SUNTRUST BANKS INC
Form 10-K
February 23, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015

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 I	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 þ 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 þ
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 þ 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 þ 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 þ 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 þ

The aggregate market value of the voting and non-voting common stock held by non-affiliates at June 30, 2015 was approximately $22.6 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 18, 2016, 504,998,347 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 2016 Annual Shareholder’s Meeting, which it will file with the SEC no later than April 29, 2016 (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.
AOCI — Accumulated other comprehensive income.
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.
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.
CORO — Corporate Operations Risk Officer.
CP — Commercial paper.
CPP — Capital Purchase Program.
CPR — Conditional prepayment rate.
CRA — Community Reinvestment Act of 1977.
CRC — Corporate Risk Committee.
CRE — Commercial real estate.
CRM — Corporate Risk Management.
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.
EPS — Earnings per share.
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.

MSA — Metropolitan Statistical Area.
MSR — Mortgage servicing right.
MVE — Market value of equity.
NCF — National Commerce Financial Corporation.
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.
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.
STIS — SunTrust Investment Services, Inc.
STM — SunTrust Mortgage, Inc.
STRH — SunTrust Robinson Humphrey, Inc.
SunTrust — SunTrust Banks, Inc.
STCC — SunTrust Community Capital, LLC.
TDR — Troubled debt restructuring.
TRS — Total return swaps.
U.S. — United States.
U.S. GAAP — Generally Accepted Accounting Principles in the United States.
U.S. Treasury — The United States 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” 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, and wealth management services. At December 31, 2015, the Company had total assets of $191 billion and total deposits of $150 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

BHCs are generally limited under the BHC Act to banking, managing or controlling banks, and other activities that the FRB has determined to be so closely related to banking as to be a proper incident thereto. 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) complimentary 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, Swaps Pushout Rule, and other restrictions discussed below. The Federal Reserve regulates BHCs under the BHC Act as umbrella supervisor, with residual supervisory authority over “functionally regulated” subsidiaries such as the Company's broker-dealer and investment adviser subsidiaries. The Company's non-banking subsidiaries are regulated and supervised by various other regulatory bodies. 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.

As umbrella supervisor under the GLB Act's system of functional regulation, the FRB seeks to determine that financial holding companies are operating in a safe and sound manner so that their financial condition does not threaten the viability of affiliated depository institutions. Functionally regulated

Company subsidiaries, and others, are regulated directly by additional federal and state regulatory agencies with supervisory authority over the particular activities of those subsidiaries. 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 the 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 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. Furthermore, the FDIC also has certain jurisdiction over the 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.

We are also subject to supervision and regulation by the CFPB as to our offering and provision of consumer financial products and services. The Dodd-Frank Act authorized the CFPB to take any action to prevent regulated entities from engaging in unfair, deceptive, or abusive activity, under federal law, in connection with any financial transaction with a consumer. The CFPB also has pursued actions against non-banking entities associated with provision of financial products.

Historically, the Company has been subject to extensive regulation as a banking organization. More recently, the financial regulatory landscape has been impacted by the 2010 Dodd-Frank Act, which was enacted following the financial crisis to restructure the financial regulatory system, restore public confidence, and to prevent another crisis from occurring.

The Dodd-Frank Act mandates are the largest set of regulatory changes in several decades, requiring hundreds of rulemakings by many agencies and coordination by multiple regulators with joint jurisdiction over the same markets and products. The Dodd-Frank Act adds substantial, new regulation in addition to expanding upon existing regulation, and many of the rulemakings have yet to be proposed or finalized. As a consequence of the Dodd-Frank Act, the FRB's supervisory objectives now include improving U.S. financial stability, safety, and soundness. 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 a new agency, the CFPB (responsible for implementing and enforcing compliance with consumer financial laws), 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 tests, (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 liquidity and risk management requirements as enhanced prudential standards, imposing requirements for greater supervision and oversight of liquidity and general risk management by boards of directors and incorporating 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. The FRB has yet to adopt rules regarding single counterparty exposure limits and early remediation.

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 in a manner that more closely reflected risk exposures, and brought the regulatory capital framework into compliance with Basel III. The Capital Rules revise the level at which the Bank becomes subject to corrective action as described in the “prompt corrective action” section below. Furthermore, in association with the “Collins” amendment to the Dodd-Frank Act, the federal banking regulators must impose a generally applicable leverage capital ratio regardless of institution size. The Collins Amendment also phased out certain “hybrid” capital elements from Tier 1 capital treatment. The Company became subject to the Capital Rules on January 1, 2015. Certain Capital Rule requirements will commence or be phased in over several years.

The Capital Rules introduce a new capital measure, CET1, which (i) specifies that Tier 1 capital consists of CET1 and additional Tier 1 capital instruments satisfying particular requirements, (ii) requires that most adjustments to regulatory capital measurements be made to CET1 rather than to the other capital components, and (iii) changes the scope of adjustments.

The Capital Rules require:

- a minimum CET1 capital ratio of 4.5%
- a Tier 1 capital ratio, with a numerator consisting of the sum of CET1 and “additional Tier 1 capital” instruments meeting specified requirements, of 6.0%
- a total capital ratio, with a numerator consisting of the sum of Tier 1 capital (CET1 and additional Tier 1 capital) and Tier 2 capital, of 8.0%
- a 2.5% “capital conservation buffer,” phased-in starting January 1, 2016, which is added to the CET1, Tier 1, and Total capital ratios, effectively increasing CET1, Tier 1, and Total capital to 7.0%, 8.5%, and 10.5%, respectively by 2019
- a minimum Tier 1 leverage ratio of 4.0%

The Capital Rules further provide for a significant increase to capital charges for certain commercial real estate loans determined to be “high volatility real estate exposures” that would apply, subject to certain exceptions, to a large array of commercial real estate loans, including small business loans, and owner-occupied business properties. The Capital Rules also require certain institutions to include unrealized gains and losses on securities AFS, accumulated gains and losses on cash flow hedges, and AOCI related to defined benefit plans in the calculation of CET1. An exception is provided for banks with consolidated assets of less than $250 billion that make a one-time election to exclude AOCI

from the capital ratio calculations. The Company has made this election.
CET1, additional Tier 1 and Tier 2 capital are each respectively defined by various specific criteria. For most banking organizations the only security that qualifies as CET1 is voting common stock, or its close equivalent. The most broadly issued security qualifying as additional Tier 1 capital is noncumulative perpetual preferred stock, or its close equivalent. Tier 2 capital may include other securities issued by banking organizations such as subordinated debt, cumulative preferred stock, or term preferred stock. In limited circumstances, and subject to various restrictions, certain minority interests in bank subsidiaries and other operating subsidiaries may be included as Tier 1 or Tier 2 capital.
The capital conservation buffer is a buffer above the minimum levels designed to ensure that banks remain well-capitalized even in adverse economic scenarios. Restrictions on capital distributions, share repurchases and redemptions, and discretionary bonus payments to executive officers are imposed on banks that are unable to sustain this buffer above the minimum CET1, Tier 1, and Total capital ratios.
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, and full compliance of 100% is required by January 1, 2017. Banking organizations subject to the modified LCR are subject to monthly reporting requirements. In November 2015, the FRB issued a proposed rule that would require bank holding companies subject to the LCR to publicly disclose on a quarterly basis quantitative and qualitative information regarding their respective LCR calculations. As proposed, the Company would become subject to this reporting obligation in July, 2017.

In October 2014, the BCBS finalized an NSFR framework, which is designed to promote a structurally sound long-term funding profile by requiring banking organizations to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. U.S. banking agencies have confirmed their commitment to adopting an NSFR for U.S. banks; however, the timing for publication of a Notice of Proposed Rulemaking for the NSFR remains unclear.

Capital Planning; Stress Testing

Pursuant to Dodd-Frank Act mandate, BHCs are subject to requirements for company-run stress tests, and to supervisory stress testing 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 test. Stress testing is designed to assess the effectiveness of covered companies' capital adequacy processes to determine whether the covered companies' 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. 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 FRB initiated CCAR in late 2010 to incorporate the forward-looking capital assessment provided by stress testing into the supervisory evaluation of capital adequacy. CCAR is a broad supervisory program that includes supervisory 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 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 committee thereof. Capital plans are intended to allow the FRB to assess the BHC's systems and processes incorporating forward-looking projections of assets and liabilities, revenues and losses, and to monitor and maintain their internal capital adequacy, on a quantitative and qualitative basis. 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 month planning horizon. In September 2013, the FRB issued a final rule

specifying how these large bank holding companies should incorporate the U.S. Basel III capital standards into their capital plans and Dodd-Frank Act company-run stress tests. Prior to executing a capital plan, non-objection notification must be received from the FRB. If the FRB objects to our capital plan, the Company may not make certain capital distributions until the FRB's non-objection to the distribution is received.

Regulatory Regime for Swaps

The Dodd-Frank Act imposed 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 engaged. 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. The Company's 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. In September 2011, these agencies issued a joint final resolution plan rule implementing this requirement. The FDIC issued a separate such rule applicable to insured depository institutions of $50 billion or more in total assets. Subsequently, the FDIC issued guidance expanding the extent of information required to satisfy the FDIC rule. The agencies 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 must 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.

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.

The FDIC redefined the assessment base used to calculate deposit insurance premiums as the depository institution's average consolidated assets minus tangible equity, instead of the previous deposit-based assessment base. The determination of premium rate includes a variety of capital and supervisory factors that translate into a complex “scorecard” for each institution. Additionally, 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 November 2015, the FDIC issued a proposed rule to address this surcharge on banks, by collecting those premiums from banks with more than $10 billion in consolidated assets, potentially effective at some point during 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 enforced primarily by the CFPB, which extensively regulates our relationships with customers. These laws include 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 or sponsoring 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.

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 Company 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 which 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 will monitor compliance with this guidance as part of its safety and soundness oversight.

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 the Company's 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.

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 United States, 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.

Competition

The Company faces 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 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 select markets, thereby enhancing its competitive position. While the Company believes it is well positioned within the highly competitive 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 the Company conducts business.

Employees

At December 31, 2015, the Company had 24,043 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, in the MD&A of 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 Bank'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 website at www.suntrust.com, in the Investor Relations section, as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the SEC. Furthermore, within the Investor Relations section, 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 www.sec.gov.

The Company's 2015 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. The rules and regulations enacted under the Dodd-Frank Act have expanded this regulation. Increased supervision, reporting, and significant existing and proposed legislation and regulatory requirements limit the manner in which we do business. This rigorous regulatory framework 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. Moreover, U.S. government officials have shown willingness to bring criminal actions against financial institutions, and criminal pleas associated with such actions can preclude a financial institution from engaging in certain business operations or offering certain products and services. Certain regulators have been requiring admissions of wrongdoing by financial institutions in connection with settlement of enforcement actions. These enforcement trends increase exposure of financial institutions to civil litigation and reputation damage, leading to potential loss of customers.

