illegal “captive reinsurance” arrangements with private mortgage insurers. More specifically, plaintiffs allege that SunTrust’s selection of private mortgage insurers who agree to reinsure with Twin Rivers certain loans referred to them by SunTrust results in illegal “kickbacks” in the form of the insurance premiums paid to Twin Rivers. Plaintiffs contend that this arrangement violates the Real Estate Settlement Procedures Act (“RESPA”) and results in unjust enrichment to the detriment of borrowers. The matter was filed in February 2011 in the U.S. District Court for the Eastern District of Pennsylvania. This case had been stayed by the Court pending the outcome of *Edwards v. First American Financial Corporation*, a captive reinsurance case that was pending before the U.S. Supreme Court at the time. SunTrust filed a motion to dismiss the *Thurmond* case which was granted in part and denied in part, allowing limited discovery surrounding the argument that the statute of limitations for certain claims should be equitably tolled. *Thurmond* had been stayed a second time pending a ruling in a similar case currently before the Third Circuit concerning the application of the statute of limitations. While the stay was lifted, the parties reached an agreement in principle to resolve the matter.

United States Attorney’s Office for the Southern District of New York Foreclosure Expense Investigation
STM has been cooperating with the United States Attorney's Office for the Southern District of New York (the "Southern District") in a broad-based industry investigation regarding claims for foreclosure-related expenses charged by law firms in connection with the foreclosure of loans guaranteed or insured by Fannie Mae, Freddie Mac, or FHA. The investigation relates to a private litigant *qui tam* lawsuit filed under seal and remains in early stages. The Southern District has not yet advised STM how it will proceed in this matter. The Southern District and STM engaged in dialogue regarding potential resolution of this matter as part of the National Mortgage Servicing Settlement, but were unable to reach agreement.

Felix v. SunTrust Mortgage, Inc.
This putative class action was filed against STM on April 4, 2016. Plaintiff alleges that STM breaches its contract with borrowers when it collects interest on FHA loans at repayment because STM fails to use an approved FHA notice form. Plaintiff also alleges that STM violates the Georgia usury statute by collecting such interest. Plaintiff attempts to bring the breach of contract claim on behalf of all borrowers and the usury claim on behalf of Georgia borrowers. Plaintiff and STM reached a settlement of the action with the class, and the U.S. District Court for the Northern District of Georgia granted preliminary approval of the settlement on September 9, 2016. The settlement terms had an insignificant impact on the Company's financial position. On February 6, 2017, the court approved the settlement, which, barring appeal, will be final in 30 days.

Northern District of Georgia Investigation
On April 28, 2016, the Bank received a subpoena from the United States Attorney’s Office for the Northern District of Georgia in connection with an investigation pertaining to a suspected embezzlement by an employee of a SunTrust business client. The subpoena requests information regarding the Bank’s Anti-Money Laundering and Bank Secrecy Act compliance processes to detect such crimes by employees of business clients. The Company is cooperating with the investigation.

LR Trust v. SunTrust Banks, Inc., et al.
In November 2016, the Company and certain officers and directors were named as defendants in a shareholder derivative action alleging that defendants failed to take action related to activities at issue in the National Mortgage Servicing, HAMP, and FHA Originations settlements, and certain other legal matters or to ensure that the alleged activities in each were remedied and otherwise appropriately addressed. Plaintiff seeks an award in favor of the Company for the amount of damages sustained by the Company, disgorgement of alleged benefits obtained by defendants, and enhancements to corporate governance and internal controls. The Company filed a Motion to Dismiss the matter on February 15, 2017.

SEC Investment Adviser 12b-1 Fees
The SEC Division of Enforcement is investigating whether STIS committed fraud under the Investment Advisers Act ("IAA") of 1940 by purchasing mutual fund shares on behalf of clients that imposed an SEC Rule 12b-1 marketing fee on the investment, if share classes existed which did not impose such a fee, and it has informed the Company that it has made a preliminary determination to recommend that the SEC bring an enforcement action against STIS. STIS is researching the extent to which alternate mutual fund classes existed which did not impose such fees, and other matters. STIS estimates that the amount of such fees was $5 million or less. If there is a finding or admission that STIS violated the antifraud provisions of the IAA, the Company could lose well-known seasoned issuer status and STIS' ability to earn certain investment advisory referral fees may be limited, unless and until the SEC Division of Corporation Finance grants

a waiver. STIS is cooperating with the investigation and is in discussions with the SEC.

NOTE 20 - BUSINESS SEGMENT REPORTING

The Company measures business activity across three segments: Consumer Banking and Private Wealth Management, Wholesale Banking, and Mortgage Banking, with functional activities included in Corporate Other. Business segments are determined based on the products and services provided or the type of client served, and they reflect the manner in which financial information is evaluated by management. The following is a description of the segments and their primary businesses.

The Consumer Banking and Private Wealth Management segment is made up of three primary businesses:

- Consumer Banking provides services to consumers and branch-managed small business clients through an extensive network of traditional and in-store branches, ATMs, the internet (www.suntrust.com), mobile banking, and by telephone (1-800-SUNTRUST). Financial products and services offered to consumers and small business clients include deposits and payments, loans, brokerage, and various fee-based services. Discount/online and full-service brokerage products are offered to individual clients through STIS. Consumer Banking also serves as an entry point for clients and provides services for other lines of business.
- Consumer Lending offers an array of lending products to consumers and small business clients via the Company's Consumer Banking and Private Wealth Management businesses, through the internet (www.suntrust.com and www.lightstream.com), as well as through various national offices and partnerships. Products offered include home equity lines, personal credit lines and loans, direct auto, indirect auto, student lending, credit cards, and other lending products.
- PWM provides a full array of wealth management products and professional services to both individual and institutional clients including loans, deposits, brokerage, professional investment management, and trust services to clients seeking active management of their financial resources. Institutional clients are served by the Institutional Investment Solutions business. Discount/online and full-service brokerage products are offered to individual clients through STIS. PWM also includes GenSpring, which provides family office solutions to ultra-high net worth individuals and their families. Utilizing teams of multi-disciplinary specialists with expertise in investments, tax, accounting, estate planning, and other wealth management disciplines, GenSpring helps families manage and sustain wealth across multiple generations.

