

Deal of the Week: BB&T and SunTrust Combine in Merger of Equals

Announcement Date	<ul style="list-style-type: none"> February 7, 2019 	
Company 1	<ul style="list-style-type: none"> BB&T Corp. (NYSE: BBT) 	
BB&T Description	<ul style="list-style-type: none"> Financial holding company that provides various banking and trust services for small and mid-size businesses, public agencies, local governments, and individuals Business segments include Banking, Mortgage, Trust and Insurance Services, Investment Banking and Brokerage, Specialized Lending, and Treasury Founded in 1872 and headquartered in Winston-Salem, NC 	
BB&T Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$38.1 billion LTM Revenue: \$11.0 billion Trailing P/E: 12.8x 	<ul style="list-style-type: none"> Forward P/E: 10.7x 5 Year PEG: 2.9 Price/Book: 1.4x
Company 2	<ul style="list-style-type: none"> SunTrust Banks, Inc. (NYSE: STI) 	
SunTrust Description	<ul style="list-style-type: none"> Holding company for SunTrust Bank that provides various financial services for consumers, businesses, corporations, and institutions in the United States Business segments include Consumer and Wholesale Founded in 1891 and headquartered in Atlanta, GA 	
SunTrust Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$28.6 billion LTM Revenue: \$9.0 billion Trailing P/E: 11.1x 	<ul style="list-style-type: none"> Forward P/E: 10.2x 5 Year PEG: 1.1 Price/Book: 1.3x
BB&T Advisor	<ul style="list-style-type: none"> RBC 	
SunTrust Advisors	<ul style="list-style-type: none"> Goldman Sachs and SunTrust Robinson Humphrey 	
Merger of Equals	<ul style="list-style-type: none"> Combined market cap: \$66.0 billion 	<ul style="list-style-type: none"> Stock-for-stock
Rationale	<ul style="list-style-type: none"> The banks said the deal will allow more investment in technology while cutting more than 10% of combined total expenses through eliminating duplicate branches and digital systems The pro forma company will have approximately \$442 billion in assets, \$301 billion in loans, and \$324 billion in deposits serving more than 10 million households in the U.S. The new company is expected to deliver approximately \$1.6 billion in annual net cost synergies by 2022 The combined company is expected to generate an internal rate of return of approximately 18% GAAP and Cash EPS accretion per BB&T share in 2021 is expected to be approximately 13% and 17%, respectively. GAAP and Cash EPS accretion per SunTrust share in 2021 is expected to be approximately 9% and 16%, respectively 	
Deal Points	<ul style="list-style-type: none"> Under the terms of the merger agreement, SunTrust shareholders will receive 1.295 shares of BB&T for each SunTrust share they own; the per share deal value of \$62.85 is at a 7% premium to SunTrust's closing price on Wednesday BB&T shareholders will own ~57% and SunTrust shareholders will own ~43% of the combined company The combined bank's name and brand "will be determined prior to closing," the companies said 	