As the 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 shareholder 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 “Government Regulation and Supervision” section in Item 1 of this Form 10-K.

We are subject to increased 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 can restrict our ability to pay dividends or to make stock repurchases.

Market Risks

The fiscal and monetary 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 determine in large part 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 decrease the value of financial assets we hold, such as debt securities and MSRs. 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 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 difficult to predict. Also, potential new taxes on corporations generally, or on financial institutions specifically, would adversely affect our net income.

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 low oil and commodity prices, a strong U.S. dollar, U.S. debt and budget matters, significant central bank stimulus, persistent low interest rates in the U.S. and negative interest rates in some countries, geopolitical turmoil, and 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.

For example, a small portion of our loans are made to energy-related firms and, to the extent oil prices remain low, they will be less able to meet their loan obligations. 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 global economic recovery, could materially adversely affect our financial results

and condition. Also, adverse economic conditions in Europe or other markets may have a contagion effect, thereby impacting us or our clients in the U.S.
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 market prices 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 also can 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 on our balance sheet. We are also exposed to market risk in our trading instruments, AFS investment portfolio, MSRs, loan warehouse and pipeline, and debt and brokered deposits measured at fair value. 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;
- The value of certain on-balance sheet and off-balance sheet financial instruments that we hold could decline;
- The value of our pension plan assets could decline, thereby potentially requiring us to further fund the plan; or
- To the extent we access capital markets to raise funds to support our business, such changes could affect the cost of such funds or the ability to raise such funds.

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.
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 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 the 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 MSRs and mortgages held for sale due to changes in interest rates.
We earn revenue from originating mortgage loans and fees for servicing mortgage loans. When rates rise, the demand for mortgage loans usually tends to fall, reducing the revenue we receive from loan originations (mortgage production revenue).
Changes in interest rates can affect prepayment assumptions and thus the fair value of our MSRs. An MSR is the right to service a mortgage loan-collect principal, interest and escrow amounts-for a fee. When interest rates fall, borrowers are usually more likely to prepay their mortgage loans by refinancing them at a lower rate. As the likelihood of prepayment increases, the fair value of our MSRs can decrease. Each day we evaluate the fair value of our MSRs and any related hedges, and any net decrease in the fair value reduces the fair value of the MSR asset and related hedge instruments, which in turn reduce earnings in the period in which the decrease 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. We may not hedge this risk, and even if we do hedge the risk with derivatives and other instruments, we may still incur significant losses from changes in the value of these mortgages held for sale and other interests or from changes in the value of the hedging instruments. For additional information, see "Enterprise Risk Management-Other Market Risk" and "Critical Accounting Policies" in the MD&A, and Note 9, "Goodwill and Other Intangible Assets," to the Consolidated Financial Statements in this Form 10-K.
We use derivatives to hedge the risk of changes in the fair value of the MSR, exclusive of decay. The hedge may not be effective and may cause volatility, or losses, in our mortgage servicing income. Also, we typically use derivatives and other instruments to hedge our mortgage banking interest rate risk. 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 our debt rating, 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 adequate at December 31, 2015, there is no assurance that it will be sufficient to cover all incurred credit losses, especially if economic conditions worsen. 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 the 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 in the 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 non-conforming 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. Higher funding costs reduce our net interest margin and net interest income.
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

2008-2010 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.

For example, on October 10, 2013, we announced that we reached agreements in principle, and on June 17, 2014 we announced that we reached definitive agreements, with the HUD and the U.S. DOJ to settle (i) certain civil and administrative claims arising from FHA-insured mortgage loans originated by STM from January 1, 2006 through March 31, 2012 and (ii) certain alleged civil claims regarding our mortgage servicing and origination practices as part of the National Mortgage Servicing Settlement. Pursuant to the combined settlement, we agreed to pay $468 million. In addition, we agreed to provide $500 million of consumer relief and to implement certain mortgage servicing standards.

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 Risk

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.
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 “Critical Accounting Policies” of the MD&A in this Form 10-K.

We face certain 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, the costs to perform contracted-for services has increased, which reduces our profitability. As a servicer, we advance expenses on behalf of investors which we may be unable to collect. Further, 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.

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.

Clients could pursue alternatives to bank deposits, causing us to lose a relatively inexpensive source of funding.

Checking and savings account balances and other forms of client deposits could decrease 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.

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

Technology, the rise of 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. This diversity subjects earnings to a broader variety of risks and uncertainties. Other businesses include investment banking, securities underwriting and retail and wholesale brokerage services offered through our subsidiaries. Securities underwriting, loan syndications and securities market making 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 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 elect 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. This may significantly change 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.

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.

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.
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. See Item 7, MD&A, "Liquidity Risk Management."

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 once our 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.

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 there may exist, or develop in the future, risks 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 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 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. 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 in 2015. 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. 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, 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 institution, 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 Item 7, MD&A, "Critical Accounting Policies," Note 1, "Significant Accounting Policies," and Note 18, "Fair Value Election and Measurement," 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.

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, 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 the approval of 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.

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. 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, 2015, the Bank operated 1,401 full-service banking offices, of which 562 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 Item 8 of this Form 10-K, which is incorporated herein by reference.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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 1 in Item 7, "MD&A," which is incorporated herein by reference. During the year ended December 31, 2015, the Company paid a quarterly dividend on common stock of $0.20 per common share for the first quarter and $0.24 per common share for each of the second, third, and fourth quarters, compared to a quarterly dividend on common stock of $0.10 per common share for the first quarter of 2014 and $0.20 per common share for each of the second, third, and fourth quarters of 2014. SunTrust common stock was held by 24,285 holders of record at December 31, 2015. 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 Plans" 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, 2010 (at market close) and ending December 31, 2015. 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					
	2010	2011	2012	2013	2014	2015
SunTrust Banks, Inc.	$100.00	$60.39	$97.40	$127.67	$147.75	$154.31
S&P 500 Index	100.00	102.09	118.30	156.21	177.32	179.76
S&P Commercial Bank Index	100.00	89.29	110.68	149.73	172.65	174.07

Equity Securities

Issuer purchases of equity securities during the year ended December 31, 2015 are presented in the following table:

	Common Stock			
	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 shares that may yet be purchased under the plans or programs at period end (in millions)
January 1 - 31	1,298,650	$38.75	1,298,650	$122
February 1 - 28	918,400	41.20	918,400	84
March 1 - 31	655,800	41.17	655,800	—
Total during first quarter of 2015	2,872,850	40.08	2,872,850	—
April 1 - 30	4,212,832	41.54	4,212,832	700
May 1 - 31	—	—	—	700
June 1 - 30	—	—	—	700
Total during second quarter of 2015	4,212,832	41.54	4,212,832	700
July 1 - 31	4,024,321	43.49	4,024,321	525
August 1 - 31	—	—	—	525
September 1 - 30	—	—	—	525
Total during third quarter of 2015	4,024,321	43.49	4,024,321	525
October 1 - 31	4,496,969	38.92	4,496,969	350
November 1 - 30 [1]	22,182	43.57	—	350
December 1 - 31 [2]	898,741	43.39	—	350
Total during fourth quarter of 2015	5,417,892	39.68	4,496,969	350
Total year-to-date 2015	16,527,895	$41.15	15,606,972	$350

[1] During November 2015, 22,182 shares of SunTrust common stock were surrendered at an average price of $43.57 per share 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, which the participant already owns. SunTrust considers shares so 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 December 2015, the Company repurchased $39 million of its outstanding common stock at market value. This purchase was incremental to and separate from the Company's March 11, 2015 announced repurchase of up to $875 million of the Company's outstanding common stock to be completed between April 1, 2015 and June 30, 2016, as part of the Company's capital plan submitted in connection with the 2015 CCAR.

During the first quarter of 2015, the Company completed its repurchase of shares pursuant to its 2014 CCAR capital plan, which the Company initially announced on March 26, 2014 and which effectively expired on March 31, 2015.

On March 11, 2015, the Company announced that the Federal Reserve had no objections to the repurchase of up to $875 million of the Company's outstanding common stock to be completed between April 1, 2015 and June 30, 2016, as part of the Company's capital plan submitted in connection with the 2015 CCAR. During 2015, the Company repurchased approximately $525 million of its outstanding common stock at market value as part of this publicly announced plan. At December 31, 2015, the Company had $350 million of remaining common stock repurchase capacity under its 2015 capital plan (reflected in the table above). During January and February of 2016, the Company repurchased an additional $151 million of its outstanding common stock at market value and $24 million

of its common stock warrants as part of this 2015 capital plan. The Company expects to repurchase approximately $175 million of additional outstanding common stock through the end of the second quarter of 2016, which would complete its share repurchases under the 2015 capital plan.

SunTrust did not repurchase any shares of its Series A Preferred Stock Depositary Shares, Series B Preferred Stock, Series E Preferred Stock Depositary Shares, Series F Preferred Stock Depositary Shares, or warrants to purchase common stock during the year ended December 31, 2015, and there was no unused Board authority to repurchase any shares of 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

	Year Ended December 31				
(Dollars in millions and shares in thousands, except per share data)	2015	2014	2013	2012	2011
Summary of Operations:					
Interest income	$5,265	$5,384	$5,388	$5,867	$6,181
Interest expense	501	544	535	765	1,116
Net interest income	4,764	4,840	4,853	5,102	5,065
Provision for credit losses	165	342	553	1,395	1,513
Net interest income after provision for credit losses	4,599	4,498	4,300	3,707	3,552
Noninterest income	3,268	3,323	3,214	5,373	3,421
Noninterest expense [1]	5,160	5,543	5,831	6,284	6,194
Income before provision for income taxes	2,707	2,278	1,683	2,796	779
Provision for income taxes [1]	764	493	322	812	119
Net income attributable to noncontrolling interest	10	11	17	26	13
Net income	$1,933	$1,774	$1,344	$1,958	$647
Net income available to common shareholders	$1,863	$1,722	$1,297	$1,931	$495
Adjusted net income available to common shareholders [2]	$1,863	$1,729	$1,476	$1,178	$495
Net interest income - FTE [2]	$4,906	$4,982	$4,980	$5,225	$5,179
Total revenue - FTE [2]	8,174	8,305	8,194	10,598	8,600
Total revenue - FTE, excluding net securities gains/(losses) [2]	8,153	8,320	8,192	8,624	8,483
Total adjusted revenue - FTE [2]	8,174	8,200	8,257	9,123	8,600
Net income per average common share:					
Diluted	$3.58	$3.23	$2.41	$3.59	$0.94
Adjusted diluted [2]	3.58	3.24	2.74	2.19	0.94
Basic	3.62	3.26	2.43	3.62	0.94
Dividends paid per average common share	0.92	0.70	0.35	0.20	0.12
Book value per common share	43.66	41.52	38.61	37.59	36.86
Tangible book value per common share [2]	31.65	29.82	27.01	25.98	25.18
Market capitalization	21,793	21,978	19,734	15,279	9,504
Period End Balances:					
Total assets	$190,817	$190,328	$175,335	$173,442	$176,859
Earning assets	172,114	168,678	156,856	151,223	154,696
Loans	136,442	133,112	127,877	121,470	122,495
ALLL	1,752	1,937	2,044	2,174	2,457
Consumer and commercial deposits	148,921	139,234	127,735	130,180	125,611
Brokered time and foreign deposits	909	1,333	2,024	2,136	2,311
Long-term debt	8,462	13,022	10,700	9,357	10,908
Total shareholders' equity	23,437	23,005	21,422	20,985	20,066
Selected Average Balances:					
Total assets	$188,892	$182,176	$172,497	$176,134	$172,440
Earning assets	168,813	162,189	153,728	153,479	147,802
Loans	133,558	130,874	122,657	122,893	116,308
Intangible assets including MSRs	7,604	7,630	7,535	7,322	7,780
MSRs	1,250	1,255	1,121	887	1,331
Consumer and commercial deposits	144,202	132,012	127,076	126,249	122,672
Brokered time and foreign deposits	1,106	1,730	2,065	2,255	2,386