The Wholesale Banking segment is made up of three primary lines of business and the Treasury & Payment Solutions product group:

- CIB delivers comprehensive capital markets solutions, including advisory, capital raising, and financial risk management, with the goal of serving the needs of both public and private companies in the Wholesale Banking segment and PWM business. Investment Banking and Corporate Banking teams within CIB serve clients across the nation, offering a full suite of traditional banking and investment banking products and services to companies with annual revenues typically greater than $150 million. Investment Banking serves select industry segments including consumer and retail, energy, financial services, healthcare, industrials, and technology, media and communications. Corporate Banking serves clients across diversified industry sectors based on size, complexity, and frequency of capital markets issuance. Also managed within CIB is the Equipment Finance Group, which provides lease financing solutions (through SunTrust Equipment Finance & Leasing).
- Commercial & Business Banking offers an array of traditional banking products, including lending, cash management and investment banking solutions via STRH to commercial clients (generally clients with revenues between $1 million and $150 million), not-for-profit organizations, and governmental entities, as well as auto dealer financing (floor plan inventory financing). Also managed within Commercial & Business Banking is the Premium Assignment Corporation, which provides corporate insurance premium financing solutions.
- Commercial Real Estate provides a full range of financial solutions for commercial real estate developers, owners, and investors, including construction, mini-perm, and permanent real estate financing, as well as tailored financing and equity investment solutions via STRH. With the acquisition of the assets of Pillar in December of 2016, commercial real estate also provides multi-family agency lending and servicing, as well as loan administration, advisory, and commercial mortgage brokerage services. The institutional real estate team targets relationships with REITs, institutional advisors, private funds, and insurance companies and the regional team focuses on real estate owners and developers through a regional delivery structure. Commercial Real Estate also offers tailored financing and equity investment solutions for community development and affordable housing projects through STCC, with particular expertise in Low Income Housing Tax Credits and New Market Tax Credits.
- Treasury & Payment Solutions provides all SunTrust Wholesale Banking clients with services required to manage their payments and receipts, combined with the ability to manage and optimize their deposits across all aspects of their business. Treasury & Payment Solutions operates all electronic and paper payment types, including card, wire transfer, ACH, check, and cash. It also provides clients the means to manage their accounts electronically online, both domestically and internationally.

Mortgage Banking offers residential mortgage products nationally through its retail and correspondent channels, the internet (www.suntrust.com), and by telephone (1-800-SUNTRUST). These products are either sold in the secondary market, primarily with servicing rights retained, or held in the Company's loan portfolio. Mortgage Banking also services loans for other investors, in addition to loans held in the Company's loan portfolio.

Corporate Other includes management of the Company's investment securities portfolio, long-term debt, end user derivative instruments, short-term liquidity and funding activities, balance sheet risk management, and most real estate assets. Additionally, Corporate Other includes the Company's functional activities such as marketing, SunTrust online, human resources, finance, Enterprise Risk, legal and compliance, communications, procurement, enterprise information services, corporate real estate, and executive management. The financial results of RidgeWorth, including the gain on sale, are reflected in the Corporate Other segment for the year ended December 31, 2014. Prior to the sale of RidgeWorth in the second quarter of 2014, RidgeWorth's financial performance was reported in the Wholesale Banking segment. See Note 2, "Acquisitions/ Dispositions," for additional information related to the sale of RidgeWorth.

Because business segment results are presented based on management accounting practices, the transition to the consolidated results, which are prepared under U.S. GAAP, creates certain differences which are reflected in Reconciling Items. Business segment reporting conventions are described below.

- **Net interest income-FTE** – is reconciled from net interest income and is presented on an FTE basis to make income from tax-exempt assets comparable to other taxable products. Segment results reflect matched maturity funds transfer pricing, which ascribes credits or charges based on the economic value or cost created by assets and liabilities of each segment. Differences between these credits and charges are captured as reconciling items. The change in this variance is generally attributable to corporate balance sheet management strategies.
- **Provision/(benefit) for credit losses** – represents net charge-offs by segment combined with an allocation to the segments for the provision/(benefit) attributable to each segment's quarterly change in the ALLL and unfunded commitments reserve balances.
- **Provision for income taxes-FTE** – is calculated using a blended income tax rate for each segment. This calculation includes the impact of various adjustments, such as the reversal of the FTE gross up on tax-exempt assets, tax adjustments, and credits that are unique to each segment. The difference between the calculated provision for income taxes at the segment level and the consolidated provision for income taxes is reported as reconciling items.

The segment's financial performance is comprised of direct financial results and allocations for various corporate functions that provide management an enhanced view of the segment's financial performance. Internal allocations include the following:

- **Operational costs** – expenses are charged to segments based on a methodical activity-based costing process, which also allocates residual expenses to the segments. Generally, recoveries of these costs are reported in Corporate Other.
- **Support and overhead costs** – expenses not directly attributable to a specific segment are allocated based on various drivers (number of equivalent employees, number of PCs/laptops, net revenue, etc.). Recoveries for these allocations are reported in Corporate Other.
- **Sales and referral credits** – segments may compensate another segment for referring or selling certain products. The majority of the revenue resides in the segment where the product is ultimately managed.

The application and development of management reporting methodologies is an active process and undergoes periodic enhancements. The implementation of these enhancements to the internal management reporting methodology may materially affect the results disclosed for each segment, with no impact on consolidated results. If significant changes to management reporting methodologies take place, the impact of these changes is quantified and prior period information is reclassified, when practicable.

