SunTrust Banks, Inc.
Dodd-Frank Act Mid-Cycle Stress Test 2013
Results Disclosure

September 18, 2013

Overview

SunTrust ("the Company") regularly evaluates financial and capital forecasts under various economic scenarios as a part of its stress testing and capital planning processes. These tests include assessing the hypothetical performance of the Company and / or specific portfolios under potential stressed economic conditions.

As a component of its overall stress testing process, SunTrust and certain other banks are required to conduct semiannual stress tests pursuant to the Dodd-Frank Act Stress Test ("DFAST") Final Rule. SunTrust completed its first DFAST process earlier this year in conjunction with the Federal Reserve Board's ("FRB") Comprehensive Capital Analysis and Review ("CCAR") process; in March, the Company and the Federal Reserve individually published summary results of certain components of this stress test. SunTrust recently completed its second semiannual DFAST process for 2013, and it submitted its result to the FRB on July 5, 2013. This document outlines the approach the Company utilized in this midyear DFAST process, as well as certain summary results.

For the recent mid-cycle DFAST, SunTrust developed three hypothetical economic scenarios - Baseline, Adverse, and Severely Adverse. The Company then estimated the impact to its financial performance and capital position under the economic conditions prescribed in the three scenarios. The forecast time horizon of the stress tests covered the nine-quarter period beginning in the second quarter of 2013 and continuing through the end of the second quarter of 2015.

The results of SunTrust's mid-year Dodd-Frank Act Stress Test indicate that the Company will have the financial resources at its disposal to successfully navigate a severe and protracted economic downturn and will maintain capital levels that exceed regulatory minimums throughout the course of the hypothetical scenario.

SunTrust, as a bank holding company, is required to publish this summary of the results of its company-run mid-cycle stress tests conducted under its Severely Adverse scenario. SunTrust's disclosures of projected results, risks, and assumption are hypothetical and made pursuant to the requirements of the Federal Reserve's DFAST and related instructions which require, among other things, hypothetical and adverse economic scenarios and assumptions tailored specifically to an institution's particular business mix and geographical concentrations. The stress scenarios, risks, and financial results which SunTrust discloses do not necessarily reflect SunTrust's future expectations.

Summary of Methodology and Review of Risks

To support the assessments used to create the DFAST projections, SunTrust utilized multiple forms of quantitative and qualitative analysis. SunTrust developed hypothetical macroeconomic scenario variables, and these served as key inputs in SunTrust's financial forecasts of specific balance sheet, income statement, and loan loss categories. The financial forecasts employed multiple modeling techniques including driver-based models, historical trend analysis, regression analysis, and simulation. Overall, a combination of both quantitative and qualitative methodologies were used to produce projections for revenues, expenses, provision for loan and lease losses, and changes in capital under the each of the scenarios. Details of the methodologies are described in subsequent sections of this disclosure.

In accordance with DFAST guidance, banks were required to use a standardized approach with respect to any assumed return of capital to shareholders. Specifically, SunTrust was required to assume that its common stock dividend would remain constant relative to the prior year and that it would not conduct any share repurchases.

SunTrust also assessed various types of risks in its stress testing activities. As part of its ongoing capital management program, SunTrust utilizes a comprehensive risk identification process to help ensure that capital adequacy is evaluated based upon the Company's material risks, its associated risk profile, and the business operating environment. The Company carefully reviews the identified risks and determines the extent to which their impacts are captured in the capital measures utilized by SunTrust. This risk assessment was conducted for DFAST 2013 and included the following broad categories:

- **Interest Rate** – fluctuations in net interest income due to adverse movements in interest rates;
- **Market** – exposure to changes in asset and liability values due to changes in interest rates, equity markets, or other market related variables;
- **Credit** – exposure to borrowers' failure to meet the terms of their contracts with SunTrust, including counterparty credit exposure arising from hedging activities and client needs;
- **Legal & Regulatory** – violations of, or nonconformance with, laws, rules, regulations, prescribed practices, or ethical standards; litigation and/or legal risks stemming from either real or perceived wrongdoing in a line of business or functional area;
- **Operational** – inadequacy or failure of internal processes, people and/or systems, or from external events that negatively impact internal processes, people and/or systems;
- **Liquidity** – the ability to meet obligations under normal or stressed conditions;
- **Model** – unexpected model variance or invalid assumptions within decision-making tools; misuse of models or tools; or misinterpretation of model derived results; and
- **Other Risks** – examples include Strategic and Reputational Risks.

The following sections describe the general background and framework of the Severely Adverse scenario, quantitative financial results, and qualitative information related to methodologies and risks.