Preferred stock	1,225		800		725		290		1,328	
Total shareholders' equity	23,346		22,170		21,167		20,495		20,696	
Average common shares - diluted	520,586		533,391		539,093		538,061		527,618	
Average common shares - basic	514,844		527,500		534,283		534,149		523,995	
Financial Ratios:										
Effective tax rate [1]	28	%	22	%	19	%	29	%	16	%
ROA	1.02		0.97		0.78		1.11		0.38	
ROE	8.42		8.06		6.34		9.56		2.56	
ROTCE [2]	11.64		11.33		9.25		14.02		3.83	
Net interest margin - FTE [2]	2.91		3.07		3.24		3.40		3.50	
Efficiency ratio [1]	63.13		66.74		71.16		59.29		72.02	
Tangible efficiency ratio [1, 2]	62.64		66.44		70.89		58.86		71.52	
Adjusted tangible efficiency ratio [1, 2]	62.64		63.34		65.27		66.91		71.52	
Total average shareholders' equity to total average assets	12.36		12.17		12.27		11.64		12.00	
Tangible equity to tangible assets [2]	9.39		9.17		9.00		8.82		8.10	
ALLL to period-end LHFI	1.29		1.46		1.60		1.80		2.01	
NPAs to period-end LHFI, OREO, other repossessed assets, and nonperforming LHFS	0.54		0.59		0.91		1.52		2.76	
Common dividend payout ratio	25.5		21.5		14.5		5.6		12.9	

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Capital Ratios at period end [3]:					
CET1 (Basel III)	9.96 %	N/A	N/A	N/A	N/A
CET1 - fully phased-in (Basel III) [2]	9.80	N/A	N/A	N/A	N/A
Tier 1 common equity (Basel I)	N/A	9.60 %	9.82 %	10.04 %	9.22 %
Tier 1 capital	10.80	10.80	10.81	11.13	10.90
Total capital	12.54	12.51	12.81	13.48	13.67
Leverage	9.69	9.64	9.58	8.91	8.75

[1] Amortization expense related to qualified affordable housing investment costs is recognized in provision for income taxes for the years ended December 31, 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 1 in the MD&A (Item 7) for additional information.
[2] See Table 1 in the MD&A for a reconcilement of non-U.S. GAAP measures and additional information.
[3] 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, 2015 is estimated.

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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: (1) future levels of net interest margin, service charges on deposit accounts, expenses, including compensation expenses and marketing and customer development costs, revenue, swap interest income, LIBOR and interest rates, the provision for loan losses, the ratio of ALLL to period end LHFI, the ratio of NPLs to period end LHFI, NPLs and net charge-offs, the net charge-off ratio, share repurchases, sales of lower-yielding loans, and pension costs; (2) future asset and credit quality; (3) whether we will realize DTAs and our future liability regarding UTBs; (4) the size and composition of the securities AFS portfolio; (5) future actions taken regarding the LCR and related effects, and our ability to comply with future regulatory requirements within regulatory timelines; and (6) efficiency goals 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,” “initiatives,” “potentially,” “probably,” “ “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" of 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 increased capital adequacy and liquidity requirements and our failure to meet these would adversely affect our financial condition; the fiscal and monetary 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 MSRs 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; 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 certain risks as a servicer of loans; we are subject to risks related to delays in the foreclosure process; clients could pursue alternatives to bank deposits, causing us to lose a relatively inexpensive source of funding; 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 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; maintaining or increasing market share depends on market acceptance and regulatory approval of new products and services; our ability to receive dividends from our subsidiaries or other investments could affect our liquidity and ability to pay dividends; any reduction in our credit rating could increase the cost of our funding from the capital markets; 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; 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, mortgage banking, and trust and investment services offered by the Bank, our other subsidiaries provide asset and wealth management, securities brokerage, and capital markets 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 subsidiaries (consolidated). In the MD&A, net interest income, net interest margin, total revenue, and efficiency ratios are presented on an FTE basis. The FTE basis adjusts for the tax-favored status of net interest income from certain loans and investments. We believe this measure to be the preferred industry measurement of net interest income and 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 1.

EXECUTIVE OVERVIEW

Financial Performance

We experienced solid earnings growth in 2015, driven by improved efficiency and continued improvement in asset quality arising from consistent execution of our strategies and the diversity of our business model. Targeted loan and deposit growth during the year, as well as efforts to further optimize our balance sheet, helped offset the negative impact of the prolonged low interest rate environment. We were also successful in advancing the revenue growth trajectory of many of our businesses while controlling expenses and improving efficiency. These developments allowed us to meaningfully increase the capital return for our shareholders by increasing our dividend and buying back more shares, while also investing in growth opportunities to enhance future financial performance.

Our net income available to common shareholders totaled $1.9 billion for 2015, an increase of 8% compared to 2014, with diluted EPS of $3.58, up 11% from the prior year.

Noteworthy 2015 items included:

- We delivered to our common shareholders 8% net income growth and 11% EPS growth
- We generated record investment banking income for the year
- Noninterest expense decreased $383 million compared to the prior year; noninterest expense decreased $59 million compared to the prior year adjusted level
- We continued to become more efficient, evidenced by the efficiency ratio and adjusted tangible efficiency ratio improving from 66.7% and 63.3% in 2014 to 63.1% and 62.6% in 2015, respectively, marking the fourth consecutive year of improvement
- Average total loans increased 2% compared to the prior year, with approximately 8% growth in C&I loans
- Average consumer and commercial deposits increased 9% compared to the prior year, with the favorable mix shift toward lower-cost deposits continuing
- 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 9.96% and 9.80%, respectively
- We repurchased approximately $680 million of common shares, resulting in a 3% decline in outstanding shares, and increased our quarterly common stock dividend by 20%.
- Book value per share was $43.66, and tangible book value per share* was $31.65, up 5% and 6%, respectively, from the prior year
- Asset quality continued to improve as NPAs declined 6% from the prior year and NPLs totaled 0.49% of total loans
- Our provision for loan losses declined $182 million, or 54%, compared to the prior year
- Net charge-offs were down $104 million, or 23%, compared to 2014, representing 0.26% of average loans, down eight basis points from the prior year
- Our LCR is above the January 1, 2016 requirement of 90%
- Our ROE and ROTCE* improved by 36 and 31 basis points compared to the prior year, to 8.42% and 11.64%, respectively

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

Our prior year results included several matters of a non-core nature that were separately disclosed in Forms 8-K. See additional detail and the resulting impacts that these Form 8-K and other legacy mortgage-related items had on our 2014 financial results in Table 1, "Selected Financial Data and Reconcilement of Non-U.S. GAAP Measures," in this MD&A.

Total revenue for 2015 declined $131 million compared to 2014. Excluding the gain on sale of RidgeWorth that impacted 2014 results, total revenue declined $26 million due to lower net interest income, driven primarily by the decline in commercial loan swap income and lower earning asset yields, as well as foregone RidgeWorth investment management income. These year-over-year reductions were offset partially by earning asset growth, higher investment banking and mortgage production income, gains from the sale of investment securities, and modest growth in other noninterest income categories in 2015, compared to 2014. Excluding the 2014 gain on sale of RidgeWorth, noninterest income for 2015 increased $50 million, or 2%, compared to 2014. See Table 1, "Selected Financial Data and

Reconcilement of Non-U.S. GAAP Measures," in this MD&A for reconciliations of total adjusted revenue and adjusted noninterest income.
Looking ahead, we expect first quarter net interest margin to improve two to five basis points relative to the fourth quarter of 2015. We will continue to carefully manage the duration of our overall balance sheet in light of the current low interest rate environment, while also ensuring our balance sheet is structured to benefit from potential increases in short-term rates. 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 22, "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 decreased $383 million, or 7%, compared to 2014, driven primarily by $324 million of legacy mortgage-related operating losses that were recognized in 2014. The remainder of the decline was driven by the sale of RidgeWorth in 2014 and the associated reduction of expenses thereafter, as well as our continued focus on expense management. Noninterest expense for 2015 decreased $59 million, or 1%, compared to 2014 adjusted noninterest expense. See additional discussion related to noninterest expense in the "Noninterest Expense" section of this MD&A. Also see Table 1, "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 2015, our efficiency ratio improved to 63.1% from 66.7% in 2014. Our tangible efficiency ratio also improved in 2015 to 62.6%, which was better than our 2015 target, and also better than our 2014 tangible efficiency and adjusted tangible efficiency ratios of 66.4% and 63.3%, respectively, despite the significant headwinds from a declining net interest margin. For 2016, we are targeting revenue growth that exceeds expense growth, and thus, an improved tangible efficiency ratio relative to 2015. We expect the pace of improvement will be slower than previous years, as our core expenses have already declined substantially, and the operating environment, while improving

in certain areas, remains challenging overall. Nonetheless, we remain firmly committed to our long-term efficiency target of below 60%, and will continue to diligently manage expenses while also investing in strategic, revenue generating initiatives, as achieving these objectives will be critical to delivering additional value to our shareholders. See Table 1, "Selected Financial Data and Reconcilement of Non-U.S. GAAP Measures," in this MD&A for additional information regarding, and reconciliations of, our tangible and adjusted tangible efficiency ratios.

