March 2014 Dodd Frank Act Stress Testing Results

SunTrust Banks, Inc. (the "Registrant" or "SunTrust" or the "Company") today announced the results from its Company-run stress test. Pursuant to the Dodd-Frank Stress Test Final Rule, the Company estimated certain balance sheet, income statement, loan loss, and capital ratio items, based upon the economic conditions assumed in the Federal Reserve Board's Supervisory Severely Adverse scenario. This scenario constitutes a hypothetical recession that is characterized by a substantial weakening in the economy. Despite the stressed conditions, SunTrust estimates that it would maintain a Tier 1 common ratio (Basel I) and Common Equity Tier 1 ratio (Basel III) above 8% throughout the nine-quarter forecast horizon.[1]

Overview

SunTrust regularly evaluates financial and capital forecasts under various baseline and stressed scenarios. This includes running multiple Company-specific scenarios, as well as multiple scenarios prescribed by the Federal Reserve Board as part of the annual Comprehensive Capital Analysis and Review ("CCAR") process. In conjunction with the CCAR process and pursuant to the Dodd-Frank Stress Test Final Rule (the "Dodd-Frank Stress Test Rule"), SunTrust estimated the impacts to its financial performance under the hypothetical conditions prescribed in the Federal Reserve Board's Supervisory Severely Adverse scenario. The forecast time horizon of these stress tests (hereafter referred to as the "D-F Stress Test") covered the nine-quarter period beginning in the fourth quarter of 2013 (October 1, 2013) and continuing through the fourth quarter of 2015 (December 31, 2015).

The Federal Reserve Board's Supervisory Severely Adverse Scenario

As noted above, the macroeconomic backdrop against which the stress test was conducted was based upon the Federal Reserve Board's Supervisory Severely Adverse scenario. This is a hypothetical scenario designed to assess the strength of banking organizations and their resilience during times of economic stress. The full details of the Supervisory Severely Adverse scenario can be found on the Federal Reserve website, www.federalreserve.gov. Hypothetical trends in some of the key economic factors in the Supervisory Severely Adverse scenario over the forecast horizon include:

- The unemployment rate increasing to approximately 11%;
- Real GDP growth reaching a low of -6.1% in Q1 2014;
- Equity prices falling approximately 50%; and
- Significant weakening in the U.S. housing market, with housing prices and commercial real estate declining more than 20% by the end of 2015.

D-F Stress Test Methodology and Review of Risks

To support the assessments used to create the D-F Stress Test projections, SunTrust used multiple forms of quantitative and qualitative analyses. As described above, the Federal Reserve Board provided hypothetical macroeconomic variables, and these served as key model inputs to inform SunTrust's financial forecasts for specific balance sheet, income statement, and loan loss categories. Financial forecasts employed multiple techniques including driver-based models, historical trend analysis, regression analysis, and simulation.

These forecasts were supplemented, as appropriate, with management judgment to ensure appropriate consideration of SunTrust-specific factors, such as strategic initiatives, and to mitigate limitations in estimations. To promote robust scenario and forecast development, SunTrust has established thorough and heavily governed processes, including "challenge" processes; it also incorporates overlays and adjustments to modeled outputs where deemed appropriate. Challenges are designed to foster candid, informed, and effective discussion regarding forecast methodologies and results. It occurs throughout the development process and at multiple organizational levels, including the Risk Committee of the Board of Directors. The execution of the challenge process may result in overlays and adjustments to modeled output. As a result, certain adjustments have been made to the forecasts, including modifications to the growth / attrition rates of certain loan categories, as well as adjustments to particular income categories.

[1] The capital ratios are calculated using capital action assumptions provided within the Dodd-Frank Stress Test Rule.

Based on the D-F Stress Test requirements, banks were required to use a formulaic approach with respect to any assumed return of capital to shareholders. For the first quarter of the planning horizon, SunTrust took into account the company's actual capital actions as of the end of the calendar quarter. For each of the second through ninth quarters of the planning horizon, SunTrust included the following items in the projections of capital: (i) common stock dividends equal to the quarterly average dollar amount of common stock dividends that the company paid in the previous year (that is, the first quarter of the planning horizon and the preceding three calendar quarters); (ii) payments on any other instrument that is eligible for inclusion in the numerator of a regulatory capital ratio equal to the stated dividend, interest, or principal due on such instrument during the quarter; and (iii) an assumption of no redemption or repurchase of any capital instrument that is eligible for inclusion in the numerator of a regulatory capital ratio. It is important to note that the D-F Stress Test does not take into account any capital actions the Company requested as part of CCAR 2014.