(Dollars in millions)	Year Ended December 31, 2016					
	Consumer Banking and Private Wealth Management	**Wholesale Banking**	**Mortgage Banking**	**Corporate Other**	**Reconciling Items**	**Consolidated**
Balance Sheets:						
Average loans	**$42,723**	**$71,605**	**$26,726**	**$66**	**($2)**	**$141,118**
Average consumer and commercial deposits	**95,875**	**55,293**	**2,969**	**124**	**(72)**	**154,189**
Average total assets	**48,415**	**85,513**	**30,697**	**31,939**	**2,440**	**199,004**
Average total liabilities	**96,466**	**61,050**	**3,344**	**14,148**	**(72)**	**174,936**
Average total equity	**—**	**—**	**—**	**—**	**24,068**	**24,068**
Statements of Income:						
Net interest income	**$2,857**	**$1,849**	**$448**	**$96**	**($29)**	**$5,221**
FTE adjustment	**—**	**136**	**—**	**2**	**—**	**138**
Net interest income-FTE [1]	**2,857**	**1,985**	**448**	**98**	**(29)**	**5,359**
Provision/(benefit) for credit losses [2]	**185**	**272**	**(13)**	**—**	**—**	**444**
Net interest income after provision/(benefit) for credit losses-FTE	**2,672**	**1,713**	**461**	**98**	**(29)**	**4,915**
Total noninterest income	**1,472**	**1,234**	**559**	**136**	**(18)**	**3,383**
Total noninterest expense	**3,056**	**1,693**	**732**	**5**	**(18)**	**5,468**
Income before provision for income taxes-FTE	**1,088**	**1,254**	**288**	**229**	**(29)**	**2,830**
Provision for income taxes-FTE [3]	**404**	**387**	**105**	**59**	**(12)**	**943**
Net income including income attributable to noncontrolling interest	**684**	**867**	**183**	**170**	**(17)**	**1,887**
Net income attributable to noncontrolling interest	**—**	**—**	**—**	**9**	**—**	**9**
Net income	**$684**	**$867**	**$183**	**$161**	**($17)**	**$1,878**

[1] Presented on a matched maturity funds transfer price basis for the segments.
[2] Provision/(benefit) for credit losses represents net charge-offs by segment combined with an allocation to the segments for the provision/(benefit) attributable to quarterly changes in the ALLL and unfunded commitment reserve balances.
[3] Includes regular provision for income taxes and taxable-equivalent income adjustment reversal.

(Dollars in millions)	Year Ended December 31, 2015					
	Consumer Banking and Private Wealth Management	Wholesale Banking	Mortgage Banking	Corporate Other	Reconciling Items	Consolidated
Balance Sheets:						
Average loans	$40,614	$67,872	$25,024	$60	($12)	$133,558
Average consumer and commercial deposits	91,104	50,379	2,679	101	(61)	144,202
Average total assets	46,513	80,915	28,692	29,655	3,117	188,892
Average total liabilities	91,747	56,050	3,048	14,771	(70)	165,546
Average total equity	—	—	—	—	23,346	23,346
Statements of Income:						
Net interest income	$2,728	$1,781	$483	$147	($375)	$4,764
FTE adjustment	1	138	—	3	—	142
Net interest income-FTE [1]	2,729	1,919	483	150	(375)	4,906
Provision/(benefit) for credit losses [2]	137	137	(110)	—	1	165
Net interest income after provision/(benefit) for credit losses-FTE	2,592	1,782	593	150	(376)	4,741
Total noninterest income	1,507	1,180	460	135	(14)	3,268
Total noninterest expense	2,939	1,551	681	4	(15)	5,160
Income before provision for income taxes-FTE	1,160	1,411	372	281	(375)	2,849
Provision for income taxes-FTE [3]	431	459	85	82	(151)	906
Net income including income attributable to noncontrolling interest	729	952	287	199	(224)	1,943
Net income attributable to noncontrolling interest	—	—	—	9	1	10
Net income	$729	$952	$287	$190	($225)	$1,933

[1] Presented on a matched maturity funds transfer price basis for the segments.
[2] Provision/(benefit) for credit losses represents net charge-offs by segment combined with an allocation to the segments for the provision/(benefit) attributable to quarterly changes in the ALLL and unfunded commitment reserve balances.
[3] Includes regular provision for income taxes and taxable-equivalent income adjustment reversal.

	Year Ended December 31, 2014					
(Dollars in millions)	Consumer Banking and Private Wealth Management	Wholesale Banking	Mortgage Banking	Corporate Other	Reconciling Items	Consolidated
Balance Sheets:						
Average loans	$41,702	$62,627	$26,494	$56	($5)	$130,874
Average consumer and commercial deposits	86,046	43,569	2,333	112	(48)	132,012
Average total assets	47,430	74,093	30,386	27,125	3,142	182,176
Average total liabilities	86,774	50,294	2,665	20,283	(10)	160,006
Average total equity	—	—	—	—	22,170	22,170
Statements of Income/(Loss):						
Net interest income	$2,628	$1,661	$552	$275	($276)	$4,840
FTE adjustment	1	139	—	3	(1)	142
Net interest income-FTE [1]	2,629	1,800	552	278	(277)	4,982
Provision for credit losses [2]	191	71	81	—	(1)	342
Net interest income after provision for credit losses-FTE	2,438	1,729	471	278	(276)	4,640
Total noninterest income	1,527	1,063	473	278	(18)	3,323
Total noninterest expense	2,904	1,473	1,048	134	(16)	5,543
Income/(loss) before provision/(benefit) for income taxes-FTE	1,061	1,319	(104)	422	(278)	2,420
Provision/(benefit) for income taxes-FTE [3]	390	423	(52)	(26)	(100)	635
Net income/(loss) including income attributable to noncontrolling interest	671	896	(52)	448	(178)	1,785
Net income attributable to noncontrolling interest	—	—	—	11	—	11
Net income/(loss)	$671	$896	($52)	$437	($178)	$1,774

[1] Presented on a matched maturity funds transfer price basis for the segments.
[2] Provision for credit losses represents net charge-offs by segment combined with an allocation to the segments for the provision attributable to quarterly changes in the ALLL and unfunded commitment reserve balances.
[3] Includes regular provision/(benefit) for income taxes and taxable-equivalent income adjustment reversal.

NOTE 21 - ACCUMULATED OTHER COMPREHENSIVE (LOSS)/INCOME

Changes in the components of AOCI, net of tax, are presented in the following table:

(Dollars in millions)	Securities AFS	Derivative Instruments	Brokered Time Deposits	Long-Term Debt	Employee Benefit Plans	Total
Year Ended December 31, 2016						
Balance, beginning of period	**$135**	**$87**	**$—**	**$—**	**($682)**	**($460)**
Cumulative credit risk adjustment [1]	—	—	—	**(5)**	—	**(5)**
Net unrealized losses arising during the period	**(194)**	**(91)**	**(1)**	**(2)**	—	**(288)**
Amounts reclassified to net income	**(3)**	**(153)**	—	—	**88**	**(68)**
Other comprehensive (loss)/income, net of tax	**(197)**	**(244)**	**(1)**	**(2)**	**88**	**(356)**
Balance, end of period	**($62)**	**($157)**	**($1)**	**($7)**	**($594)**	**($821)**
Year Ended December 31, 2015						
Balance, beginning of period	$298	$97	$—	$—	($517)	($122)
Net unrealized (losses)/gains arising during the period	(150)	154	—	—	—	4
Amounts reclassified to net income	(13)	(164)	—	—	(165)	(342)
Other comprehensive loss, net of tax	(163)	(10)	—	—	(165)	(338)
Balance, end of period	$135	$87	$—	$—	($682)	($460)
Year Ended December 31, 2014						
Balance, beginning of period	($77)	$279	$—	$—	($491)	($289)
Net unrealized gains arising during the period	366	62	—	—	—	428
Amounts reclassified to net income	9	(244)	—	—	(26)	(261)
Other comprehensive income/(loss), net of tax	375	(182)	—	—	(26)	167
Balance, end of period	$298	$97	$—	$—	($517)	($122)