Our asset quality performance was strong during 2015. Total NPAs were down 6% compared to December 31, 2014, driven largely by the sale of $122 million in nonperforming mortgages during 2015. Reductions in OREO also continued, declining 43% from the prior year to $56 million, the lowest level since 2006. At December 31, 2015, the ALLL balance equaled 1.29% of total LHFI, a decline of 17 basis points compared to December 31, 2014. The provision for loan losses decreased $182 million, or 54%, compared to 2014, attributed to the continued improvement in credit quality trends, particularly in our residential loan portfolio, and lower net charge-offs. The net charge-off ratio reached another multi-year low of 0.26% for 2015, down eight basis points compared to 2014. Going into 2016, we expect NPLs and net charge-offs to increase, primarily as a result of further stress amongst our energy clients, but also due to normalization from the overall low levels of net charge-offs and NPLs we had in 2015. However, we expect our overall net charge-off ratio to be between 30 and 40 basis points in 2016, which is below our long-term expectation of 40 to 70 basis points. See additional discussion of credit and asset quality in the “Loans,” “Allowance for Credit Losses,” and “Nonperforming Assets” sections of this MD&A.

During 2015, our average loans increased $2.7 billion, or 2%, compared to the prior year, driven primarily by growth in our C&I and consumer direct portfolios, partially offset by declines in our government-guaranteed residential mortgage, residential home equity, and consumer indirect portfolios. The momentum in our consumer direct portfolio continues to be strong, driven by our online and third-party origination channels, and increased success with our credit card offering. The reduction in consumer indirect loans was driven in large part by the second quarter of 2015 securitization of $1.0 billion of indirect auto loans. Since the middle of 2014, we have sold or securitized approximately $5 billion of loans from various portfolios. Going forward, we expect to periodically sell or securitize lower-return loans as part of our balance sheet optimization focus. We have built positive and broad-based momentum across our lending platforms and are focused on continuing to generate targeted loan growth at accretive risk-adjusted returns. 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 9% during 2015, driven by strong and broad-based growth in lower cost deposits across most of our business segments, partially offset by gradual declines in higher-cost time deposits. Our success growing deposits during 2015 reflects our overall strategic focus on meeting more clients’ deposit and payment needs, supplemented by investments in technology platforms and client-facing bankers. Our strong deposit growth directly

enabled us to support our lending platform and reduce higher-cost long-term debt by $4.6 billion, or 35%, over the past year. Importantly, the strong deposit growth we have delivered has not resulted in adverse changes in rates paid or deposit mix. If interest rates begin to rise, some of these trends may change; however, we will maintain a disciplined approach to pricing with a focus on maximizing our value proposition for clients. See additional discussion on our deposits in the "Net Interest Income/Margin" and "Deposits" sections of this MD&A.

Capital and Liquidity

During 2015, we repurchased approximately $680 million of our outstanding common stock at market value, which included $115 million under our 2014 capital plan, $525 million under our 2015 capital plan, and a $39 million incremental repurchase in December 2015, which was separate from our 2014 and 2015 capital plans. During January and February of 2016, we repurchased an additional $151 million of our outstanding common stock and $24 million of our common stock warrants as part of the 2015 capital plan. We currently expect to repurchase approximately $175 million of additional outstanding common stock through the end of the second quarter of 2016, which would complete our share repurchases under our 2015 capital plan. See additional details related to our capital actions in the “Capital Resources” section of this MD&A.

Our book value and tangible book value per common share increased 5% and 6%, respectively, compared to the prior year due primarily to growth in retained earnings and a lower share count. Additionally, we increased our quarterly

common stock dividend by 20% beginning in the second quarter of 2015, which resulted in dividends for 2015 of $0.92 per common share, an increase from $0.70 per common share in 2014. See additional details related to our capital actions in the “Capital Resources” section of this MD&A and in Note 13, "Capital," to the Consolidated Financial Statements in this Form 10-K. Also see Table 1, "Selected Financial Data and Reconcilement of Non-U.S. GAAP Measures," in this MD&A for additional information regarding, and a reconciliation of, tangible book value per common share.
Our regulatory capital position remained strong during the year, with a CET1 ratio of 9.96% at December 31, 2015. Additionally, our estimated CET1 ratio at December 31, 2015, on a fully phased-in basis, was 9.80%, which is well above the current regulatory requirement. See Table 1, "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.
Separately, our LCR at December 31, 2015 continued to exceed the January 1, 2016 requirement of 90%, for which we are now formally required to be in compliance. The cumulative actions we have taken to improve our risk and earnings profile, combined with our strong capital and liquidity levels, should help us to further increase capital returns to shareholders. See additional discussion of our capital and liquidity position in the "Capital Resources" and "Liquidity Risk Management" sections of this MD&A. See additional discussion of our capital and liquidity position in the "Capital Resources" and "Liquidity Risk Management" sections of this MD&A.

Business Segments Highlights

Consumer Banking and Private Wealth Management

Consumer Banking and Private Wealth Management net income increased 8% compared to 2014, due to strong deposit growth, our balance sheet optimization efforts, and further improvements in credit quality. Loan balances declined 3% in 2015, due to loan sales and securitizations, partially offset by a 5% increase in consumer loan production. Noninterest income declined 1% compared to 2014, largely due to declines in wealth management-related revenue during 2015, as well as continued declines in service charges. While current market conditions have made growing wealth management revenue more challenging, meeting more of our clients' wealth and investment needs continues to be a strategic priority. Expenses have been well-controlled, as we have been using efficiency gains to invest in client-facing talent and technology. We continue to generate solid returns from our digital investments and expect this to increase as mobile adoption rates and digital sales trend upwards. Looking forward, we remain optimistic about the long-term trajectory of this business as we execute against our strategic priorities, and as the value of our strong deposit growth is more fully realized in a normal interest rate environment.

Wholesale Banking

Wholesale Banking net income increased 9%, driven by broad-based revenue growth, partially offset by energy-related reserve increases in 2015. Net interest income was up 6%, driven by 8% loan growth and 16% growth in deposits. The loan growth was broad-based across each line of business and most industry verticals, partially offset by intentional reductions in lower-return areas. The strong deposit momentum within this business also continued, evidence of the success our liquidity specialists have had and the enhancements we have made to our treasury and payment product offerings. Noninterest income increased 10% compared to 2014, primarily as a result of the 14% growth in investment banking income where we had record years in equity originations, mergers and acquisitions, syndicated and leveraged finance, and investment grade bond originations. This

breadth of growth in investment banking income reflects the investments we have made to expand our capabilities and become more of a strategic advisor to our clients. Our efficiency also improved as we drove further operating leverage, while also investing in revenue generating initiatives. While market conditions can be inconsistent from quarter to quarter, we are encouraged by our differentiated business model and remain focused on expanding our client base, meeting more of their complex corporate finance and advisory needs, and continuing to grow this business.

Mortgage Banking

Mortgage Banking net income increased considerably compared to the prior year, primarily due to the improved credit quality of the loan portfolio, both as a result of the improving housing market and our proactive actions to reduce risk. This improvement was partially offset by a decline in net interest income resulting from loan sales in 2014 and lower loan spreads in 2015. Production volume increased by 38% in 2015, due primarily to higher refinancing activity. New purchase volume also improved in 2015, a sign of the continued improvement of the economies in our markets. We also grew our servicing portfolio by approximately 5%, as a result of portfolio acquisitions. In both production and servicing, we achieved our objectives of targeted market share growth. Overall, we benefited from improving asset quality and good expense discipline, which have allowed this business to become a more consistent contributor to the bottom line performance of the overall Company.

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 2015 and 2014 can be found in the "Business Segment Results" section of this MD&A.

Selected Financial Data and Reconcilement of Non-U.S. GAAP Measures Table 1

(Dollars in millions and shares in thousands, except per share data)	Three Months Ended 2015				2014			
	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	$1,363	$1,333	$1,297	$1,272	$1,349	$1,353	$1,346	$1,336
Interest expense	117	122	130	132	138	138	137	132
Net interest income	1,246	1,211	1,167	1,140	1,211	1,215	1,209	1,204
Provision for credit losses	51	32	26	55	74	93	73	102
Net interest income after provision for credit losses	1,195	1,179	1,141	1,085	1,137	1,122	1,136	1,102
Noninterest income	765	811	874	817	795	780	957	791
Noninterest expense	1,288	1,264	1,328	1,280	1,410	1,259	1,517	1,357
Income before provision for income taxes	672	726	687	622	522	643	576	536
Provision for income taxes	185	187	202	191	128	67	173	125
Net income attributable to noncontrolling interest	3	2	2	2	—	—	4	6
Net income	$484	$537	$483	$429	$394	$576	$399	$405
Net income available to common shareholders	$467	$519	$467	$411	$378	$563	$387	$393
Adjusted net income available to common shareholders [1]	$467	$519	$467	$411	$466	$433	$436	$393
Net interest income - FTE [2]	$1,281	$1,247	$1,203	$1,175	$1,248	$1,251	$1,244	$1,239
Total revenue - FTE [2]	2,046	2,058	2,077	1,992	2,043	2,031	2,201	2,030
	2,046	2,058	2,077	1,992	2,043	2,031	2,096	2,030

Total adjusted revenue - FTE [1, 2]								
Net income per average common share:								
Diluted	$0.91	$1.00	$0.89	$0.78	$0.72	$1.06	$0.72	$0.73
Adjusted diluted [1]	0.91	1.00	0.89	0.78	0.88	0.81	0.81	0.73
Basic	0.92	1.01	0.90	0.79	0.72	1.07	0.73	0.74
Dividends paid per average common share	0.24	0.24	0.24	0.20	0.20	0.20	0.20	0.10
Book value per common share	43.66	43.65	42.46	42.21	41.52	40.85	40.18	39.44
Tangible book value per common share [3]	31.65	31.75	30.65	30.49	29.82	29.21	28.64	27.82
Market capitalization	21,793	19,659	22,286	21,450	21,978	20,055	21,344	21,279
Market price per common share:								
High	$45.24	$45.84	$44.69	$43.23	$43.06	$40.86	$40.84	$41.26
Low	36.79	37.09	40.40	36.52	33.97	36.42	36.82	36.23
Close	42.84	38.24	43.02	41.09	41.90	38.03	40.06	39.79
Selected Average Balances:								
Total assets	$189,656	$188,341	$188,310	$189,265	$188,341	$183,433	$179,820	$176,971
Earning assets	170,262	168,334	168,461	168,179	167,227	163,688	160,373	157,343
Loans	135,214	132,837	132,829	133,338	133,438	130,747	130,734	128,525
Consumer and commercial deposits	148,163	145,226	142,851	140,476	136,892	132,195	130,472	128,396
Brokered time and foreign deposits	1,046	1,010	1,118	1,250	1,399	1,624	1,893	2,013
Intangible assets including MSRs	7,629	7,711	7,572	7,502	7,623	7,615	7,614	7,666
MSRs	1,273	1,352	1,223	1,152	1,272	1,262	1,220	1,265
Preferred stock	1,225	1,225	1,225	1,225	1,024	725	725	725
Total shareholders' equity	23,583	23,384	23,239	23,172	22,754	22,191	21,994	21,727
Average common shares - diluted	514,507	518,677	522,479	526,837	527,959	533,230	535,486	536,992
Average common shares - basic	508,536	513,010	516,968	521,020	521,775	527,402	529,764	531,162