As part of its ongoing capital management program, SunTrust also uses a comprehensive risk identification process to help ensure that capital adequacy is evaluated relative to material risks that confront the Company, its associated risk profile, and the business operating environment. The Company reviews the identified risks and determines the extent to which their impacts are captured in the capital measures used by SunTrust. This risk assessment was conducted for the D-F Stress Test and included the following broad categories:

- Credit - exposure to borrowers' failure to meet the terms of their contract with SunTrust. This also includes counterparty credit exposure arising from hedging activities and client needs;
- Market - exposure to changes in interest rates, equity markets, or other economic variables;
- Operational - inadequacy or failure of internal processes, people and/or systems, or from external events that negatively impact internal processes, people and/or systems;
- Interest Rate - exposure to adverse movements in interest rates;
- Liquidity - the ability to meet obligations under normal or stressed conditions;
- Strategic - poor decision-making, improper follow-through on decisions and/or execution;
- Reputational - negative publicity or negative client/market perceptions of the Company;
- Regulatory - violations of, or nonconformance with, laws, rules, regulations, prescribed practices, or ethical standards;
- Legal - litigation stemming from either real or perceived wrongdoing in any line of business or functional area; and
- Model - unexpected model variance or invalid assumptions within decision-making tools, misuse of models or tools, or misinterpretation of model-derived results.

Upon assessing various risks, forecasted credit losses, the allowance for loan and lease losses ("ALLL"), pre-provision net revenue ("PPNR"), and quarterly net income, SunTrust reviewed its pro-forma capital levels and confirmed they were within acceptable regulatory and Company-defined limits. As part of this determination, the Risk Committee of SunTrust's Board of Directors and other senior management members reviewed, challenged, and approved the risk assessment process and the financial forecasts at both SunTrust Bank (the "Bank") and bank holding company ("BHC") levels, which are summarized below.

SunTrust Forecast Results under the D-F Stress Test

Due to the severe economic conditions in the hypothetical Supervisory Severely Adverse scenario, SunTrust estimates that both Bank and BHC financial performance and capital ratios would decline during the D-F Stress Test forecast horizon. Entity-level forecasts reflect lower pre-provision net revenue, lower loan balances, reduced noninterest income, and higher operational risk expenses. Credit losses also increase due to higher frequency of borrower default and increased loan loss severity. Consequently, a net loss is forecast over the nine-quarter period, and capital ratios decline at both the Bank and the BHC. Specifically, under the hypothetical Supervisory Severely Adverse Scenario assumptions, we forecast the BHC Tier 1 Common capital ratio declines from 9.9% as of the third quarter 2013 to 9.1% in the fourth quarter of 2015, and the BHC Common Equity Tier 1 ratio reaches 8.8% in the fourth quarter of 2015.

I. BHC Supervisory Severely Adverse Scenario Quantitative Results

The following tables provide quantitative information for the 2014 annual D-F Stress Test under the Supervisory Severely Adverse scenario. Included are SunTrust's projected stressed capital ratios, risk-weighted assets, losses, revenues, net income before taxes, and loan losses.

BHC Projected stressed capital ratios through Q4 2015

	Actual Q3 2013	Stressed capital ratios [1] Q4 2015	Minimum
Tier 1 common ratio (%)	9.9	9.1	9.1
Common equity tier 1 capital ratio (%) [2]	n.a.	8.8	8.8
Tier 1 risk-based capital ratio (%)	11.0	9.3	9.3
Total risk-based capital ratio (%)	13.0	11.3	11.3
Tier 1 leverage ratio (%)	9.5	8.6	8.6

1) The capital ratios are calculated using capital action assumptions provided within the Dodd-Frank Act Stress Test Rule. These projections represent hypothetical estimates that involve an economic outcome that is more adverse than expected. These estimates are not forecasts of expected losses, revenues, net income before taxes, or capital ratios. The minimum capital ratio presented is for the period Q4 2013 to Q4 2015.

2) All bank holding companies are subject to the Common Equity Tier 1 ratio limit for each quarter of 2015.

BHC Projected Cumulative Loan Losses, by type of loan, Q4 2013-Q4 2015

	Billions of dollars	Portfolio loss rates (%) [1]
Loan losses	5.5	4.7
First-lien mortgages, domestic	0.6	2.6
Junior liens and HELOCs, domestic	1.0	7.4
Commercial and industrial [2]	2.1	6.0
Commercial real estate, domestic	0.7	6.4
Credit cards	0.1	20.5
Other consumer [3]	0.5	2.9
Other loans	0.3	2.4

1. Average loan balances used to calculate portfolio loss rates exclude loans held for sale and loans held for investment under the fair-value option, and are calculated over nine quarters.