Severely Adverse Scenario Background

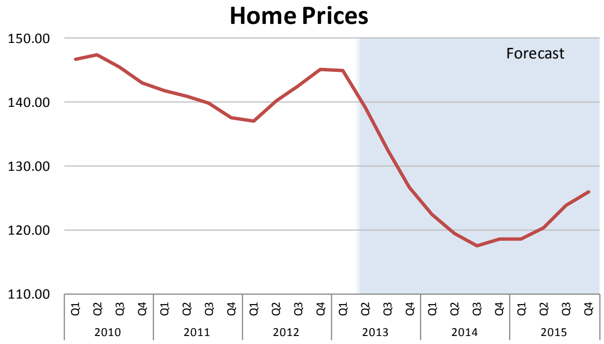
SunTrust's Severely Adverse scenario is a hypothetical economic scenario that is meant to represent a deteriorating macroeconomic environment and to expose certain potential vulnerabilities in SunTrust's business profile. This scenario, which was developed by SunTrust in conjunction with external advisors, assumes a deep economic recession which extends into another severe housing downturn. Key assumptions in the stress test are:

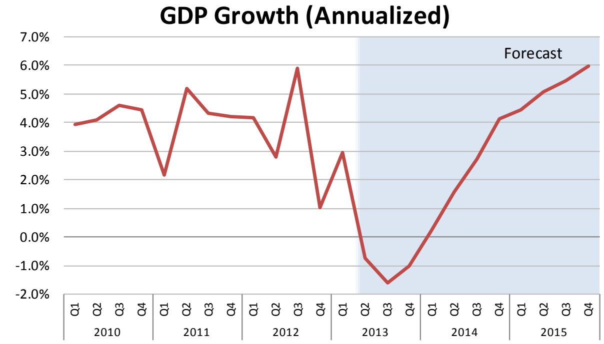
- Real GDP declines on an annualized basis for four consecutive quarters, beginning in the second quarter of 2013. The change in real GDP is -1.8% in 2013, and 0.4% in 2014, before recovering to a more normalized growth rate through the end of the scenario in 2015.
- The unemployment rate rises, peaking at 11% in the first quarter of 2014 and remaining above 10% at the end of 2015, as businesses are assumed to constrain hiring and investment plans.
- The equity markets experience an approximate 25% decline, with a significant increase in volatility.
- The Case Schiller 20 Metro Composite housing price index drops 19% from the second quarter of 2013 to mid-2014 before stabilizing through the scenario horizon. Nationally, mortgage originations fall by approximately one-third their Q1 2013 levels, and housing permit issuances decline by 27% from fourth quarter 2012 levels.

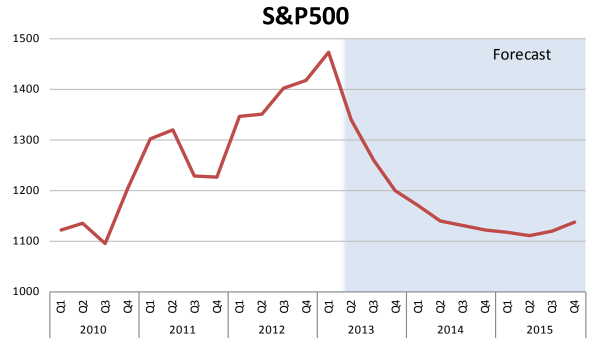
- Consumer confidence and spending are assumed to decline due the combined effects from higher unemployment, lower home prices, and lower stock prices.
- We also assume that the Federal Reserve will keep short-term rates low over the forecast horizon, which mitigates the impact of the Severely Adverse scenario. Consequently, we also assume that long-term Treasury rates are also assumed to remain low; however, corporate bond spreads are assumed to increase in light of the recessionary environment, and mortgage rates are also assumed to increase somewhat from their historically low levels at the start of the stress test horizon.

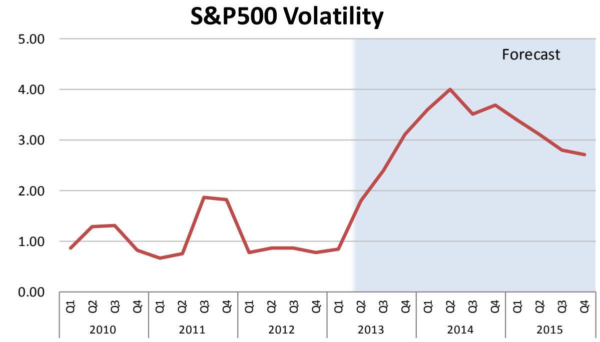
While the effects of this scenario are applied across each of SunTrust's lines-of-business and corporate functions, this scenario, which incorporates a further stress on home prices, was specifically designed to stress SunTrust's residential real estate related assets including, but not limited to, first lien mortgages, home equity products, and mortgage servicing rights. The scenario was used to assess SunTrust's ability to withstand the impact of further declines in property values in its footprint.

As additional context on the Severely Adverse scenario, the charts below describe the general economic and interest rate environments that underlie the hypothetical Severely Adverse scenario. While this variable set provides a high-level overview of the key assumptions, the full scenario consisted of a more detailed suite of variables, including certain data at the national, state, and Metropolitan Statistical Areas ("MSA") levels.