Financial Ratios (Annualized):																
ROA	1.01	%	1.13	%	1.03	%	0.92	%	0.83	%	1.25	%	0.89	%	0.93	%
ROE	8.28		9.30		8.50		7.59		6.91		10.41		7.29		7.59	
ROTCE [4]	11.40		12.84		11.77		10.53		9.62		14.59		10.29		10.78	
Net interest margin - FTE [2]	2.98		2.94		2.86		2.83		2.96		3.03		3.11		3.19	
Efficiency ratio [5]	62.96		61.44		63.92		64.23		69.00		62.03		68.93		66.83	
Tangible efficiency ratio [6]	62.11		60.99		63.59		63.91		68.44		61.69		68.77		66.65	
Adjusted tangible efficiency ratio [1, 6]	62.11		60.99		63.59		63.91		61.34		61.69		63.69		66.65	
Total average shareholders' equity to total average assets	12.43		12.42		12.34		12.24		12.08		12.10		12.23		12.28	

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Tangible equity to tangible assets [7]	9.39	9.71	9.37	9.34	9.17	8.94	9.07	9.01
Effective tax rate	28	26	29	31	25	10	30	23
ALLL to period-end LHFI	1.29	1.34	1.39	1.43	1.46	1.49	1.55	1.58
Total NPAs to period-end LHFI, OREO, other repossessed assets, and nonperforming LHFS	0.54	0.40	0.49	0.53	0.59	0.71	0.80	0.85
Common dividend payout ratio	26.2	23.8	26.6	25.5	27.7	18.8	27.5	13.6
Capital Ratios at period end [8]:								
CET1 (Basel III)	9.96 %	10.04 %	9.93 %	9.89 %	N/A	N/A	N/A	N/A
CET1 - fully phased-in (Basel III)	9.80	9.89	9.76	9.74	N/A	N/A	N/A	N/A
Tier 1 common equity (Basel I)	N/A	N/A	N/A	N/A	9.60 %	9.63 %	9.72 %	9.90 %
Tier 1 capital	10.80	10.90	10.79	10.76	10.80	10.54	10.66	10.88
Total capital	12.54	12.72	12.66	12.69	12.51	12.32	12.53	12.81
Leverage	9.69	9.68	9.56	9.41	9.64	9.51	9.56	9.57

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

(Dollars in millions, except per share data)	Three Months Ended 2015 December 31	September 30	June 30	March 31	2014 December 31	September 30	June 30	March 31
Reconcilement of Non-U.S. GAAP Measures - Quarterly								
Efficiency ratio [5]	62.96 %	61.44 %	63.92 %	64.23 %	69.00 %	62.03 %	68.93 %	66.83 %
Impact of excluding amortization	(0.85)	(0.45)	(0.33)	(0.32)	(0.56)	(0.34)	(0.16)	(0.18)
Tangible efficiency ratio [6]	62.11	60.99	63.59	63.91	68.44	61.69	68.77	66.65
Impact of excluding Form 8-K and other legacy mortgage-related items	—	—	—	—	(7.10)	—	(5.08)	—
Adjusted tangible efficiency ratio[1, 6]	62.11 %	60.99 %	63.59 %	63.91 %	61.34 %	61.69 %	63.69 %	66.65 %
ROE	8.28 %	9.30 %	8.50 %	7.59 %	6.91 %	10.41 %	7.29 %	7.59 %
Impact of removing average intangible assets (net of deferred taxes), excluding MSRs, from average common shareholders' equity	3.12	3.54	3.27	2.94	2.71	4.18	3.00	3.19

ROTCE [4]	11.40 %	12.84 %	11.77 %	10.53 %	9.62 %	14.59 %	10.29 %	10.78 %
Net interest income	$1,246	$1,211	$1,167	$1,140	$1,211	$1,215	$1,209	$1,204
Taxable-equivalent adjustment	35	36	36	35	37	36	35	35
Net interest income - FTE [2]	1,281	1,247	1,203	1,175	1,248	1,251	1,244	1,239
Noninterest income	765	811	874	817	795	780	957	791
Total revenue - FTE [2]	2,046	2,058	2,077	1,992	2,043	2,031	2,201	2,030
Impact of excluding Form 8-K items	—	—	—	—	—	—	(105)	—
Total adjusted revenue - FTE [1, 2]	$2,046	$2,058	$2,077	$1,992	$2,043	$2,031	$2,096	$2,030
Net income available to common shareholders	$467	$519	$467	$411	$378	$563	$387	$393
Impact of excluding Form 8-K and other legacy mortgage-related items	—	—	—	—	88	(130)	49	—
Adjusted net income available to common shareholders [1]	$467	$519	$467	$411	$466	$433	$436	$393
Noninterest income	$765	$811	$874	$817	$795	$780	$957	$791
Impact of excluding Form 8-K items	—	—	—	—	—	—	(105)	—
Adjusted noninterest income [1]	$765	$811	$874	$817	$795	$780	$852	$791
Noninterest expense	$1,288	$1,264	$1,328	$1,280	$1,410	$1,259	$1,517	$1,357
Impact of excluding Form 8-K and other legacy mortgage-related items	—	—	—	—	(145)	—	(179)	—
Adjusted noninterest expense [1]	$1,288	$1,264	$1,328	$1,280	$1,265	$1,259	$1,338	$1,357
Diluted net income per average common share	$0.91	$1.00	$0.89	$0.78	$0.72	$1.06	$0.72	$0.73
Impact of excluding Form 8-K and other legacy mortgage-related items	—	—	—	—	0.16	(0.25)	0.09	—
Adjusted diluted net income per average common share [1]	$0.91	$1.00	$0.89	$0.78	$0.88	$0.81	$0.81	$0.73

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

(Dollars in millions, except per share data)	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 3 2014
Total shareholders' equity	$23,437	$23,664	$23,223	$23,260	$23,005	$22,269	$22,131	$21,817
Goodwill, net of deferred taxes [9]	(6,097)	(6,100)	(6,103)	(6,106)	(6,123)	(6,127)	(6,131)	(6,184
Other intangible assets, net of deferred taxes, and MSRs [10]	(1,322)	(1,279)	(1,412)	(1,193)	(1,219)	(1,320)	(1,276)	(1,281
MSRs	1,307	1,262	1,393	1,181	1,206	1,305	1,259	1,251
Tangible equity	17,325	17,547	17,101	17,142	16,869	16,127	15,983	15,603
Preferred stock	(1,225)	(1,225)	(1,225)	(1,225)	(1,225)	(725)	(725)	(725
Tangible common equity	$16,100	$16,322	$15,876	$15,917	$15,644	$15,402	$15,258	$14,878
Total assets	$190,817	$187,036	$188,858	$189,881	$190,328	$186,818	$182,559	$179,542
Goodwill	(6,337)	(6,337)	(6,337)	(6,337)	(6,337)	(6,337)	(6,337)	(6,337
Other intangible assets including MSRs	(1,325)	(1,282)	(1,416)	(1,193)	(1,219)	(1,320)	(1,277)	(1,282
MSRs	1,307	1,262	1,393	1,181	1,206	1,305	1,259	1,251
Tangible assets	$184,462	$180,679	$182,498	$183,532	$183,978	$180,466	$176,204	$173,174
Tangible equity to tangible assets [7]	9.39%	9.71%	9.37%	9.34%	9.17%	8.94%	9.07%	9.01
Tangible book value per common share[3]	$31.65	$31.75	$30.65	$30.49	$29.82	$29.21	$28.64	$27.82
Period-end LHFI	$136,442	$133,560	$132,538	$132,380	$133,112	$132,151	$129,744	$129,196
Government-guaranteed LHFI	(5,551)	(5,215)	(5,026)	(4,992)	(5,459)	(5,965)	(6,081)	(8,828
LHFI at fair value	(257)	(262)	(263)	(268)	(272)	(284)	(292)	(299
Period-end LHFI, excluding government-guaranteed and fair value loans	$130,634	$128,083	$127,249	$127,120	$127,381	$125,902	$123,371	$120,069
ALLL to period-end LHFI, excluding government-guaranteed and fair value loans [11]	1.34%	1.39%	1.44%	1.49%	1.52%	1.56%	1.62%	1.70

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

	Year Ended December 31				
(Dollars in millions, except per share data)	2015	2014	2013	2012	2011
Reconcilement of Non-U.S. GAAP Measures - Annual					
Efficiency ratio [5, 12]	63.13 %	66.74 %	71.16 %	59.29 %	72.02 %
Impact of excluding amortization	(0.49)	(0.30)	(0.27)	(0.43)	(0.50)
Tangible efficiency ratio [6, 12]	62.64	66.44	70.89	58.86	71.52
Impact of excluding Form 8-K and other legacy mortgage-related items	—	(3.10)	(5.62)	8.05	—
Adjusted tangible efficiency ratio [1, 6, 12]	62.64 %	63.34 %	65.27 %	66.91 %	71.52 %
ROE	8.42 %	8.06 %	6.34 %	9.56 %	2.56 %
Impact of removing average intangible assets (net of deferred taxes), excluding MSRs, from average common shareholders' equity	3.22	3.27	2.91	4.46	1.27
ROTCE [4]	11.64	11.33	9.25	14.02	3.83
Impact of excluding Form 8-K and other legacy mortgage-related items	—	0.04	1.27	(5.47)	—
Adjusted ROTCE [1, 4]	11.64 %	11.37 %	10.52 %	8.55 %	3.83 %
Net interest income	$4,764	$4,840	$4,853	$5,102	$5,065
Taxable-equivalent adjustment	142	142	127	123	114
Net interest income - FTE [2]	4,906	4,982	4,980	5,225	5,179
Noninterest income	3,268	3,323	3,214	5,373	3,421
Total revenue - FTE [2]	8,174	8,305	8,194	10,598	8,600
Impact of excluding Form 8-K items	—	(105)	63	(1,475)	—
Total adjusted revenue - FTE [1, 2]	$8,174	$8,200	$8,257	$9,123	$8,600
Net income available to common shareholders	$1,863	$1,722	$1,297	$1,931	$495
Impact of excluding Form 8-K and other legacy mortgage-related items	—	7	179	(753)	—
Adjusted net income available to common shareholders [1]	$1,863	$1,729	$1,476	$1,178	$495
Total revenue - FTE [2]	$8,174	$8,305	$8,194	$10,598	$8,600
Impact of excluding net securities gains/(losses)	21	(15)	2	1,974	117
Total revenue - FTE, excluding net securities gains/(losses) [2, 13]	$8,153	$8,320	$8,192	$8,624	$8,483
Noninterest income	$3,268	$3,323	$3,214	$5,373	$3,421
Impact of excluding Form 8-K items	—	(105)	63	(1,475)	—
Adjusted noninterest income [1]	$3,268	$3,218	$3,277	$3,898	$3,421
Noninterest expense [12]	$5,160	$5,543	$5,831	$6,284	$6,194
Impact of excluding Form 8-K and other legacy mortgage-related items	—	(324)	(419)	(134)	—
Adjusted noninterest expense [1, 12]	$5,160	$5,219	$5,412	$6,150	$6,194
Diluted net income per average common share	$3.58	$3.23	$2.41	$3.59	$0.94
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 [1]	$3.58	$3.24	$2.74	$2.19	$0.94
At December 31:					
Total shareholders’ equity	$23,437	$23,005	$21,422	$20,985	$20,066

