

# Citigroup Financial Services Conference

William H. Rogers, Jr., Chairman and CEO, SunTrust Banks, Inc.

March 5, 2013



## Important Cautionary Statement About Forward-Looking Statements

The following should be read in conjunction with the financial statements, notes and other information contained in the Company's 2012 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K.

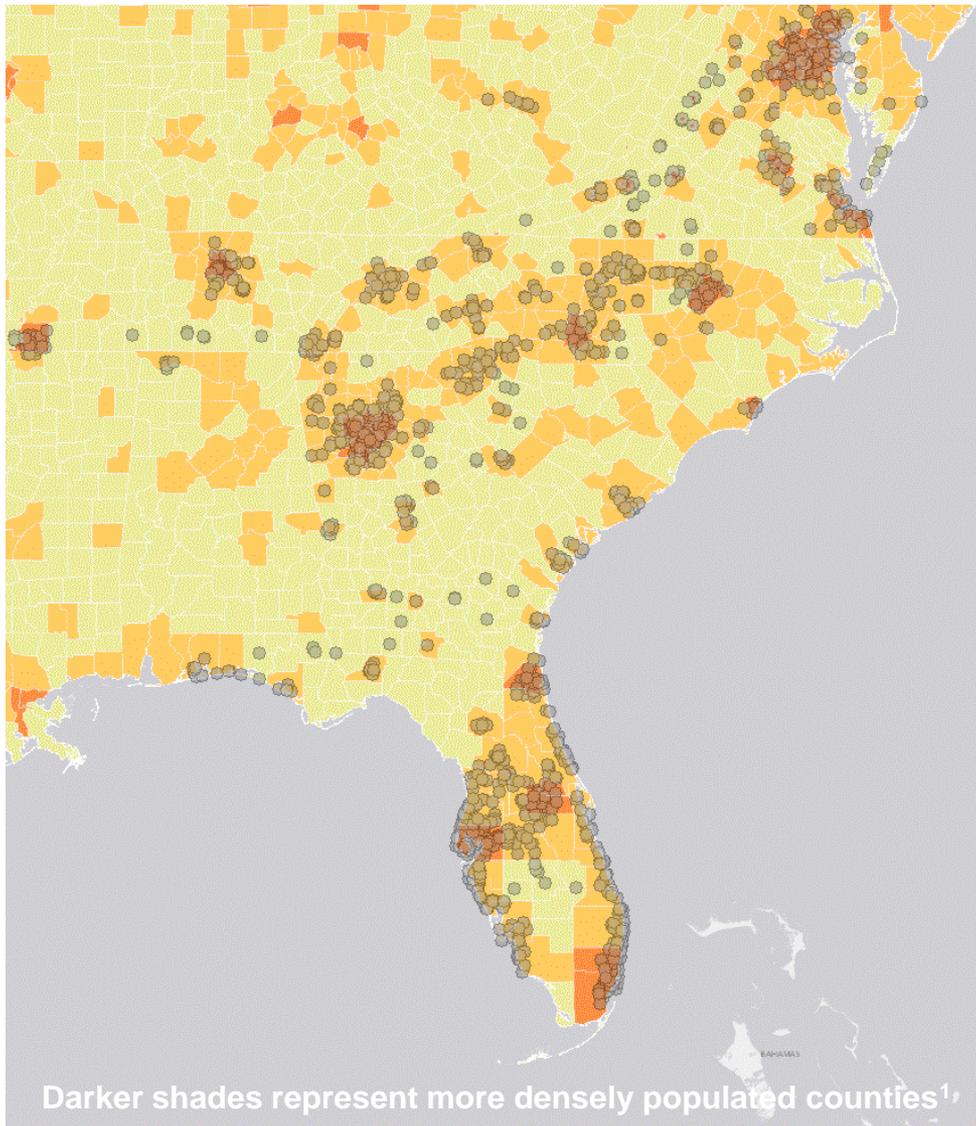
This presentation includes non-GAAP financial measures to describe SunTrust's performance. The reconciliations of those measures to GAAP measures are provided within or in the appendix of this presentation. In this presentation, net interest income and net interest margin are presented on a fully taxable-equivalent ("FTE") basis, and ratios are presented on an annualized basis. The FTE basis adjusts for the tax-favored status of income from certain loans and investments. The Company believes this measure to be the preferred industry measurement of net interest income and provides relevant comparison between taxable and non-taxable amounts.