[1] Related to the Company's early adoption of the ASU 2016-01 provision related to changes in instrument-specific credit risk. See Note 1, "Significant Accounting Policies," for additional information.

Reclassifications from AOCI, and the related tax effects, are presented in the following table:

(Dollars in millions)	Year Ended December 31			Impacted Line Item in the Consolidated Statements of Income
Details About AOCI Components	**2016**	2015	2014	
Securities AFS:				
Realized (gains)/losses on securities AFS	**($4)**	($21)	$15	Net securities gains/(losses)
Tax effect	**1**	8	(6)	Provision for income taxes
	(3)	(13)	9	
Derivative Instruments:				
Realized gains on cash flow hedges	**(244)**	(261)	(387)	Interest and fees on loans
Tax effect	**91**	97	143	Provision for income taxes
	(153)	(164)	(244)	
Employee Benefit Plans:				
Amortization of prior service credit	**(6)**	(6)	(6)	Employee benefits
Amortization of actuarial loss	**25**	21	16	Employee benefits
Adjustment to funded status of employee benefit obligation	**121**	(283)	(51)	Other assets/other liabilities
	140	(268)	(41)	
Tax effect	**(52)**	103	15	Provision for income taxes
	88	(165)	(26)	
Total reclassifications from AOCI to net income	**($68)**	($342)	($261)	

NOTE 22 - PARENT COMPANY FINANCIAL INFORMATION

Statements of Income - Parent Company Only

(Dollars in millions)	Year Ended December 31		
	2016	2015	2014
Income			
Dividends [1]	**$1,300**	$1,159	$1,057
Interest from loans to subsidiaries	**15**	8	7
Trading gains/(losses)	**2**	(1)	10
Gain on sale of subsidiary	**—**	—	105
Other income	**12**	15	13
Total income	**1,329**	1,181	1,192
Expense			
Interest on short-term borrowings	**2**	1	7
Interest on long-term debt	**140**	128	122
Employee compensation and benefits [2]	**57**	69	42
Service fees to subsidiaries	**12**	6	10
Other expense	**24**	21	11
Total expense	**235**	225	192
Income before income tax benefit and equity in undistributed income of subsidiaries	**1,094**	956	1,000
Income tax benefit	**59**	61	2
Income before equity in undistributed income of subsidiaries	**1,153**	1,017	1,002
Equity in undistributed income of subsidiaries	**725**	916	772
Net income	**$1,878**	$1,933	$1,774
Preferred dividends	**($66)**	($64)	($42)
Dividends and undistributed earnings allocated to unvested shares	**(1)**	(6)	(10)
Net income available to common shareholders	**$1,811**	$1,863	$1,722

[1] Substantially all dividend income is from subsidiaries (primarily the Bank).
[2] Includes incentive compensation allocations between the Parent Company and subsidiaries.

Balance Sheets - Parent Company Only

	December 31	
(Dollars in millions)	**2016**	2015
Assets		
Cash held at SunTrust Bank	**$535**	$478
Interest-bearing deposits held at SunTrust Bank	**1,126**	2,115
Interest-bearing deposits held at other banks	**23**	22
Cash and cash equivalents	**1,684**	2,615
Trading assets and derivative instruments	**—**	8
Securities available for sale	**147**	198
Loans to subsidiaries	**2,516**	1,627
Investment in capital stock of subsidiaries stated on the basis of the Company's equity in subsidiaries' capital accounts:		
Banking subsidiaries	**23,617**	23,324
Nonbanking subsidiaries	**1,359**	1,291
Goodwill	**211**	211
Other assets	**528**	382
Total assets	**$30,062**	$29,656
Liabilities		
Short-term borrowings:		
Subsidiaries	**$283**	$178
Non-affiliated companies	**483**	582
Long-term debt:		
Non-affiliated companies	**4,950**	4,772
Other liabilities	**831**	795
Total liabilities	**6,547**	6,327
Shareholders' Equity		
Preferred stock	**1,225**	1,225
Common stock	**550**	550
Additional paid-in capital	**9,010**	9,094
Retained earnings	**16,000**	14,686
Treasury stock, at cost, and other [1]	**(2,449)**	(1,766)
Accumulated other comprehensive loss, net of tax	**(821)**	(460)
Total shareholders' equity	**23,515**	23,329
Total liabilities and shareholders' equity	**$30,062**	$29,656

[1] At December 31, 2016, includes ($2,448) million for treasury stock and ($1) million for compensation element of restricted stock. At December 31, 2015, includes ($1,764) million for treasury stock and ($2) million for compensation element of restricted stock.