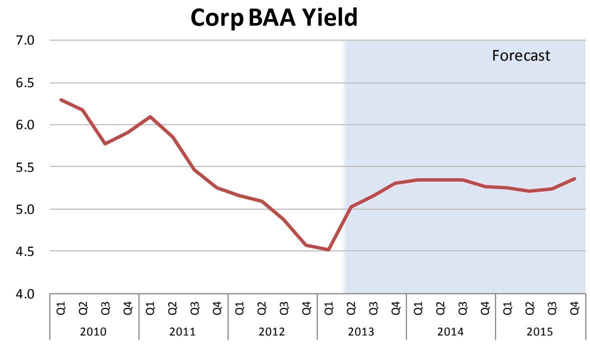

Home Prices
150.00
140.00
130.00
120.00
110.00
Forecast
2010
2011
2012
2013
2014
2015

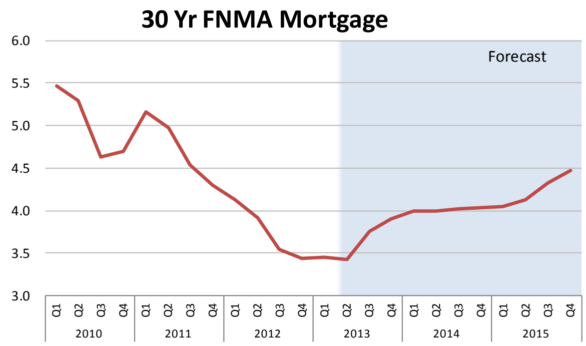

GDP Growth (Annualized)
7.0%
6.0%
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
-1.0%
-2.0%
Forecast
2010
2011
2012
2013
2014
2015

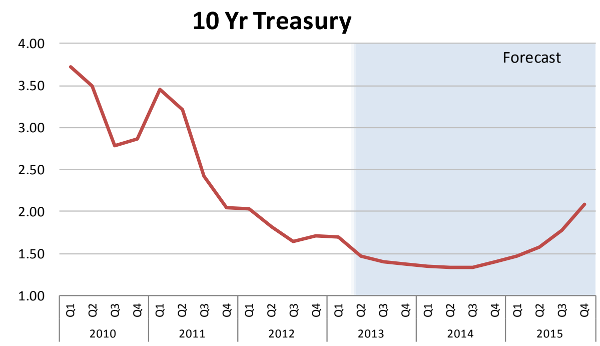

S&P500
1500
1400
1300
1200
1100
1000
Forecast
2010
2011
2012
2013
2014
2015


S&P500 Volatility
5.00
4.00
3.00
2.00
1.00
0.00
Forecast
2010
2011
2012
2013
2014
2015


Unemployment
12.00
11.00
10.00
9.00
8.00
7.00
Forecast
2010
2011
2012
2013
2014
2015


Corp BAA Yield
7.0
6.5
6.0
5.5
5.0
4.5
4.0
Forecast
2010
2011
2012
2013
2014
2015


30 Yr FNMA Mortgage
6.0
5.5
5.0
4.5
4.0
3.5
3.0
Forecast
2010
2011
2012
2013
2014
2015


10 Yr Treasury
4.00
3.50
3.00
2.50
2.00
1.50
1.00
Forecast
2010
2011
2012
2013
2014
2015

Quantitative Results

The following tables provide quantitative information for the DFAST 2013 mid-cycle SunTrust stress test under the Severely Adverse scenario. Included are SunTrust's estimated loan losses, pre-provision net revenue (PPNR), provision for loan and lease losses, and capital metrics based on the macroeconomic conditions assumed under the Severely Adverse scenario.

DFAST 2013 Projected Loan Losses by Type of Loans
Q2 2013 Through Q2 2015

($Billions)	SunTrust Severely Adverse Scenario	Portfolio Loss Rate (%)
Loan Losses	**5.0**	**4.2%**
First Lien Mortgages	0.7	2.3%
Junior Liens and HELOCs	0.9	7.2%
Commercial and Industrial	1.9	5.4%
Commercial Real Estate	0.7	6.6%
Credit Cards	0.1	15.2%
Other Consumer	0.4	2.2%
Other Loans	0.2	2.0%

**Numbers may not foot due to rounding*

DFAST 2013 Projected Losses, Revenue, and Net Income
Q2 2013 Through Q2 2015

($Billions)	SunTrust Severely Adverse Scenario	Percentage of Average Assets
PPNR	4.1	2.4%
Other Revenue	0.0	
Less:		
Provision for Loan and Lease Losses	5.9	3.5%
Realized Gains/Losses on Securities (AFS/HTM)	0.0	
Trading and Counterparty Losses	0.0	
Other Losses/Gains	0.0	
Net Income Before Taxes	**-1.9**	**-1.1%**

**Numbers may not foot due to rounding*

DFAST 2013 Capital Ratios
Q2 2013 Through Q2 2015

	SunTrust Severely Adverse Scenario		
	Q2'13	Q2'15	Minimum
Tier 1 Common Ratio (%)	10.1	9.4	9.4
Tier 1 Capital Ratio (%)	11.2	10.2	10.2
Total Risk-based Capital Ratio (%)	13.5	12.3	12.3
Tier 1 Leverage Ratio (%)	9.3	8.4	8.4

Ratios calculated on a Basel I basis

As shown above, loan losses during the nine quarter Severely Adverse scenario are estimated to be a cumulative $5.0 billion. This represents a significant increase from the levels of losses that the Company is currently experiencing, driven primarily by residential real estate and commercial and industrial (C&I) loans. The high levels of first and junior lien residential real estate loan losses are primarily due to increased unemployment driving more defaults and lower home price values resulting in increased loan loss severities. C&I losses are also projected to increase, due the overall decline in business activity associated with the economic downturn.