This presentation may contain forward looking statements. 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 based upon the current beliefs and expectations of management and on information currently available to management. 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. Factors that could cause actual results to differ materially from those described in the forward-looking statements can be found in Item 1A of Part I of our 10-K and in other periodic reports that we file with the SEC. Those factors include: our framework for managing risks may not be effective in mitigating risk and loss to us; as one of the largest lenders in the Southeast and Mid-Atlantic U.S. and a provider of financial products and services to consumers and businesses across the U.S., our financial results have been, and may continue to be, materially affected by general economic conditions, particularly unemployment levels and home prices in the U.S., 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; legislation and regulation, including the Dodd-Frank Act, as well as future legislation and/or regulation, could require us to change certain of our business practices, reduce our revenue, impose additional costs on us, or otherwise adversely affect our business operations and/or competitive position; we are subject to capital adequacy and liquidity guidelines and, if we fail to meet these guidelines, our financial condition would be adversely affected; loss of customer deposits and market illiquidity could increase our funding costs; we rely on the mortgage secondary market and GSEs for some of our liquidity; we are subject to credit risk; our ALLL may not be adequate to cover our eventual losses; we may have more credit risk and higher credit losses to the extent our loans are concentrated by loan type, industry segment, borrower type, or location of the borrower or collateral; we will realize future losses if the proceeds we receive upon liquidation of nonperforming assets are less than the carrying value of such assets; a downgrade in the U.S. government's sovereign credit rating, or in the credit ratings of instruments issued, insured or guaranteed by related institutions, agencies or instrumentalities, could result in risks to us and general economic conditions that we are not able to predict; the failure of the European Union to stabilize the fiscal condition and creditworthiness of its weaker member economies could have international implications potentially impacting global financial institutions, the financial markets, and the economic recovery underway in the U.S.; weakness in the real estate market, including the secondary residential mortgage loan markets, has adversely affected us and may continue to adversely affect us; 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, borrower fraud, or as a result of certain breaches of our servicing agreements, and this could harm our liquidity, results of operations, and financial condition; financial difficulties or credit downgrades of mortgage and bond insurers may adversely affect our servicing and investment portfolios; we may face certain risks as a servicer of loans, or also may be terminated as a servicer or master servicer, be required to repurchase a mortgage loan or reimburse investors for credit losses on a mortgage loan, or incur costs, liabilities, fines and other sanctions if we fail to satisfy our servicing obligations, including our obligations with respect to mortgage loan foreclosure actions; we are subject to risks related to delays in the foreclosure process; we may continue to suffer increased losses in our loan portfolio despite enhancement of our underwriting policies and practices; our mortgage production and servicing revenue can be volatile; as a financial services company, changes in general business or economic conditions could have a material adverse effect on our financial condition and results of operations; changes in market interest rates or capital markets could adversely affect our revenue and expense, the value of assets and obligations, and the availability and cost of capital and liquidity; changes in interest rates could also reduce the value of our MSR's and mortgages held for sale, reducing our earnings; changes which are being considered in the method for determining LIBOR may affect the value of debt securities and other financial obligations held or issued by SunTrust that are linked to LIBOR, or may affect the Company's financial condition or results of operations; the fiscal and monetary policies of the federal government and its agencies could have a material adverse effect on our earnings; depressed market values for our stock may require us to write down goodwill; clients could pursue alternatives to bank deposits, causing us to lose a relatively inexpensive source of funding; consumers 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; hurricanes and other disasters may adversely affect loan portfolios and operations and increase the cost of doing business; 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; 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; regulation by federal and state agencies could adversely affect the business, revenue, and profit margins; competition in the financial services industry is intense and could result in losing business or margin declines; maintaining or increasing market share depends on market acceptance and regulatory approval of new products and services; we might not pay dividends on your common stock; our ability to receive dividends from our subsidiaries could affect our liquidity and ability to pay dividends; disruptions in our ability to access global capital markets may adversely affect our capital resources and liquidity; 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 are subject to certain 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 from inadvertent or unintentional violations; 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 accounting policies and processes are critical to how we report our financial condition and results of operations, and they require management to make estimates about matters that are uncertain; changes in our accounting policies or in accounting standards could materially affect how we report our financial results and condition; our stock price can be volatile; our disclosure controls and procedures may not prevent or detect all errors or acts of fraud; our financial instruments carried at fair value expose us to certain market risks; our revenues derived from our investment securities may be volatile and subject to a variety of risks; and we may enter into transactions with off-balance sheet affiliates or our subsidiaries.

# An Attractive Franchise

# Franchise Overview

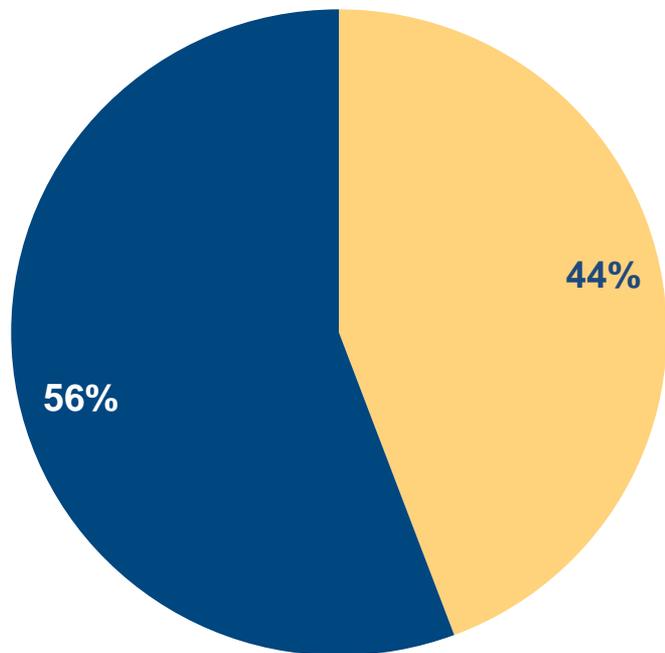


- **Concentrated in the more densely populated Southeast and Mid-Atlantic markets**
- **75% of MSAs in which SunTrust operates have better household income growth projections than the national average<sup>2</sup>**
- **Average projected population growth also exceeds the national average<sup>3</sup>**
- **We have sufficient scale**
  - **Top 3 Deposit Market Share rank in 76% of our Top 25 MSAs<sup>4</sup>**
  - **Our Top 25 average market deposit share is 14%<sup>4</sup>**