Statements of Cash Flows - Parent Company Only

(Dollars in millions)	Year Ended December 31		
	2016	2015	2014
Cash Flows from Operating Activities:			
Net income	**$1,878**	$1,933	$1,774
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sale of subsidiary	**—**	—	(105)
Equity in undistributed income of subsidiaries	**(725)**	(916)	(772)
Depreciation, amortization, and accretion	**3**	6	5
Deferred income tax expense/(benefit)	**11**	(4)	35
Stock-based compensation	**3**	11	21
Net securities losses	**—**	—	2
Net (increase)/decrease in other assets [1]	**(129)**	(72)	207
Net increase/(decrease) in other liabilities [1]	**62**	(28)	29
Net cash provided by operating activities	**1,103**	930	1,196
Cash Flows from Investing Activities:			
Proceeds from maturities, calls, and paydowns of securities available for sale	**49**	66	71
Proceeds from sales of securities available for sale	**4**	—	21
Purchases of securities available for sale	**(4)**	(15)	(26)
Proceeds from sales of auction rate securities	**—**	—	59
Net (increase)/decrease in loans to subsidiaries	**(889)**	1,042	(1,518)
Proceeds from sale of subsidiary	**—**	—	193
Net capital contributions to subsidiaries	**—**	—	(32)
Other, net	**(3)**	(2)	(10)
Net cash (used in)/provided by investing activities	**(843)**	1,091	(1,242)
Cash Flows from Financing Activities:			
Net increase/(decrease) in short-term borrowings	**5**	(763)	(686)
Proceeds from long-term debt	**2,005**	—	723
Repayment of long-term debt	**(1,784)**	(29)	(5)
Proceeds from the issuance of preferred stock	**—**	—	496
Repurchase of common stock	**(806)**	(679)	(458)
Repurchase of common stock warrants	**(24)**	—	—
Common and preferred dividends paid	**(564)**	(539)	(409)
Taxes paid related to net share settlement of equity awards [1]	**(48)**	(36)	(16)
Proceeds from the exercise of stock options [1]	**25**	17	10
Net cash used in financing activities	**(1,191)**	(2,029)	(345)
Net decrease in cash and cash equivalents	**(931)**	(8)	(391)
Cash and cash equivalents at beginning of period	**2,615**	2,623	3,014
Cash and cash equivalents at end of period	**$1,684**	$2,615	$2,623
Supplemental Disclosures:			
Income taxes paid to subsidiaries	**($886)**	($499)	($219)
Income taxes received by Parent Company	**812**	481	171
Net income taxes paid by Parent Company	**($74)**	($18)	($48)
Interest paid	**$135**	$130	$131

[1] Related to the Company's early adoption of ASU 2016-09, certain prior period amounts have been retrospectively reclassified between operating activities and financing activities. See Note 1, "Significant Accounting Policies," for additional information.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company conducted an evaluation, under the supervision and with the participation of its CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15 (e) of the Exchange Act) at December 31, 2016. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to the Company's management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. Based upon the evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective at December 31, 2016.

Changes in Internal Control over Financial Reporting

There have been no changes to the Company's internal control over financial reporting during the year ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) for the Company. The Company's internal control over financial reporting is a process designed under the supervision of the Company's CEO and CFO to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with U.S. GAAP.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management has made a comprehensive review, evaluation, and assessment of the Company's internal control over financial reporting at December 31, 2016. In making its assessment of internal control over financial reporting, management utilized the framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control-Integrated Framework.* Based on that assessment, management concluded that, at December 31, 2016, the Company's internal control over financial reporting is effective.

Ernst & Young LLP, the independent registered public accounting firm that audited our consolidated financial statements at, and for, the year ended December 31, 2016, has issued a report on the effectiveness of the Company's internal control over financial reporting at December 31, 2016. The report of Ernst & Young LLP is included under Item 8 of this Annual Report on Form 10-K.

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information at the captions "Nominees for Directorship," "Executive Officers," "Section 16(a) Beneficial Ownership Reporting Compliance," "Corporate Governance and Director Independence," "Shareholder Recommendations and Nominations for Election to the Board," and "Board Committees and Attendance" in the Registrant's definitive proxy statement for its annual meeting of shareholders to be held on April 25, 2017 and to be filed with the Commission is incorporated by reference into this Item 10.

Item 11. EXECUTIVE COMPENSATION

The information at the captions "Compensation Policies that Affect Risk Management," "Executive Compensation" ("Compensation Discussion and Analysis," "Compensation Committee Report," "2016 Summary Compensation Table," "2016 Grants of Plan-Based Awards," "Option Exercises and Stock Vested in 2016," "Outstanding Equity Awards at December 31, 2016," "2016 Pension Benefits Table," "2016 Nonqualified Deferred Compensation Table," and "2016 Potential Payments Upon Termination or Change in Control"), "2016 Director Compensation," and "Compensation Committee Interlocks and Insider Participation" in the Registrant's definitive proxy statement for its annual meeting of shareholders to be held on April 25, 2017 and to be filed with the Commission is incorporated by reference into this Item 11.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information at the captions "Equity Compensation Plans," and "Stock Ownership of Directors, Management, and Principal Shareholders" in the Registrant's definitive proxy statement for its annual meeting of shareholders to be held on April 25, 2017 and to be filed with the Commission is incorporated by reference into this Item 12.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information at the captions "Policies and Procedures for Approval of Related Party Transactions," "Transactions with Related Persons, Promoters, and Certain Control Persons," and "Corporate Governance and Director Independence" in the Registrant's definitive proxy statement for its annual meeting of shareholders to be held on April 25, 2017 and to be filed with the Commission is incorporated by reference into this Item 13.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information at the captions "Audit Fees and Related Matters," "Audit and Non-Audit Fees," and "Audit Committee Policy for Pre-approval of Independent Auditor Services" in the Registrant's definitive proxy statement for its annual meeting of shareholders to be held on April 25, 2017 and to be filed with the Commission is incorporated by reference into this Item 14.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements of SunTrust Banks, Inc. included in this report:

Consolidated Statements of Income for the years ended December 31, 2016, 2015, and 2014;
Consolidated Statements of Comprehensive Income for the years ended December 31, 2016, 2015, and 2014;
Consolidated Balance Sheets at December 31, 2016 and 2015;
Consolidated Statements of Shareholders' Equity for the years ended December 31, 2016, 2015, and 2014; and
Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015, and 2014.

(a)(2) Financial Statement Schedules

All financial statement schedules for the Company have been included in the Consolidated Financial Statements or the related footnotes, or are either inapplicable or not required.