Goodwill, net of deferred taxes [9]	(6,097)	(6,123)	(6,183)	(6,206)	(6,190)
Other intangible assets, net of deferred taxes, and MSRs [10]	(1,322)	(1,219)	(1,332)	(949)	(1,001)
MSRs	1,307	1,206	1,300	899	921
Tangible equity	17,325	16,869	15,207	14,729	13,796
Preferred stock	(1,225)	(1,225)	(725)	(725)	(275)
Tangible common equity	$16,100	$15,644	$14,482	$14,004	$13,521
Total assets	$190,817	$190,328	$175,335	$173,442	$176,859
Goodwill	(6,337)	(6,337)	(6,369)	(6,369)	(6,344)
Other intangible assets including MSRs	(1,325)	(1,219)	(1,334)	(956)	(1,017)
MSRs	1,307	1,206	1,300	899	921
Tangible assets	$184,462	$183,978	$168,932	$167,016	$170,419
Tangible equity to tangible assets [7]	9.39%	9.17%	9.00%	8.82%	8.10%
Tangible book value per common share [3]	$31.65	$29.82	$27.01	$25.98	$25.18

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

(Dollars in millions, except per share data)	Year Ended December 31 2014			2013		
Reconcilement of Non-U.S. GAAP Measures - Annual (continued)	As Reported	Adjustments	As Adjusted [1]	As Reported	Adjustments	As Adjusted [1]
Net interest income	$4,840	$—	$4,840	$4,853	$—	$4,853
Provision for credit losses	342	—	342	553	—	553
Net interest income after provision for credit losses	4,498	—	4,498	4,300	—	4,300
Noninterest Income						
Service charges on deposit accounts	645	—	645	657	—	657
Other charges and fees	368	—	368	369	—	369
Card fees	320	—	320	310	—	310
Investment banking income	404	—	404	356	—	356
Trading income	182	—	182	182	—	182
Trust and investment management income	423	—	423	518	—	518
Retail investment services	297	—	297	267	—	267
Mortgage production related income	201	—	201	314	63 [14]	377
Mortgage servicing related income	196	—	196	87	—	87
Gain on sale of subsidiary	105	(105) [15]	—	—	—	—
Net securities (losses)/gains	(15)	—	(15)	2	—	2
Other noninterest income	197	—	197	152	—	152
Total noninterest income	3,323	(105)	3,218	3,214	63	3,277
Noninterest Expense						
Employee compensation	2,576	—	2,576	2,488	—	2,488
Employee benefits	386	—	386	413	—	413
Outside processing and software	741	—	741	746	—	746
Net occupancy expense	340	—	340	348	—	348
Equipment expense	169	—	169	181	—	181
Regulatory assessments	142	—	142	181	—	181
Marketing and customer development	134	—	134	135	—	135
Credit and collection services	91	—	91	264	(96) [16]	168
Operating losses	441	(324) [17]	117	503	(323) [18]	180
Amortization	25	—	25	23	—	23
Other noninterest expense	498	—	498	549	—	549
Total noninterest expense	5,543	(324)	5,219	5,831	(419)	5,412
Income before provision for income taxes	2,278	219	2,497	1,683	482	2,165
Provision for income taxes	493	212 [19,20]	705	322	303 [20,21]	625
Income including income attributable to noncontrolling interest	1,785	7	1,792	1,361	179	1,540
Net income attributable to noncontrolling interest	11	—	11	17	—	17
Net income	$1,774	$7	$1,781	$1,344	$179	$1,523
Net income available to common shareholders	$1,722	$7	$1,729	$1,297	$179	$1,476
Net income per average common share - diluted	$3.23	$0.01	$3.24	$2.41	$0.33	$2.74

Total revenue - FTE [2]	$8,305	($105)	$8,200	$8,194	$63	$8,257
Efficiency ratio [5]	66.74 %	(3.09)%	63.65 %	71.16 %	(5.62)%	65.54 %
Tangible efficiency ratio [6]	66.44	(3.10)	63.34	70.89	(5.62)	65.27
Effective tax rate	22	6	28	19	10	29

A corresponding table for the year ended December 31, 2015 is not presented as there were no current year adjustments to our Consolidated Statements of Income that included a non-U.S.GAAP financial measure in this Form 10-K.

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

Reconciliation of CET1 Ratio [8]	December 31, 2015	
CET1	9.96	%
Less:		
MSRs	(0.12	)
Other [22]	(0.04	)
CET1 - fully phased-in	9.80	%

Reconciliation of Pre-Provision Net Revenue ("PPNR") [23]	Year Ended December 31, 2015
Income before provision for income taxes	$2,707
Provision for credit losses	165
Debt extinguishment costs, net of related hedges	24
Less:	
Net securities gains/(losses)	21
Fair value debt valuation gains	8
PPNR	$2,867

[1] We present certain income statement categories and also total adjusted revenue-FTE, adjusted noninterest income, adjusted noninterest expense, adjusted net income per average common diluted share, adjusted net income, adjusted net income available to common shareholders, an adjusted efficiency ratio, an adjusted tangible efficiency ratio, adjusted ROTCE, and the effective tax rate, 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.

[2] We present net interest income, net interest margin, total revenue, and total adjusted revenue on an FTE basis. Total revenue is calculated as net interest income - FTE plus noninterest income. Net interest income - FTE adjusts for the tax-favored status of net interest income from certain loans and investments. We believe this measure to be the preferred industry measurement of net interest income and it enhances comparability of net interest income arising from taxable and tax-exempt sources.

[3] We present a tangible book value per common share that excludes the after-tax impact of purchase accounting intangible assets and also excludes preferred stock from tangible equity. We believe this measure is useful to investors because, by removing the effect of intangible assets that result from merger and acquisition activity as well as preferred stock (the level of which may vary from company to company), it allows investors to more easily compare our common stock book value to other companies in the industry.

[4] We present ROTCE to exclude intangible assets (net of deferred tax liabilities), except for MSRs, from average common shareholders' equity. We believe this measure is useful to investors because, by removing the effect of intangible assets, except for MSRs, (the level of which may vary from company to company), it allows investors to more easily compare our ROE to other companies in the industry who present a similar measure. We also believe that removing the effect of intangible assets, except for MSRs, provides a more relevant measure of the return on our common shareholders' equity.

[5] Computed by dividing noninterest expense by total revenue - FTE. The FTE basis adjusts for the tax-favored status of net interest income from certain loans and investments. We believe this measure to be the preferred industry measurement of net interest income and it enhances comparability of net interest income arising from taxable and tax-exempt sources.

[6] We present a tangible efficiency ratio which excludes amortization. We believe this measure is useful to investors because it allows investors to more easily compare our efficiency to other companies in the industry. This measure is

utilized by us to assess our efficiency and that of our lines of business.
[7] We present a tangible equity to tangible assets ratio that excludes the after-tax impact of purchase accounting intangible assets. We believe this measure is useful to investors because, by removing the effect 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 adequacy to other companies in the industry. This measure is used by us to analyze capital adequacy.
[8] Basel III Final Rules became effective for us 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, 2015 is estimated and is presented to provide investors with some 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 $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, $210 million, $206 million, and $193 million at December 31, 2014, September 30, 2014, June 30, 2014, and March 31, 2014, respectively. Net of deferred tax liabilities of $186 million, $163 million, and $154 million at December 31, 2013, 2012, and 2011, respectively.
[10] Net of deferred tax liabilities of $3 million, $4 million, $4 million, and $0 at December 31, 2015, September 30, 2015, June 30, 2015, and March 31, 2015, respectively. Net of deferred tax liabilities of $0, $0, $1 million, and $1 million at December 31, 2014, September 30, 2014, June 30, 2014, and March 31, 2014, respectively. Net of deferred tax liabilities of $2 million, $7 million, and $16 million at December 31, 2013, 2012, and 2011, respectively.
[11] We present a ratio of ALLL to period-end LHFI, excluding government-guaranteed and fair value loans. We believe that this presentation more appropriately reflects the relationship between the ALLL and loans that attract an allowance. No allowance is recorded for LHFI at fair value or for loans guaranteed by a government agency for which we assume nominal risk of principal loss.
[12] Amortization expense related to qualified affordable housing investment costs is recognized in provision/(benefit) 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, $39 million, and $40 million, of amortization expense was reclassified to provision/(benefit) for income taxes for the years ended December 31, 2013, 2012, and 2011, respectively.
[13] We present total revenue - FTE excluding net securities gains/(losses). Total Revenue is calculated as net interest income - FTE plus noninterest income. Net interest income is presented on an FTE basis, which adjusts for the tax-favored status of net interest income from certain loans and investments. We believe this measure to be the preferred industry measurement of net interest income and it enhances comparability of net interest income arising from taxable and tax-exempt sources. We also 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] Reflects the pre-tax impact of mortgage repurchase settlements with Fannie Mae and Freddie Mac during the third quarter of 2013, announced in Form 8-K filed with the SEC on October 10, 2013, and impacts the Mortgage Banking segment.
[15] Reflects the pre-tax gain on sale of asset management subsidiary during the second quarter of 2014 that impacts the Corporate Other segment. See Note 2, "Acquisitions/Dispositions," to the Consolidated Financial Statements in this Form 10-K for additional information related to the sale of RidgeWorth, as well as our Form 8-K that was filed with the SEC on July 3, 2014.
[16] Reflects the pre-tax impact from the mortgage servicing advances allowance increase during the third quarter of 2013, announced in Form 8-K filed with the SEC on October 10, 2013, and impacts the Mortgage Banking segment.
[17] Reflects the pre-tax impact from legacy mortgage-related matters during the fourth quarter of 2014 and the settlement of the mortgage modification investigation during the second quarter of 2014, further detailed in Form 8-Ks filed with the SEC on January 5, 2015 and July 3, 2014, respectively, as well as other legacy mortgage-related items during the second quarter of 2014, which impact the Mortgage Banking segment.