SunTrust's nine quarter pre-tax profitability during the Severely Adverse scenario is estimated at -$1.9 billion. The primary driver of the loss is the elevated level of the provision for loan and lease losses. Pre-provision net revenue is also projected to decline substantially from current levels. The primary drivers of lower PPNR include lower net interest income due to loan balance declines, reductions in noninterest income (principally in mortgage production and capital markets revenue), and elevated levels of certain expense categories (including credit and legal costs, as well as other operating losses).

Due to the net loss, SunTrust's capital ratios are projected to decline in the Severely Adverse scenario; this is partially mitigated by lower risk-weighted assets, primarily due to lower loan balances over the course of the forecast horizon. Despite the capital ratio decline, the Company remains well capitalized throughout the forecast horizon, with a minimum Tier 1 common ratio of 9.4% (as calculated on a Basel I basis).

Qualitative Results - Key Risks Included in the Severely Adverse Scenario

As noted previously, the Severely Adverse scenario disclosed herein is one of three scenarios that were tested as part of the mid-cycle DFAST. While the scenario results represent a forecast of the performance of the Company over a given economic scenario, the specific details of the individual scenarios dictate the impact of each of certain risks on SunTrust's income statement, balance sheet, and capital ratios.

I. Linkage of Risks to Forecasts

The Severely Adverse scenario that underlies SunTrust's DFAST submission is designed to enable a full simulation of the performance of the entire enterprise. To explain the evaluation of risks inherent in SunTrust's Severely Adverse scenario, the following sections provide a brief description of certain risks and how they are addressed within the scenario.

II. Credit Risk

We project the effect of credit risk under the three scenarios based on the credit product being evaluated. Broadly speaking, the projected economic environment presents a significant stress on loans and leases, with asset quality deteriorating and net charge-offs and credit expenses increasing significantly from recent levels. It should be noted that the methodologies listed are applied at a more granular level for loss forecasting and aggregated for DFAST disclosure purposes. The general types of methodologies employed are listed below:

a. First Lien Mortgages

Losses on First Lien Mortgages are projected using an econometrically driven roll-rate methodology that uses variables at various levels of geographic granularity to condition delinquency transition matrices. The matrices define the velocity at which credits "roll" through the various stages of delinquency. These delinquency roll-rates are applied to the portfolio to determine default volumes. Ultimate loss content and timing is then derived by incorporating geographic considerations to account for differences in foreclosure timelines, home price deterioration, etc. Decreasing home prices combined with increasing unemployment create a dual stress on Residential Real Estate assets, stressing both the incentive and capability to repay those loans, implying higher default frequency as well as loss severity.

b. Junior Liens and HELOCs

Junior Lien and HELOCs follow a similar method as first lien mortgages; however the unfunded balances that would draw during an economic downturn are included in the projections of balances and affect the ultimate projections of loss. Additionally, a subordinated lien position impacts loss severity, which is incorporated into projections. As with First Lien Mortgages, the projected economic environment serves to significantly stress both the default frequency and loss severity of loans in this portfolio.

c. C&I and CRE

The credit loss forecast for Commercial and Industrial ("C&I") and Commercial Real Estate ("CRE") portfolios are both composed of two separate processes:

- Existing Nonperforming Loan ("NPL") Credit Loss Forecast
- Performing Loan Credit Loss Forecast

Existing NPLs are loans already in default, however, the loss severity, and ultimate resolution timing, has yet to be determined. NPLs are resolved in the existing framework in one of four ways: charge-off, payoff, transfer to Other Real Estate ("ORE"), or return to accrual. In the interest of conservatism, no returns to accrual are included in the forecast. Existing NPLs are modeled using a combination of bottom-up loan level forecasts and quantitatively applied assumptions.

Future inflows to NPLs come from defaults in the performing loan portfolio and must transition, migrate, or otherwise move to NPL status before the resolution process begins. This process is largely top-down in its application; however, loan level characteristics form the basis of this quantitative approach. Movement to default within the model is a product of selected input parameters such as a default rate, or a transition matrix, in combination with loan probability of default ("PD") risk ratings. The C&I portfolio uses an econometric model for selection of migration matrices. The CRE portfolio uses a regression-based default rate model for determination of default rates. Determination of the resolution proportions is driven by loan level information, including structure, line of business, and collateral type. The timing of resolution is driven by empirically-derived estimates at the line of business level.

Both C&I and CRE losses are expected to increase under the hypothetical environment, though driven by different factors. C&I lending will be impacted by the general level of business activity, noted in the deterioration of retail sales, rising unemployment, and several quarters of negative changes in GDP. Commercial Real Estate lending is also impacted by the general business environment, though the ability of the underlying collateral to create rental income also often has an impact on the ability of the borrower to repay. As property values decrease in this scenario, it has a compounding effect on the asset quality, as both loss frequency and severity increase.

d. Credit Cards

Losses on Credit Cards are modeled using econometrically conditioned roll-rate matrices to project flows into delinquency and default. Once in default, a severity schedule is applied to the loans to determine the expected loss content of the accounts.