(a)(3) Exhibits

The following documents are filed as part of this report:

Exhibit	Description	
3.1	**Amended and Restated Articles of Incorporation** of the Registrant, restated effective January 20, 2009, incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed January 22, 2009, as further amended by Articles of Amendment dated December 13, 2012, incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed December 20, 2012, and as further amended by Articles of Amendment dated November 6, 2014, incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed November 7, 2014.	*
3.2	**Bylaws of the Registrant,** as amended and restated on August 11, 2015, incorporated by reference to Exhibit 3.2 to the Registrant's Quarterly Report on Form 10-Q filed August 13, 2015.	*
4.1	**Indenture** between Registrant and The First National Bank of Chicago, as Trustee, incorporated by reference to Exhibit 4(b) to Registration Statement No. 33-62162.	*
4.2	**Indenture** between Registrant and PNC, N.A., as Trustee, incorporated by reference to Exhibit 4(a) to Registration Statement No. 33-62162.	*
4.3	**Indenture** between National Commerce Financial Corporation and The Bank of New York, as Trustee, dated as of March 27, 1997, incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-4 of National Commerce Bancorporation (File No. 333-29251).	*
4.4	**Form of Indenture** between Registrant and The First National Bank of Chicago, as Trustee, to be used in connection with the issuance of Subordinated Debt Securities, incorporated by reference to Exhibit 4.4 to Registration Statement No. 333-25381 filed May 6, 1997.	*
4.5	**First Supplemental Indenture** between National Commerce Financial Corporation and the Bank of New York, as Trustee, dated as of March 27, 1997, incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-4 of National Commerce Bancorporation (File No. 333-29251).	*
4.6	**Indenture,** dated as of October 25, 2006, between SunTrust Banks, Inc. and U.S. Bank National Association, as Trustee, incorporated by reference to Exhibit 4.3 to the Registrant's Registration Statement on Form 8-A filed on December 5, 2006.	*
4.7	**Form of First Supplemental Indenture** (to Indenture dated as of October 25, 2006) between SunTrust Banks, Inc. and U.S. Bank National Association, as Trustee, incorporated by reference to Exhibit 4.5 to the Registrant's Registration Statement on Form 8-A filed on October 24, 2006.	*

Exhibit	Description	
4.8	**Form of Second Supplemental Indenture** (to Indenture dated as of October 25, 2006) between SunTrust Banks, Inc. and U.S. Bank National Association, as Trustee, incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form 8-A filed on December 5, 2006.	*
4.9	**Senior Indenture** dated as of September 10, 2007 by and between SunTrust Banks, Inc. and U.S. Bank National Association, as Trustee, incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on September 10, 2007.	*
4.10	**Form of Third Supplemental Indenture to the Junior Subordinated Notes Indenture** between SunTrust Banks, Inc. and U.S. Bank National Association, as Trustee, incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form 8-A filed on March 3, 2008.	*
4.11	**Warrant Agreement** dated September 22, 2011, among SunTrust Banks, Inc., Computershare Inc. and Computershare Trust Company, N.A., incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-A filed September 23, 2011.	*
4.12	**Warrant Agreement** dated September 22, 2011, among SunTrust Banks, Inc., Computershare Inc. and Computershare Trust Company, N.A., incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-A filed September 23, 2011.	*
4.13	**Form of Series A Preferred Stock Certificate,** incorporated by reference to Exhibit 4.2 to Registrant's Current Report on Form 8-K filed September 12, 2006.	*
4.14	**Form of Stock Certificate Representing the 5.853% Fixed-to-Floating Rate Normal Preferred Purchase Securities of SunTrust Preferred Capital I,** incorporated by reference to Exhibit 4.7 to Registrant's Current Report on Form 8-A filed October 24, 2006.	*
4.15	**Form of Series E Preferred Stock Certificate,** incorporated by reference to Exhibit 4.2 to Registrant's Current Report on Form 8-K filed December 20, 2012.	*
4.16	**Form of Series F Preferred Stock Certificate,** incorporated by reference to Exhibit 4.2 to Registrant's Current Report on Form 8-K filed November 7, 2014.	*
10.1	**SunTrust Banks, Inc. Annual Incentive Plan,** amended and restated as of January 1, 2014, incorporated by reference to Appendix B to the Registrant’s Proxy Statement filed March 10, 2014.	*