2. Commercial and industrial loans include small- and medium- enterprise loans and corporate cards.

3. Other consumer loans include student loans and automobile loans.

BHC Actual Q3 2013 and projected Q4 2015 risk-weighted assets			
	Actual	Projected Q4 2015	
	Q3 2013	Current general approach	Basel III standardized approach
Risk-weighted assets (billions of dollars) [(1)]	143.5	135.0	141.6

1. For each quarter in 2014, risk-weighted assets are calculated using the current general risk-based capital approach. For each quarter in 2015, risk-weighted assets are calculated under the Basel III standardized capital risk-based approach, except for the tier 1 common ratio which uses the general risk-based capital approach for all quarters.

BHC Projected losses, revenue, and net income before taxes through Q4 2015	Billions of dollars	Percent of average assets [(1)]
Pre-provision net revenue [(2)]	3.6	2.1
Other revenue [(3)]	-	-
Less		
Provisions	6.5	3.9
Realized losses/gains on securities (AFS/HTM)	0.03	0.0
Trading and counterparty losses [(4)]	-	-
Other losses/gains [(5)]	0.07	0.0
Equals		
Net income before taxes	-2.9	-1.8
Memo items	-	-
Other comprehensive income [(6)]	-	-
Other effects on capital	-	-
AOCI included in capital (billions of dollars) [(7)]	-	-

1. Average assets is the nine-quarter average of total assets.

2. Pre-provision net revenue includes losses from operational-risk events, mortgage repurchase expenses, and other real estate owned (OREO) costs.

3. Other revenue includes one-time income and (expense) items not included in pre-provision net revenue.

4. Trading and counterparty losses include mark-to-market and credit valuation adjustments (CVA) losses and losses arising from the counterparty default scenario component applied to derivatives, securities lending, and repurchase agreement activities.

5. Other losses/gains includes projected change in fair value of loans held for sale and loans held for investment measured under the fair-value option, and goodwill impairment losses.

6. Other comprehensive income is only calculated for advanced approaches BHCs, as only those BHCs include accumulated other comprehensive income (AOCI) in calculations of regulatory capital. Other comprehensive income includes incremental unrealized losses/gains on AFS securities and on any HTM securities that have experienced other than temporary impairment.

7. For the purposes of this stress test cycle, non-advanced approaches BHCs are assumed to opt-out of including AOCI in their capital calculations.

SunTrust Bank Capital Ratios

Supervisory Severely Adverse Scenario

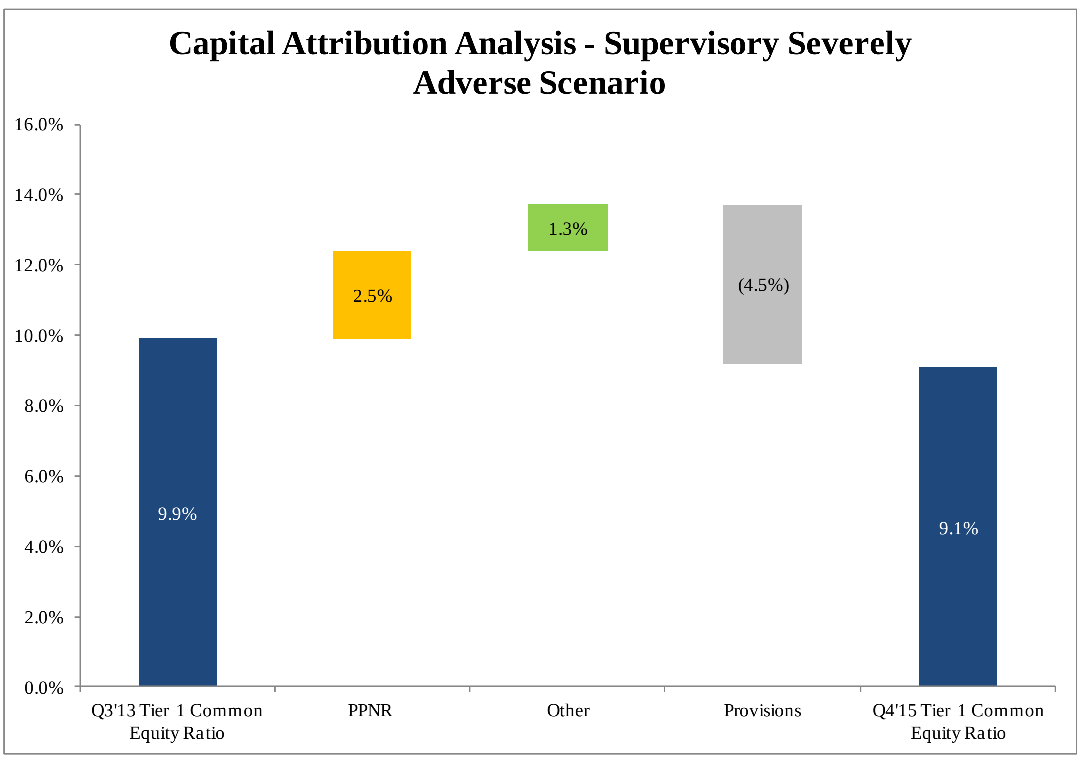
SunTrust Bank Projected stressed capital ratios through Q4 2015			
	Actual Q3 2013	Stressed capital ratios	
		Ending	Minimum
Tier 1 common ratio (%)	11.1	10.6	10.6
Common equity tier 1 capital ratio (%) (1)	n.a.	10.2	10.2
Tier 1 risk-based capital ratio (%)	11.1	10.1	10.1
Total risk-based capital ratio (%)	13.1	11.7	11.7
Tier 1 leverage ratio (%)	9.7	7.7	7.7