SunTrust projects that delinquency rates in credit card portfolios increase as the economic environment deteriorates. Higher delinquency rates are a precursor to charge-offs, which, consequently, increase significantly under the projected scenario.

e. Other Consumer

The Other Consumer category for loan losses includes Auto Loans, Student Lending, Small Business, Business Card, and Unsecured Personal Credit Lines. Several techniques are used to estimate the forward losses on these portfolios in the event of a severe economic scenario. The primary methodology employed is a transition matrix-based approach that incorporates conditional delinquency roll rates. This is functionally similar to the methodology employed for Mortgages, Home Equity, and Credit Cards, though the granularity (national, regional, state, MSA) at which the forecasts are developed, as well as the variables (GDP, unemployment, home prices, etc.) used to condition the matrices vary on a per-product basis. In general, losses on these portfolios increase as a result of the projected economic scenario, but they do so in different ways. For instance, the vast majority of the Student Loan portfolio is supported by guarantees that limit the loss content on those loans, and Auto Loan performance has shown some measure of resilience over past recessionary periods, with loss rates being less volatile relative to other asset classes.

III. Market Risk/Interest Rate Risk

Broadly speaking, SunTrust has exposure to market risk in the following areas of the Company: Treasury, SunTrust Mortgage, Private Wealth Management, and Corporate & Investment Banking ("CIB"). The largest market risk is structural interest rate risk that results from SunTrust's balance sheet positioning. However, the stress scenarios considered here will not materially affect the structural interest rate risk profile. Given the deep and liquid two-way markets in interest rates, the Asset & Liability Committee ("ALCO") and Corporate Treasury have significant flexibility, market stresses notwithstanding, to effectively position and adjust SunTrust's interest rate risk profile.

Provided below is a brief description of the methodologies and processes that represent how the hypothetical scenario manifests itself in Market and Interest Rate Risks to SunTrust.

a. Structural Interest Rate Risk within ALM/Treasury

Structural interest rate risk is defined as the exposure from adverse movements in interest rates on the Company's (i) net interest income, which represents the majority of SunTrust's revenue, or its (ii) market value of equity, which reflects the net present value of the cash flows from all on- and off-balance sheet items. SunTrust incorporates the projected interest rate environment in the Severely Adverse scenario to determine the impact of movements within the rate environment on its balance sheet and income statement.

b. Market and Interest Rate Risk within Corporate & Investment Banking

SunTrust is exposed to Market Risk in its Corporate & Investment Banking segment, with the impacts manifesting primarily through capital markets activity performed in support of client activity. Losses within these segments derive from negative changes in valuations of trading portfolios along with reduced client activity. Macroeconomic factors including equity indices (e.g. Dow Jones Industrial Average, S&P 500), Treasury & Interest Rate Swap yield curves, Corporate Bond Spreads, Volatility Index (VIX), GDP projections, and CPI indicators are incorporated into estimates of stressed performance under the prescribed scenarios.

c. Market and Interest Rate Risk within SunTrust Mortgage

SunTrust Mortgage's income is impacted by Market Risk and Interest Rate Risk in several ways. Primarily, fluctuations in the value of SunTrust's Mortgage Servicing Rights are driven by changes in the interest rate environment, as the rate environment will define the refinance volume of the currently serviced Mortgages, which impacts the future cash flows generated by the aggregate of Mortgage Servicing Rights. SunTrust hedges for these valuation changes, however, the performance of that hedge, as well as the costs associated with the maintenance of the hedge, fluctuate with the changes in the interest rate environment. The interest rate environment also exposes SunTrust to changes in mortgage production income, as refinance and home purchase activity, and consequently fee income, will increase or decrease given movement in mortgage rates.

d. Liquidity Risk

Liquidity risk is related to (i) SunTrust's ability to meet its obligations when they become due and (ii) the liquidity available to sufficiently meet the Company's needs, under either normal or stressed market conditions.

SunTrust employs a governance process for liquidity management to ensure that both the Bank and the Parent Company retain sufficient normal and contingency liquidity to meet projected obligations under a wide range of market conditions. SunTrust assesses the potential for contingency liquidity risk through its monitoring of specified idiosyncratic and systemic risk factors.

SunTrust expects to maintain a robust liquidity position throughout the forecast horizon and to keep sufficient cash and liquid securities positions to fund the Company and meet all of its obligations. This expectation extends to the Severely Adverse scenario, which incorporates the interest environment to determine the cost of funding SunTrust's balance sheet on an ongoing basis, as well as the scheduled payments on all its liabilities.

IV. Operational Risk Losses

Operational Risk is stressed utilizing a model that projects the frequency of operational risk loss events via macroeconomic factors, and applies that frequency to the historically observed event severity. In addition to the increased frequency of events in an adverse economic environment, SunTrust also assumed the occurrence of a single large idiosyncratic event, larger in scale than SunTrust has seen in recent experience. The hypothetical loss is not specific, but rather is a function of external data and peer analysis with respect to the potential magnitude of such an event. This event is incorporated to ensure that SunTrust's estimate of Operational Risk Losses takes into account the potential for unforeseen Operational Risk issues that could manifest themselves over the course of the hypothetical scenario.