[18] Reflects the pre-tax impact from the settlement of certain legal and regulatory matters during the third quarter of 2013, announced in Form 8-K filed with the SEC on October 10, 2013, and primarily impacts the Mortgage Banking segment.
[19] Includes a $130 million income tax benefit related to the completion of a tax authority examination in the third quarter of 2014 that impacts the Corporate Other segment. Additional detail on this item can be found in Form 8-K filed with the SEC on September 9, 2014.
[20] Includes the income tax impact on above items.
[21] Includes a $113 million net tax benefit related to subsidiary reorganization and other tax matters during the third quarter of 2013, as disclosed in Form 8-K filed with the SEC on October 10, 2013, and impacts the Corporate Other segment.
[22] Primarily includes the phase-out from capital of certain DTAs, the overfunded pension asset, and other intangible assets.
[23] We present a reconciliation of PPNR because it is a performance metric utilized in certain of our compensation plans. PPNR impacts the level of awards if certain thresholds are met.

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

Table 2

(Dollars in millions)	2015 Average Balances	Income/ Expense	Yields/ Rates	2014 Average Balances	Income/ Expense	Yields/ Rates	2013 Average Balances	Income/ Expense	Yields/ Rates
ASSETS									
Loans held for investment: [1]									
C&I - FTE [2]	$65,786	$2,112	3.21 %	$61,181	$2,184	3.57 %	$54,788	$2,181	3.98 %
CRE	6,178	173	2.80	6,150	177	2.88	4,513	146	3.24
Commercial construction	1,603	50	3.12	1,078	35	3.28	701	24	3.46
Residential mortgages - guaranteed	636	24	3.77	1,890	70	3.68	3,708	106	2.85
Residential mortgages - nonguaranteed	23,759	913	3.84	23,691	944	3.99	23,007	958	4.17
Residential home equity products	13,535	501	3.70	14,329	512	3.57	14,474	525	3.63
Residential construction	384	19	4.85	457	21	4.64	549	27	4.91
Consumer student - guaranteed	4,584	173	3.78	5,375	197	3.66	5,426	207	3.82
Consumer other direct	5,344	230	4.30	3,635	153	4.22	2,535	111	4.37
Consumer indirect	10,262	333	3.24	11,459	366	3.19	11,072	377	3.41
Consumer credit cards	944	94	10.00	772	75	9.64	646	62	9.66
Nonaccrual [3]	543	22	4.13	857	22	2.59	1,238	33	2.63
Total LHFI - FTE [2]	133,558	4,644	3.48	130,874	4,756	3.63	122,657	4,757	3.88
Securities AFS:									
Taxable	26,327	587	2.23	23,779	603	2.54	22,383	569	2.54
Tax-exempt - FTE [2]	176	9	5.20	245	13	5.26	258	13	5.18
Total securities AFS - FTE [2]	26,503	596	2.25	24,024	616	2.56	22,641	582	2.57
Fed funds sold and securities borrowed or purchased under agreements to resell	1,147	—	—	1,067	—	—	1,024	—	0.02
LHFS - FTE [2]	2,348	83	3.52	2,085	78	3.75	3,096	107	3.44
Interest-bearing deposits in other banks	22	—	0.12	31	—	0.08	21	—	0.09
Interest earning trading assets	5,235	84	1.62	4,108	76	1.86	4,289	69	1.61
Total earning assets - FTE [2]	168,813	5,407	3.20	162,189	5,526	3.41	153,728	5,515	3.59
ALLL	(1,835)			(1,995)			(2,121)		
Cash and due from banks	5,614			5,773			4,530		
Other assets	14,527			14,674			14,287		
Noninterest earning trading assets and derivative instruments	1,265			1,255			1,660		
Unrealized gains on securities available for sale, net	508			280			413		
Total assets	$188,892			$182,176			$172,497		

LIABILITIES AND SHAREHOLDERS' EQUITY											
Interest-bearing deposits:											
NOW accounts	$35,161	$31	0.09	%	$28,879	$22	0.08	%	$26,083	$17	0.07 %
Money market accounts	50,518	85	0.17		44,813	66	0.15		42,655	54	0.13
Savings	6,165	2	0.03		6,076	2	0.04		5,740	3	0.05
Consumer time	6,443	49	0.77		7,539	66	0.88		9,018	102	1.13
Other time	3,813	39	1.02		4,294	46	1.06		4,937	64	1.29
Total interest-bearing consumer and commercial deposits	102,100	206	0.20		91,601	202	0.22		88,433	240	0.27
Brokered time deposits	888	13	1.41		1,584	33	2.08		2,030	51	2.49
Foreign deposits	218	—	0.13		146	—	0.12		35	—	0.13
Total interest-bearing deposits	103,206	219	0.21		93,331	235	0.25		90,498	291	0.32
Funds purchased	822	1	0.11		931	1	0.09		639	1	0.10
Securities sold under agreements to repurchase	1,821	4	0.21		2,202	3	0.14		1,857	3	0.14
Interest-bearing trading liabilities	881	22	2.44		806	21	2.65		705	17	2.45
Other short-term borrowings	2,135	3	0.16		6,135	14	0.23		4,953	13	0.26
Long-term debt	10,873	252	2.32		12,359	270	2.19		9,872	210	2.12
Total interest-bearing liabilities	119,738	501	0.42		115,764	544	0.47		108,524	535	0.49
Noninterest-bearing deposits	42,102				40,411				38,643		
Other liabilities	3,276				3,473				3,602		
Noninterest-bearing trading liabilities and derivative instruments	430				358				561		
Shareholders’ equity	23,346				22,170				21,167		
Total liabilities and shareholders’ equity	$188,892				$182,176				$172,497		
Interest rate spread			2.78	%			2.94	%			3.10 %
Net interest income - FTE [2, 4]		$4,906				$4,982				$4,980	
Net interest margin [5]			2.91	%			3.07	%			3.24 %

[1] Interest income includes loan fees of $189 million, $196 million, and $153 million for the years ended December 31, 2015, 2014, and 2013, respectively.
[2] Interest income includes the effects of taxable-equivalent adjustments using a federal income tax rate of 35% and, where applicable, state income taxes to increase tax-exempt interest income to a taxable-equivalent basis. The net taxable-equivalent adjustment amounts included in the above table were $142 million, $142 million, and $127 million for the years ended December 31, 2015, 2014, and 2013, respectively.
[3] Income on consumer and residential nonaccrual loans, if recognized, is recognized on a cash basis.
[4] Derivative instruments employed to manage our interest rate sensitivity increased net interest income $300 million, $419 million, and $444 million for the years ended December 31, 2015, 2014, and 2013, respectively.
[5] Net interest margin is calculated by dividing net interest income – FTE by average total earning assets.

Analysis of Changes in Net Interest Income [1] Table 3

(Dollars in millions on a taxable-equivalent basis)	2015 Compared to 2014			2014 Compared to 2013		
	Volume	Rate	Net	Volume	Rate	Net
Increase/(Decrease) in Interest Income:						
Loans:						
C&I - FTE [2]	$157	($229)	($72)	$241	($238)	$3
CRE	1	(5)	(4)	49	(18)	31
Commercial construction	17	(2)	15	12	(1)	11
Residential mortgages - guaranteed	(47)	1	(46)	(61)	25	(36)
Residential mortgages - nonguaranteed	3	(34)	(31)	28	(42)	(14)
Residential home equity products	(29)	18	(11)	(5)	(8)	(13)
Residential construction	(3)	1	(2)	(4)	(2)	(6)
Consumer student - guaranteed	(30)	6	(24)	(2)	(8)	(10)
Consumer other direct	74	3	77	46	(4)	42
Consumer indirect	(39)	6	(33)	13	(24)	(11)
Consumer credit cards	16	3	19	13	—	13
Nonaccrual	(10)	10	—	(10)	(1)	(11)
Securities AFS:						
Taxable	61	(77)	(16)	34	—	34
Tax-exempt - FTE [2]	(4)	—	(4)	—	—	—
LHFS - FTE [2]	10	(5)	5	(38)	9	(29)
Interest earning trading assets	19	(11)	8	(3)	10	7
Total increase/(decrease) in interest income - FTE [2]	196	(315)	(119)	313	(302)	11
Increase/(Decrease) in Interest Expense:						
NOW accounts	6	3	9	2	3	5
Money market accounts	9	10	19	4	8	12
Savings	—	—	—	—	(1)	(1)
Consumer time	(9)	(8)	(17)	(15)	(21)	(36)
Other time	(5)	(2)	(7)	(8)	(10)	(18)
Brokered time deposits	(12)	(8)	(20)	(10)	(8)	(18)
Securities sold under agreements to repurchase	—	1	1	—	—	—
Interest-bearing trading liabilities	2	(1)	1	3	1	4
Other short-term borrowings	(7)	(4)	(11)	3	(2)	1
Long-term debt	(34)	16	(18)	53	7	60
Total (decrease)/increase in interest expense	(50)	7	(43)	32	(23)	9
Increase/(decrease) in net interest income - FTE [2]	$246	($322)	($76)	$281	($279)	$2

[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] Interest income includes the effects of the taxable-equivalent adjustments to increase tax-exempt interest income to a taxable-equivalent basis.

Net Interest Income/Margin (FTE)

Net interest income was $4.9 billion in 2015, a decrease of $76 million, or 2%, compared to 2014. Net interest margin declined 16 basis points to 2.91% for 2015 compared to 2014, due to a 21 basis point decline in the average earning assets yield. The earning assets yield decline was driven by lower yields on LHFI, largely due to the decline in commercial loan swap income, and lower yields on securities AFS. Partially offsetting the decline in average earning

assets yield was a five basis point reduction in rates on interest-bearing liabilities driven by lower rates paid on average interest-bearing deposits during 2015.

Average earning assets increased $6.6 billion, or 4%, for the year ended December 31, 2015, compared to 2014, driven primarily by a $2.7 billion, or 2%, increase in average LHFI and a $2.5 billion, or 10%, increase in average securities AFS. The

increase in average LHFI was attributable to growth in the C&I, consumer direct, and commercial construction portfolios. These increases were partially offset by declines in government-guaranteed residential mortgages, indirect auto, home equity, and guaranteed student loans. The declines in indirect auto and student loans were due to balance sheet optimization efforts that we executed throughout the year. Average nonaccrual loans declined 37%, driven by the ongoing resolution of NPLs. See the "Loans" section in this MD&A for additional discussion regarding loan activity during the year.