1. Common equity Tier 1 capital ratios are for the period Q1'15 through Q4'15.

Changes in Capital and Capital Ratios

Throughout the nine-quarter horizon of the Supervisory Severely Adverse scenario in SunTrust's 2014 Dodd-Frank Act Stress Test January submission, SunTrust's capital levels are projected to exceed regulatory minimums. Equity capital estimates are generated by incorporating the after-tax net income and the presumptive standardized capital actions over the course of that quarter into the equity capital position of the preceding quarter. Items excluded from regulatory capital purposes, most notably Goodwill and Accumulated Other Comprehensive Income, are then deducted from the equity capital balance. The projected risk-weighted assets are then used to generate the pro-forma capital ratios used to determine SunTrust's capital adequacy.

Under the hypothetical Supervisory Severely Adverse scenario, SunTrust's Tier 1 Common Ratio would be projected to decline a maximum of approximately 80 basis points from September 30, 2013 through December 31, 2015. The primary driver for this reduction in capital levels is provision expense of $6.5 billion exceeding $3.6 billion of pre-provision net revenue. The chart below shows the impact of the changes over the course of the Supervisory Severely Adverse scenario:



**Other includes impacts from DFAST standardized capital actions, changes in RWA, and taxes.*
Note: Numbers may not foot due to rounding.

Summary

The results of SunTrust's 2014 annual Dodd-Frank Act Stress Test indicate that the Company's performance and financial resources will be sufficient to successfully navigate a severe, protracted economic downturn, and that it will maintain capital levels that exceed regulatory minimums throughout the course of the Supervisory hypothetical scenario. It should be noted that this D-F Stress Test represents neither a forecast nor SunTrust's opinion of a likely economic scenario. SunTrust considers the possible emergence of the Supervisory Severely Adverse scenario to be remote, and expects economic conditions over the course of the forecast horizon to be materially more positive.

Further, the results of the scenario simulations reflect certain assumptions prescribed by rules or instructions issued by the Federal Reserve Board that may not be consistent with SunTrust's normal business practices, even under adverse economic scenarios. For instance, the standardized capital actions prescribed by the Dodd-Frank Act hypothetically supersede the execution of SunTrust's current capital plan. It is likely that, given the emergence of a severe economic downturn, the Company would move to conserve capital, and that the approved capital plan would be amended with a set of more conservative actions as mandated by internal policy. These actions may differ from those prescribed as the standardized Dodd-Frank capital actions.

Important Cautionary Note

SunTrust's disclosures of projected results, risks, and assumptions are hypothetical and made pursuant to the requirements of the Federal Reserve's Dodd-Frank Act Stress Test and related instructions, which require, among other things, unlikely and adverse economic scenarios and assumptions tailored specifically to an institution's particular business mix and geographical concentrations. These scenarios and assumptions do not necessarily reflect SunTrust's future expectations. These statements including statements regarding projected capital levels, likely risks, and projected macroeconomic conditions under specific, hypothetical scenarios 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," "goals," "targets," "initiatives," "potential" or "potentially," "probably," "projects," "outlook" or similar expressions or future conditional verbs such as "may," "will," "should," "would," and "could." Such statements are either based upon the current beliefs and expectations of management and on information currently available to management or upon hypothetical assumptions required under Dodd-Frank Act Stress Test. Such statements speak as of the date hereof, and we do not assume any obligation to update these statements 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. We list some of the factors that could cause actual results to differ materially from those described in the forward-looking statements in Item 1A of Part I of our 10-K and in other periodic reports that we file with the SEC.