Exhibit	Description	
10.2	**SunTrust Banks, Inc. 2009 Stock Plan,** as amended and restated as of August 11, 2015, incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed August 13, 2015, together with (i) Form of Nonqualified Stock Option Agreement; (ii) Form of Performance-Vested Stock Option Agreement; (iii) Form of Pro-Rata Nonqualified Stock Option Award Agreement; (iv) Form of Restricted Stock Agreement (3-year cliff vesting); (v) Form of Restricted Stock Agreement (3-year ratable vesting); (vi) Form of Performance Stock Agreement; (vii) Form of CCP Long Term Restricted Stock Award Agreement; (viii) Form of Performance Stock Unit Agreement; (ix) Form of TSR Performance-Vested Restricted Stock Unit Award Agreement; (x) Form of Tier 1 Capital Performance-Vested Restricted Stock Unit Award Agreement; (xi) Form of (2010) Salary Share Stock Unit Award Agreement; (xii) Form of (2011) SunTrust Banks, Inc. Salary Share Stock Unit Agreement; (xiii) Form of Non-Employee Director Restricted Stock Award Agreement; (xiv) Form of Non-Employee Director Restricted Stock Unit Award Agreement; (xv) Form of Co-investment Restricted Stock Unit Award Agreement with clawback under the SunTrust Banks, Inc. 2009 Stock Plan; (xvi) Form of Performance Vested (ROA) Restricted Stock Unit Award Agreement with clawback under the SunTrust Banks, Inc. 2009 Stock Plan; (xvii) Form of Performance Vested (TSR) Restricted Stock Unit Award Agreement with clawback under the SunTrust Banks, Inc. 2009 Stock Plan; (xviii) Form of Nonqualified Stock Option Award Agreement with clawback under the SunTrust Banks, Inc. 2009 Stock Plan; (xix) Form of Time Vested Restricted Stock Award Agreement with clawback under the SunTrust Banks, Inc. 2009 Stock Plan; (xx) Form of 2012 Non-Qualified Stock Option Award Agreement (2-year cliff vested) under the SunTrust Banks, Inc. 2009 Stock Plan; (xxi) Form of Restricted Stock Unit Award Agreement, 2013 RORWA; (xxii) Form of Restricted Stock Unit Award Agreement, 2013 TSR; (xxiii) Form of Restricted Stock Unit Agreement, 2014 TSR/Return on Tangible Common Equity (corrected); (xxiv) Form of Time-Vested Restricted Stock Unit Agreement, 2014 Type I; (xxv) Form of Time-Vested Restricted Stock Unit Agreement, 2014 Type II; (xxvi) Form of Restricted Stock Unit Agreement, 2014 Return on Tangible Common Equity (corrected); (xxvii) Form of Restricted Stock Unit Agreement, 2015 Return on Tangible Common Equity; (xxviii) Form of Restricted Stock Unit Agreement, 2015 Type I, three-year cliff; (xxix) Form of Restricted Stock Unit Agreement, 2016 Return on Tangible Common Equity; (xxx) Form of Restricted Stock Unit Agreement, 2016 Retention I; (xxxi) Form of Restricted Stock Unit Agreement, 2016 Retention II; and (xxxii) Form of Restricted Stock Unit Award Agreement, 2016 ROTCE/TSR, ***incorporated by reference to*** (i) Exhibit 10.1.1 to the Company's Registration Statement No. 333-158866 on Form S-8 filed April 28, 2009; (ii) Exhibit 10.1.2 to the Company's Registration Statement No. 333-158866 on Form S-8 filed April 28, 2009; (iii) Exhibit 10.3 of the Company's Current Report on Form 8-K filed April 4, 2011; (iv) Exhibit 10.1.4 to the Company's Registration Statement No. 333-158866 on Form S-8 filed April 28, 2009; (v) Exhibit 10.1.3 to the Company's Registration Statement No. 333-158866 on Form S-8 filed April 28, 2009; (vi) Exhibit 10.1.6 to the Company's Registration Statement No. 333-158866 on Form S-8 filed April 28, 2009; (vii) Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q filed November 5, 2010; (viii) Exhibit 10.1.7 to the Company's Registration Statement No. 333-158866 on Form S-8 filed April 28, 2009; (ix) Exhibit 10.1 of the Company's Current Report on Form 8-K/A filed April 27, 2011; (x) Exhibit 10.2 of the Company's Current Report on Form 8-K filed April 4, 2011; (xi) Exhibit 10.2 of the Company's Current Report on Form 8-K/A filed January 13, 2010; (xii) Exhibit 10.5 of the Company's Current Report on Form 8-K filed January 6, 2011; (xiii) Exhibit 10.1 of the Company's Current Report on Form 8-K filed April 27, 2011; (xiv) Exhibit 10.2 of the Company's Current Report on Form 8-K filed April 27, 2011; (xv) to (xix) Exhibits 10.26 to 10.30 to the Company's Annual Report on Form 10-K filed February 24, 2012; (xx) Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed August 1, 2012; (xxi) Exhibit 10.23 of the Company's Annual Report on Form 10-K filed February 27, 2013; (xxii) Exhibit 10.24 of the Company's Annual Report on Form 10-K filed February 27, 2013; (xxiii) Exhibit 10.17 of the Company's Annual Report on Form 10-K filed February 24, 2014; (xxiv) Exhibit 10.18 of the Company's Annual Report on Form 10-K filed February 24, 2014; (xxv) Exhibit 10.19 of the Company's Annual Report on Form 10-K filed February 24, 2014; (xxvi) Exhibit 10.17 to Annual Report on Form 10-K filed February 24, 2015; (xxvii) Exhibit 10.18 to Annual Report on Form 10-K filed February 24, 2015; (xxviii) Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed August 5, 2015; (xxix) Exhibit 10.7 to Annual Report on Form 10-K filed February 23, 2016; (xxx) Exhibit 10.1 to Current Report on Form 8-K filed February 12, 2016; (xxxi) Exhibit 10.2 to Current Report on Form 8-K filed February 12, 2016; and (xxxii) Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed May 4, 2016.	*
10.3	**SunTrust Banks, Inc. 2004 Stock Plan,** effective April 20, 2004, as amended and restated February 12, 2008, incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed February 15, 2008, as further amended effective January 1, 2009, incorporated by reference to Exhibit 10.14 to the Registrant's Current Report on Form 8-K filed January 7, 2009, together with (i) Form of Non-Qualified Stock Option Agreement, (ii) Form of Restricted Stock Agreement, (iii) Form of Director Restricted Stock Agreement, and (iv) Form of Director Restricted Stock Unit Agreement, incorporated by reference to (i) Exhibit 10.70 of the Registrant's Quarterly Report on Form 10-Q filed May 8, 2006, (ii)Exhibit 10.71 of the Registrant's Quarterly Report on Form 10-Q filed May 8, 2006, (iii) Exhibit 10.72 of the Registrant's Quarterly Report on Form 10-Q filed May 8, 2006, and (iv) Exhibit 10.74 of the Registrant's Quarterly Report on Form 10-Q filed May 8, 2006.	*
10.4	**SunTrust Banks, Inc. 2000 Stock Plan,** effective February 8, 2000, and amendments effective January 1, 2005, November 14, 2006, and January 1, 2009, incorporated by reference to Exhibit A to Registrant's 2000 Proxy Statement on Form 14A (File No. 001-08918), to Exhibits 10.1 and 10.2 to the Registrant's Current Report on Form 8-K filed February 16, 2007, and to Exhibit 10.12 to the Registrant's Current Report on Form 8-K filed January 7, 2009.	*