Yields on average earning assets declined 21 basis points compared to 2014, to 3.20% for the year ended December 31, 2015, driven primarily by a 15 basis point decline in LHFI yields. The decrease in the yield on average LHFI was driven primarily

by a decline in yield on average commercial loans, particularly in our C&I portfolio, as well as a decline in yield on average nonguaranteed residential mortgages. The declines were driven by lower commercial loan swap income, the paydown of higher yielding loans, and the addition of new loan production at lower rates than the existing portfolio due to the highly competitive, low interest rate environment. Additionally, yields on securities AFS declined 31 basis points compared to the year ended December 31, 2014, driven largely by the addition of lower-yielding U.S. Treasury securities during 2015 in preparation for LCR requirements that took effect on January 1, 2016. Also contributing to the decline in yield was higher MBS premium amortization during 2015 of $208 million, compared to $152 million during 2014, as a result of increased MBS prepayments. 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 convert a portion of our commercial loan portfolio from floating rates, based on LIBOR, to fixed rates. At December 31, 2015, the outstanding notional balance of active swaps that qualified as cash flow hedges on variable rate commercial loans was $16.9 billion, compared to active swaps of $15.4 billion at December 31, 2014.

In addition to the income recognized from active swaps, we also continue to recognize interest income over the original hedge period resulting 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 $261 million in 2015, compared to $387 million in 2014. The decline was primarily due to a reduction in income from the maturity of active and previously terminated swaps that reached their original maturity date during the second half of 2014 and in 2015. As we manage our interest rate risk we may continue to purchase additional and/or terminate existing interest rate swaps. In 2016, commercial loan swap income will decline modestly relative to 2015, largely due to a potential increase in LIBOR, which would be more than offset by higher net interest income from other areas of the balance sheet.

Remaining swaps on commercial loans have maturities through 2022. The average maturity of our active swaps at December 31, 2015 was 3.3 years. The commercial loan swaps are receive-fixed, pay-variable based on LIBOR. The weighted average rate on the receive-fixed rate leg of the commercial loan swap portfolio at December 31, 2015 was 1.38%.

Compared to the year ended December 31, 2014, average interest-bearing liabilities increased $4.0 billion, or 3%, primarily due to an increase in average lower-cost deposits, partially offset by declines in average wholesale funding and time deposits. Average noninterest-bearing demand deposits also increased $1.7 billion, or 4%, compared to the year ended December 31, 2014. The increase in lower-cost deposits enabled a $4.0 billion, or 65%, decrease in average other short-term borrowings, primarily FHLB advances and master notes, as well as a $1.5 billion, or 12%, decrease in average long-term debt, driven by a decrease in average long-term FHLB advances, compared to 2014. See the "Borrowings" section in this MD&A for additional information regarding other short-term borrowings and long-term debt.

The five basis point reduction in rates paid on average interest-bearing liabilities during 2015 was driven by slightly lower rates paid on interest-bearing deposits, as well as a seven basis point decline in rates paid on other short-term borrowings. The decline in the average rate paid on interest-bearing deposits was a result of the improved mix driven by the shift from time deposits to lower-cost deposit products, as well as a reduction in rates paid on time deposits as higher rate CDs matured.

Looking forward, we expect first quarter 2016 net interest margin to improve two to five basis points relative to the fourth quarter of 2015 from the benefit of slightly higher short-term interest rates. We will continue to carefully manage the duration of our overall balance sheet in light of the current low interest rate environment, while also ensuring our balance sheet is structured to benefit from potential increases in short-term rates. See Table 22, "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

As average nonaccrual loans continued to decrease, foregone interest income from NPLs had limited effect on the net interest margin for the year ended December 31, 2015. Foregone interest income from NPLs reduced net interest margin by two basis points for the year ended December 31, 2014. 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 2 of this MD&A contains more detailed information concerning average balances, yields earned, and rates paid.

NONINTEREST INCOME

Table 4

	Year Ended December 31		
(Dollars in millions)	2015	2014	2013
Service charges on deposit accounts	$622	$645	$657
Other charges and fees	377	368	369
Card fees	329	320	310
Investment banking income	461	404	356
Trading income	181	182	182
Trust and investment management income	334	423	518
Retail investment services	300	297	267
Mortgage production related income	270	201	314
Mortgage servicing related income	169	196	87
Gain on sale of subsidiary	—	105	—
Net securities gains/(losses)	21	(15)	2
Other noninterest income	204	197	152
Total noninterest income	$3,268	$3,323	$3,214
Adjusted noninterest income [1]	$3,268	$3,218	$3,277

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

Noninterest income decreased $55 million, or 2%, compared to 2014, primarily due to the gain on the sale of RidgeWorth in 2014 and associated foregone revenue in 2015, partially offset by higher investment banking and mortgage production income, gains from the sale of investment securities, and modest growth in other noninterest income categories in 2015. Noninterest income for 2015 increased $50 million, or 2%, compared to 2014 adjusted noninterest income. See Table 1, "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 income.

Service charges on deposit accounts decreased $23 million, or 4%, compared to 2014, as service charges on deposit accounts for both consumer and commercial deposit accounts decreased in 2015. This reflects our enhanced technology and increased transparency provided to clients, which has helped them to manage their deposit accounts more effectively. During 2016, we expect further declines in service charges on deposit accounts, driven in part by updates to our posting order process, which will be effective in the fourth quarter of 2016.

Investment banking income increased $57 million, or 14%, compared to 2014. The increase was driven by higher client activity across most product categories, including strong growth in equity originations, mergers and acquisitions advisory revenue, and debt capital markets activity. This growth reflects the investments we have made to expand our advisory capabilities to all of our Wholesale clients.

Trust and investment management income decreased $89 million, or 21%, compared to 2014. The decrease was primarily

due to foregone revenue resulting from the sale of RidgeWorth in the second quarter of 2014 as well as a decline in market value of assets under management during 2015. For additional information related to the sale of RidgeWorth, see Note 2, "Acquisitions/Dispositions," to the Consolidated Financial Statements in this Form 10-K.

Mortgage production related income increased $69 million, or 34%, compared to 2014. The increase compared to the prior year was due to an increase in production volume and a decline in the mortgage repurchase provision due to the continued reduction in repurchase requests and the resolution of previous repurchase demands. Mortgage production volume increased 38% compared to 2014 while gain on sale margins remained stable. For additional information on the mortgage repurchase reserve, see Note 16, "Guarantees," to the Consolidated Financial Statements in this Form 10-K.

Mortgage servicing related income decreased $27 million, or 14%, compared to 2014. The decrease was due to higher MSR decay resulting from increased refinance activity, partially offset by higher servicing fees driven by a larger

servicing portfolio. The servicing portfolio was $148.2 billion at December 31, 2015, compared to $142.1 billion at December 31, 2014.

Repositioning of the investment portfolio during 2015 resulted in higher net securities gains for the year, compared to 2014. For additional information regarding our securities AFS portfolio and related repositioning, see the "Securities Available for Sale" section of this MD&A.

NONINTEREST EXPENSE

Table 5

	Year Ended December 31		
(Dollars in millions)	2015	2014	2013
Employee compensation	$2,576	$2,576	$2,488
Employee benefits	366	386	413
Total personnel expenses	2,942	2,962	2,901
Outside processing and software	815	741	746
Net occupancy expense	341	340	348
Equipment expense	164	169	181
Marketing and customer development	151	134	135
Regulatory assessments	139	142	181
Credit and collection services	71	91	264
Operating losses	56	441	503
Amortization	40	25	23
Other noninterest expense [1]	441	498	549
Total noninterest expense	$5,160	$5,543	$5,831
Adjusted noninterest expense [2]	$5,160	$5,219	$5,412

[1] Amortization expense related to qualified affordable housing investment costs is recognized in provision for income taxes for each of the periods presented as allowed by an accounting standard adopted in 2014. Prior to 2014, these amounts were recognized in other noninterest expense, and therefore, for comparative purposes, $49 million of amortization expense has been reclassified to provision for income taxes for the year ended December 31, 2013.
[2] See Table 1 in this MD&A for a reconcilement of non-U.S. GAAP measures and additional information.

Noninterest expense decreased $383 million, or 7%, compared to 2014, driven primarily by $324 million of legacy mortgage-related operating losses recognized in 2014. Further declines were driven by the sale of RidgeWorth in the second quarter of 2014 and the associated reduction of expenses, as well as our continued focus on expense management, as noninterest expense for 2015 decreased $59 million, or 1%, compared to 2014 adjusted noninterest expense. See Table 1, "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.
Personnel expenses decreased $20 million, or 1%, compared to 2014. The decrease compared to the prior year was largely due to the sale of RidgeWorth and lower medical claims, partially offset by higher incentive-based compensation due to improved business performance in 2015. Looking ahead to the first quarter of 2016, we anticipate an increase in our personnel expenses by up to $100 million due to the typical seasonal increases in 401(k) and FICA expenses, and a return to more normal accrual rates on certain incentive and benefit costs.
Outside processing and software expenses increased $74 million, or 10%, compared to 2014. The increase was due to the higher utilization of third party services, increased business and compliance activity, as well as increased investments in technology.
Marketing and customer development increased $17 million, or 13%, compared to 2014. The increase compared to the prior year was due to higher advertising costs and other client development costs in 2015. We expect total marketing costs to increase in 2016 and be weighted more towards the first half of the year versus the second half, which would be more typical, as we are introducing a new campaign to further advance our Company’s purpose.

Credit and collection services decreased $20 million, or 22%, compared to 2014. The decrease compared to the prior year was primarily due to reductions in the reserve for mortgage servicing advances during 2015 due to continued improvements in credit quality and operational effectiveness.
Operating losses decreased $385 million, or 87%, compared to 2014. The decrease compared to the prior year was primarily due to $179 million of legacy mortgage-related charges recognized in the second quarter of 2014, a $145 million legal provision related to legacy mortgage-related matters recognized in the fourth quarter of 2014, and

favorable developments in previous mortgage-related matters, resulting in accrual reductions recognized in 2015.
Amortization increased $15 million, or 60%, compared to 2014. The increase was driven by increased investments in low-income community development projects, which also resulted in a similar increase in tax credits.

Other noninterest expense decreased $57 million, or 11%, compared to the prior year. The decrease compared to the prior year was due to current year recoveries of previously recognized losses related to the financial crisis and the $36 million impairment of legacy affordable housing assets recognized during the first quarter of 2014. These decreases were partially offset by $24 million of debt extinguishment costs, net of related hedges, in 2015 related to balance sheet repositioning activity.

Following four consecutive years of expense declines, we expect 2016 expenses to be higher than 2015, consistent with our expectation of improved revenue. However, we will maintain our focus on further improving the efficiency ratio, and if revenue growth in 2016 does not materialize we will adjust our expense base accordingly.

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

The composition of our loan portfolio at December 31 is shown in Table 6.

Loan Portfolio by Types of Loans — Table 6

(Dollars in millions)	2015	2014	2013	2012	2011
Commercial loans:					
C&I	$67,062	$65,440	$57,974	$54,048	$49,538
CRE					