V. Legal Risks

In the ordinary course of business, the Company and its subsidiaries are subject to regulatory examinations, investigations, and requests for information, and are also parties to numerous civil claims and lawsuits. While such matters are inherently difficult to predict, each quarter SunTrust regularly estimates its reasonably possible legal losses that are above and beyond its existing legal reserves. This range of reasonably possible losses is utilized to estimate potential legal risks in the Severely Adverse scenario. Additionally, in the interest of ensuring conservatism in the projection, SunTrust assumes that all current and pending litigation matters conclude within the nine-quarter forecast horizon. More broadly, the Company assumes in the Severely Adverse scenario an elevated level of litigation activity related to compliance, securities issuance and underwriting, and mortgage loan origination and servicing.

Qualitative Results - Impacts of Scenarios to Revenue and Expenses

The preceding sections focused on providing insight into the impacts of risks SunTrust faces in its daily operations and how the behavior of those risks is projected over an adverse economic environment. However, not all of the impacts of a given economic scenario manifest themselves through commonly used risk archetypes. The following section provides a discussion of how certain income and expense items would be expected to react in a Severely Adverse scenario, even though changes in behavior of those items is not easily categorized into one of the aforementioned risk categories. Experience has shown that other areas of the Company are impacted by degradation in the economic environment and will suffer changes in performance based on the hypothetical stress scenario. The section that follows provides an overview of how SunTrust leverages that experience, creating models, processes, and techniques that are used to derive the results for income and expense.

I. Net Interest Income

Net interest income is the interest SunTrust earns on loans, debt securities and other interest earning assets held less the interest paid on deposits, long-term and short-term debt, and other interest bearing liabilities. Changes in the underlying interest rate environment, the competitive environment, or the amount of assets or liabilities held affect net interest income and the Company's earnings. The hypothetical interest rate environment of the Severely Adverse scenario is used to estimate the behavior of SunTrust's assets and liabilities, calculating forward Net Interest Income.

a. Loans & Other Interest Earning Assets

SunTrust uses a cash flow modeling engine to derive net interest income. This engine contains the underlying rate indices, including rates for Fed Funds, Prime, LIBOR, Treasury, and Mortgages, along with product-specific drivers such as pricing indices, prepayment assumptions and maturity. Loan spreads are forecast at a granular level, with each loan account tied to a specific rate curve index.

The rate environment projected in the Severely Adverse scenario keeps yields on loans low. As a result, Interest Income declines in aggregate, as loan balances are projected to decline as a result of the deteriorating economic climate.

b. Deposits & Other Interest Bearing Liabilities

Deposit rates are loaded into SunTrust's cash flow modeling engine for each scenario based on LIBOR and/or Fed Funds. SunTrust develops the interest rate paid forecast using various internal and external business drivers. Generally, rates paid adjust based on LIBOR and/or Fed Funds forecasts under the respective economic environment. SunTrust's outstanding debt instruments are forecast similarly, with contractual rates paid and maturities incorporated.

The rate environment projected in the Severely Adverse scenario keeps deposit rates low, though the significant noninterest bearing deposit inflow experienced in the last economic recession is not assumed to repeat.

II. Non Interest Income

a. Deposit Service Charges & Card Fees

Service Charges are comprised primarily of service charges on deposit accounts, insufficient funds (NSF) fees, Automated Teller Machine (ATM) fees, and card services. SunTrust's methodology for projecting this income stream incorporates economic and company specific drivers. The primary macroeconomic drivers of these income items are unemployment rates, home prices, and GDP. Company specific income drivers include the number of consumer and small business checking accounts, average account balances, the number of NSF incidents (incident rate), and the number of debit card transactions. The reduction in business and consumer transaction volume that is projected under the Severely Adverse scenario decreases the incidence of fee-based activity, reducing noninterest income for service charges and fees.

b. Mortgage Production & Servicing Income

Noninterest Income for Mortgage and Home Equity consists primarily of three areas: Production, Servicing, and Provisions to Repurchase Reserves/Liabilities for Residential Mortgage Representations and Warranties. In aggregate, Mortgage Production & Servicing Income is significantly impacted by the economic scenario, driven primarily by an increase in the Provision for Repurchase Reserves as well as the impacts from lower production volume.

With respect to production income, there are two primary components to Mortgage Production Income:

- The gain or loss on the sale of mortgage loans, including mark-to-market adjustments on rate locks and loans held for sale, net of related hedges. This income declines from the levels of income preceding the forecast period, due to lower forecasted production volume and gain on sale margins compressing from the high levels experienced in 2012.
- Other production-related income, including origination fee income and mark-to-market adjustments on loans reported at fair value, also declines.

Servicing income for residential mortgages is made up of several components: Servicing fees, changes in valuations due to credit quality fluctuations, changes in valuations due to the interest rate environment net of interest rate hedges, decay, and the gain or loss on sale of Mortgage Servicing Rights ("MSR"). Each of these components is separately modeled and estimated under alternative scenarios. Several of the components are a consequence of other forecast factors. Mortgage Production Volume, for instance, determines a portion of the changes in the Serviced-for-Others portfolio, which is a proximal driver of Servicing Fee Income.