Exhibit	Description	
10.5	**GB&T Bancshares, Inc. Stock Option Plan of 1997,** incorporated by reference to Exhibit 10.6 to the annual report on Form 10-K of GB&T Bancshares Inc. filed March 31, 2003 (File No. 005-82430).	*
10.6	**GB&T Bancshares, Inc. 2007 Omnibus Long-Term Incentive Plan,** incorporated by reference to Appendix A to the definitive proxy statement of GB&T Bancshares Inc. filed April 18, 2007 (File No. 005-82430).	*
10.7	**SunTrust Banks, Inc. Supplemental Executive Retirement Plan,** amended and restated as of January 1, 2011, incorporated by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q filed August 9, 2011, as further amended by Amendment Number One, effective as of January 1, 2012, incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K filed February 24, 2012.	*
10.8	**SunTrust Banks, Inc. ERISA Excess Retirement Plan,** amended and restated effective as of January 1, 2011, incorporated by reference to Exhibit 10.8 to the Registrant's Quarterly Report on Form 10-Q filed August 9, 2011, as further amended by Amendment Number One, effective as of January 1, 2012, incorporated by reference to Exhibit 10.1 to the Registrant's Annual Report on Form 10-K filed February 24, 2012.	*
10.9	**SunTrust Restoration Plan,** amended and restated effective May 31, 2011, incorporated by reference to Exhibit 10.9 to the Registrant's Quarterly Report on Form 10-Q filed August 9, 2011, as further amended by Amendment Number One, effective as of January 1, 2012, incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K filed February 24, 2012.	*
10.10	**Forms of Change in Control Agreements** between Registrant and (i) William H. Rogers, Jr., (ii) Aleem Gillani, (iii) Thomas E. Freeman, (iv) Mark A. Chancy, and (v) Anil Cheriyan, incorporated by reference to: (i) - (iii), Exhibit 10.13 to the Registrant's Annual Report on Form 10-K filed February 23, 2010; (iv), Exhibit 10.12 to the Registrant's Annual Report on Form 10-K filed February 23, 2010; and (v) Exhibit 10.16 to the Registrant's Annual Report on Form 10-K filed February 24, 2012.	*
10.11	**Executive Severance Plan,** amended and restated July 24, 2014, incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed August 6, 2014.	*
10.12	**SunTrust Banks, Inc. Deferred Compensation Plan,** amended and restated effective as of January 1, 2015, incorporated by reference to Exhibit 10.10 to Annual Report on Form 10-K filed February 24, 2015.	*
10.13	**SunTrust Banks, Inc. 401(k) Plan,** amended and restated effective as of January 1, 2016.	**
10.14	**SunTrust Banks, Inc. 401(k) Plan Trust Agreement,** amended and restated as of July 1, 2011, incorporated by reference to Exhibit 10.23 to the Registrant's Annual Report on Form 10-K filed February 24, 2012.	*
10.15	**Consent Order** dated April 13, 2011 by and among the Board of Governors of the Federal Reserve System, SunTrust Banks, Inc.; SunTrust Bank; and SunTrust Mortgage, Inc., incorporated by reference to Exhibit 10.11 to the Registrant's Quarterly Report on Form 10-Q filed August 9, 2011, as amended February 28, 2013, such amendment incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed May 7, 2013.	*
10.16	**Consent Judgment** between SunTrust Mortgage, Inc. ("SunTrust Mortgage") on the one hand and the United States Department of Justice, the United States Department of Housing and Urban Development, certain other federal agencies, and the Attorneys General for forty-nine states and the District of Columbia dated as of June 17, 2014.	*
10.17	**Restitution and Remediation Agreement** dated as of July 3, 2014 between SunTrust Mortgage, Inc. and the United States of America, incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed July 3, 2014.	*
10.18	**Master Agency Agreement,** dated as of September 13, 2010 among SunTrust and SunTrust Robinson Humphrey, Inc. (incorporated by reference to Exhibit 1.1 to the Registrant's Form 8-K filed on September 14, 2010), as amended by Amendment No. 1 to Master Agency Agreement, dated October 3, 2012, incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed October 3, 2012.	*

Exhibit	Description	
10.19	**Form of Performance Vested Restricted Stock Unit Award Agreement,** 2017, (ROTCE/TSR).	**
10.20	**Form of Time Vested Restricted Stock Unit Award Agreement,** 2017, Type I (VIR).	**
10.21	**Form of Time Vested Restricted Stock Unit Award Agreement,** 2017, Type II.	**
12.1	**Ratio of Earnings to Fixed Charges and Preferred Stock Dividends.**	**
21.1	**Registrant's Subsidiaries.**	**
23.1	**Consent of Independent Registered Public Accounting Firm.**	**
31.1	**Certification of Chairman and Chief Executive Officer** pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	**
31.2	**Certification of Corporate Executive Vice President and Chief Financial Officer** pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	**
32.1	**Certification of Chairman and Chief Executive Officer** pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	**
32.2	**Certification of Corporate Executive Vice President and Chief Financial Officer** pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	**
99.1	**Recoupment Policy,** incorporated by reference to Exhibit 99.1 to Form 10-K filed February 23, 2016.	*
101.1	**Interactive Data File.**	**

Certain instruments defining rights of holders of long-term debt of the Registrant and its subsidiaries are not filed herewith pursuant to Item 601(b)(4)(iii) of Regulation S-K. At the Commission’s request, the Registrant agrees to give the Commission a copy of any instrument with respect to long-term debt of the Registrant and its consolidated subsidiaries and any of its unconsolidated subsidiaries for which financial statements are required to be filed under which the total amount of debt securities authorized does not exceed ten percent of the total assets of the Registrant and its subsidiaries on a consolidated basis.

* incorporated by reference

** filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 24th day of February 2017.

SUNTRUST BANKS, INC.
(Registrant)

By: /s/ William H. Rogers, Jr.
William H. Rogers, Jr.,
Chairman of the Board and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Raymond D. Fortin and Aleem Gillani and each of them acting individually, as his attorneys-in-fact, each with full power of substitution, for him in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorney to any and all amendments said Annual Report on Form 10-K.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signatures	Date	Title
Principal Executive Officer:		
/s/ William H. Rogers, Jr.	February 14, 2017	Chairman of the Board (Director) and
William H. Rogers, Jr.	Date	Chief Executive Officer
Principal Financial Officer:		
/s/ Aleem Gillani	February 15, 2017	Corporate Executive Vice President and
Aleem Gillani	Date	Chief Financial Officer
Principal Accounting Officer:		
/s/ Thomas E. Panther	February 24, 2017	Senior Vice President, Director of Corporate
Thomas E. Panther	Date	Finance & Controller
Directors:		
/s/ Dallas S. Clement	February 14, 2017	Director
Dallas S. Clement	Date	
/s/ Paul R. Garcia	February 14, 2017	Director
Paul R. Garcia	Date	
/s/ M. Douglas Ivester	February 14, 2017	Director
M. Douglas Ivester	Date	
/s/ Kyle Prechtl Legg	February 14, 2017	Director
Kyle Prechtl Legg	Date	
/s/ Donna S. Morea	February 14, 2017	Director
Donna S. Morea	Date	
/s/ David M. Ratcliffe	February 14, 2017	Director
David M. Ratcliffe	Date	
/s/ Frank P. Scruggs, Jr.	February 14, 2017	Director
Frank P. Scruggs, Jr.	Date	
		Director
Bruce L. Tanner	Date	
/s/ Thomas R. Watjen	February 14, 2017	Director
Thomas R. Watjen	Date	
/s/ Dr. Phail Wynn, Jr.	February 14, 2017	Director
Dr. Phail Wynn, Jr.	Date	

SunTrust Banks, Inc.
303 Peachtree Street, NE
Atlanta, GA 30308

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