In addition to the MSR valuations, the MSR forecasts require a simulation of hedge results. Forecasting future hedge performance requires a series of assumptions about the various components of overall performance. These scenarios assume that the primary objective of hedging, which is simply to offset the effects of changes in interest rates, is fulfilled by maintaining a 100% hedge ratio on a continuous basis. This means that generic rate movements whether large or small are neutralized almost completely. On occasion inefficiency occurs, but it is measured by changes in net carry.

Servicing income is negatively impacted by the deteriorating economic environment, and in particular, home prices and unemployment. Over the course of the forecast horizon, it decreases relative to the periods preceding the forecast. The primary driver is a valuation change due to credit quality deterioration, and is partially offset by the increase in value of the servicing asset due to lower levels of refinance activity.

As a final component of Mortgage Production Income, albeit on a contra basis, Repurchase Provision arises from representations and warranties ("Reps/Warrants") made in connection with sales of mortgage loans to investors. The investor may "put-back" a loan, or loss associated with a loan, to SunTrust if the investor successfully asserts the presence of a defect or error in the origination of the loan, evidence of fraud/misrepresentation, or the case of an early payment default. Thus, SunTrust is required to record a liability for loss contingencies related to sold loans. As noted, this contra-revenue item is a significant driver of the expected reduction in mortgage production income. This is due to an assumed increase in the incidence rate of repurchase requests in the Severely Adverse scenario given the increase in delinquency and default anticipated in the serviced mortgage portfolio.

c. Investment Banking and Sales & Trading

Included within Investment Banking are Advisory Services, Equity Capital Markets, Debt Capital Markets, and Syndicated/Corporate Lending. Sales & Trading noninterest income is comprised of Equities, Fixed Income (including the sub-categories of Credit, Rates, and Other), Commodities, and Prime Brokerage. Projected results under the Severely Adverse scenario are driven by macroeconomic factors including Equity Indices (Dow Jones Industrial Average and/or S&P 500), Treasury & Interest Rate Swap yield curves, Corporate Bond Spreads, the Volatility Index (VIX), and GDP projections. As would be expected, given the economic scenario, both Investment Banking and Sales & Trading income are negatively impacted, relative to the four quarters preceding the forecast period.

d. Investment Management

Historically, noninterest income from this segment has closely followed the performance of the broader economy, and more specifically, the performance of equity indices such as the S&P 500 and the Dow Jones. SunTrust employs a model that incorporates that observed historical relationship to stress the expected Investment Management income. In the Severely Adverse scenario, equity market values decline materially and, therefore, investment management income similarly declines.

III. Non Interest Expense

a. Compensation

Compensation Expense is comprised of Salaries, Benefits, Commissions, Stock Based Compensation, and Cash Variable Pay. Each of these expenses are forecast on a bottom-up basis and are driven by current staffing levels, expected compensation, business performance, and considerations for future headcount changes. The initial forecast for compensation expense is based on SunTrust's Baseline operating environment. To estimate compensation expense over the course of the Severely Adverse scenario, adjustments are made to each of the component factors noted above based on the recently observed economic recession. Despite the hypothetical economic environment, headcount and compensation expense levels do not decrease uniformly across the Company because certain areas, most notably Credit and Collections, experience an increase over the course of the scenario.

b. Operational Risk Expense

Incorporated into the Operational Risk Expense category are Operational Risk Losses, Legal Losses, and Litigation Expense. The methodology used for Operational Risk Losses is noted previously, in Section IV of the *Qualitative Results - Key Risks Included in the Severely Adverse Scenario*.

Legal Losses are comprised of an estimate of reasonably possible losses that do not currently have accruals associated with them. Litigation expense is estimated by incorporating the volume of litigation matters implied by the aforementioned Legal Loss forecast, the expected litigation expense tied to existing accruals, and is further informed by recent historical trends on litigation matters.

Operational Risk Expense increases materially over the course of the scenario, owing to the deteriorated economic environment, but also in part to the occurrence of a hypothetical, nonspecific operational risk loss that is included as part of the Operational Risk Expense projection.

IV. Provision Expense

SunTrust influences its Allowance for Loan and Lease Losses (“ALLL”) through provision expense. The increase in projected provision expense over the nine quarter forecast horizon covers forecasted net charge-offs and builds the Allowance-to-Loan Ratio, from 1.79% as of March 31st, 2013, to 2.53% at the end of the forecast period. The additional provision expense incurred in each quarter over the course of the forecast, in compliance with GAAP, and to be consistent with SR 06-17, does not presume perfect foresight of the projected losses during the forecast, but rather, relies on common constructs each quarter to determine the ALLL levels that would be appropriate at that time. The additional expense includes reserving for off-balance sheet exposures, made up primarily of committed, but as yet unfunded lines and letters of credit.

Discussion of Overlays and Judgment

While SunTrust’s DFAST submission relies heavily on quantitative models, the value of management input and judgment cannot be discounted. This is particularly true with respect to the impact of strategic initiatives, intuitional benchmarks, and qualitative overlays.

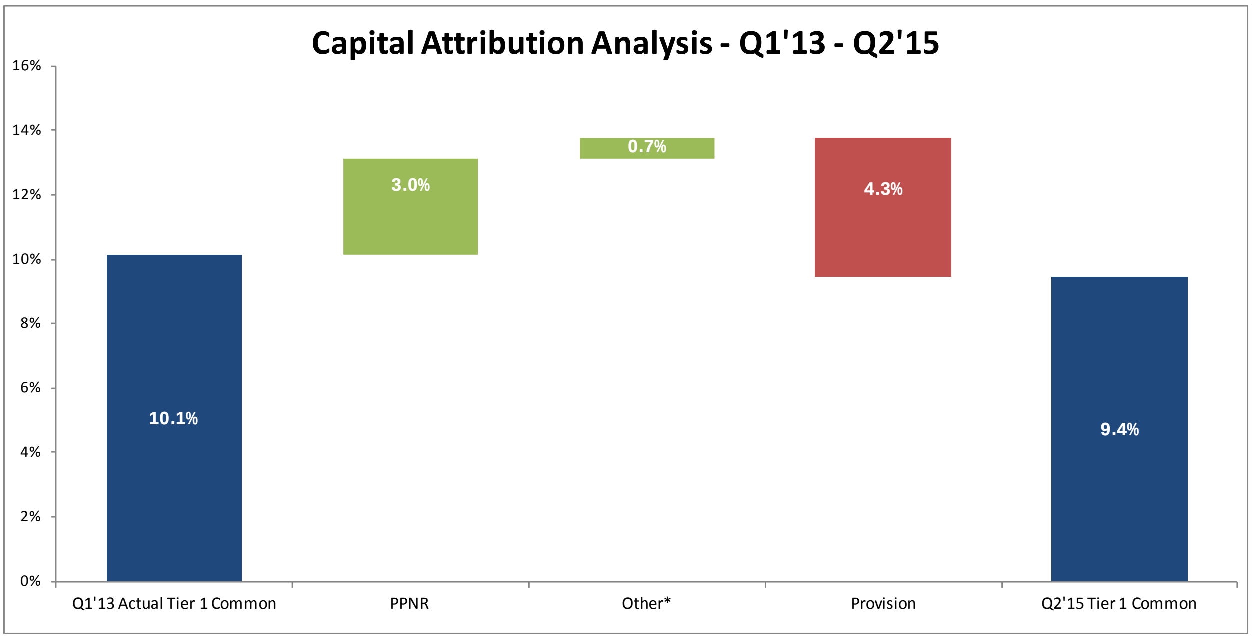
To ensure consistency within the scenarios, SunTrust has a thorough and heavily governed challenge process to incorporate overlays and adjustments to modeled outputs. This process is designed to foster candid, informed, and effective challenge to forecast results at several levels of review. The execution of the challenge process may result in overlays and adjustments to modeled output at several points in the process. As a result of this process, certain adjustments were made to the Severely Adverse forecast, including modifications to the growth / attrition rates of certain loan categories, as well as a downward adjustment to a particular fee income category.

Changes in Capital and Capital Ratios

Throughout the nine-quarter horizon of the Severely Adverse scenario in SunTrust's mid-year Dodd-Frank Act Stress Test, SunTrust's capital levels are projected to well exceed regulatory minimums. For each quarter within the stress test horizon, 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 ("AOCI"), 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 Severely Adverse scenario, SunTrust's Tier 1 Common Ratio would be projected to decline approximately 70 basis points from March 31, 2013 through June 30, 2015. As shown earlier, in the quantitative disclosure, the primary driver for this reduction in capital levels is provision expense of $5.9 billion exceeding $4.1 billion of pre-provision net revenue.

The chart below shows the impact of the changes over the course of the Severely Adverse scenario:



**Other includes a Net Tax Benefit, the impacts of DFAST Standardized Capital Actions, and changes in RWA*
Numbers may not foot due to rounding

SunTrust does not expect any GAAP valuation allowance or regulatory capital disallowance of incremental deferred tax assets in the Severely Adverse scenario. Additionally, it should be noted that, per the FRB's instructions, the capital actions assumed under the DFAST do not represent SunTrust's planned capital actions.

Summary

The results of SunTrust's mid-year Dodd-Frank Act Stress Test indicate that the Company will have the financial resources at its disposal to successfully navigate a severe and protracted economic downturn and will maintain capital levels that exceed regulatory minimums throughout the course of the hypothetical scenario. It should be noted that this test neither represents a forecast nor SunTrust's opinion of a likely economic scenario. SunTrust considers the possible emergence of its Severely Adverse scenario to be remote, and it would expect the economic scenario that does materialize over the course of the forecast horizon to be materially more positive.

Further, the results of the scenario simulation reflect certain assumptions prescribed by rules or instructions issued by the Federal Reserve Board that may not be consistent with SunTrust's practices over the normal course of business, 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 take capital conservation actions, and 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

As noted above, SunTrust's disclosures of projected results, risks, and assumption are hypothetical and made pursuant to the requirements of the Federal Reserve's DFAST 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 DFAST. 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.