1. Source: SNL, based on 2010 population per square mile  
2. Source: SNL Financial, based on five-year projected change, 2011-2016, excludes counties not in any MSA, at 2/26/2013  
3. Source: SNL Financial, based on five-year projected change, 2011-2016, MSA + counties not in any MSA, at 2/26/2013  
4. Source: SNL Financial, as of 6/30/2012 based on MSAs

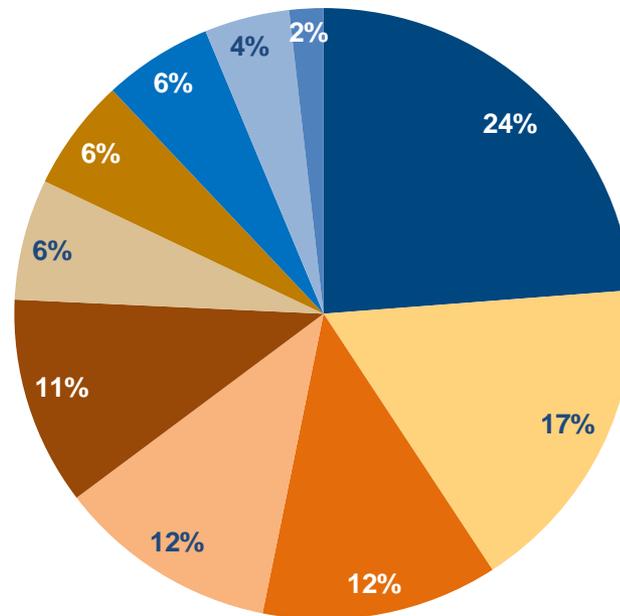
# Diverse Revenue Streams

## 4Q 12 Revenue (FTE)



■ Net Interest Income    ■ Noninterest Income

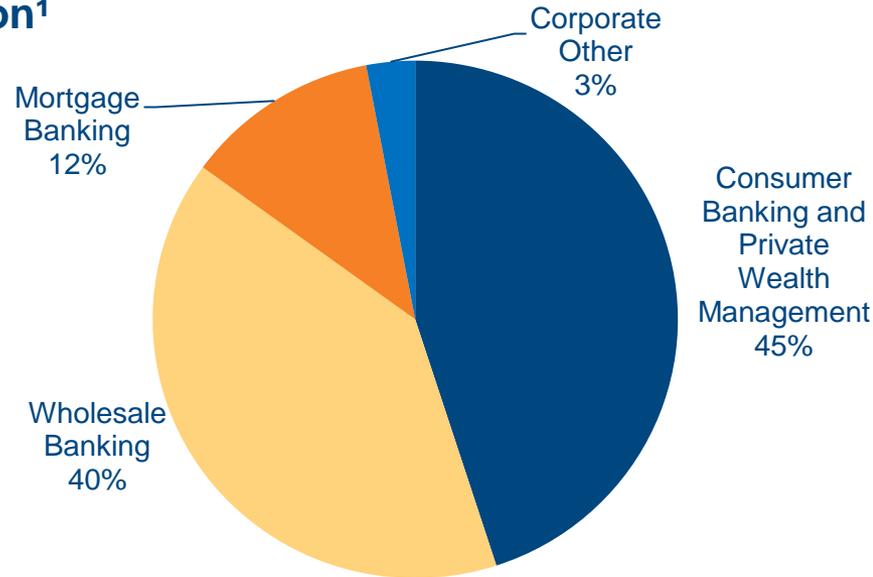
## 4Q 12 Noninterest Income



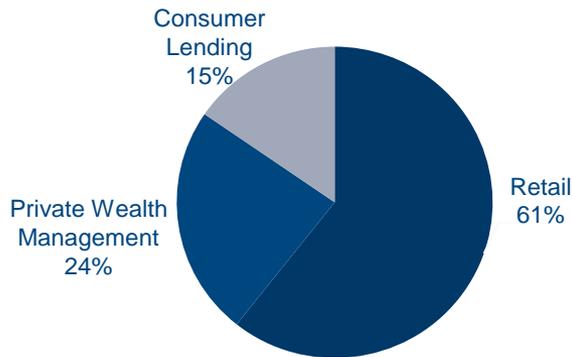
■ Mortgage Production Related Income    ■ Service Charges on Deposit Accounts  
 ■ Trust and Investment Management Income    ■ Other Charges and Fees  
 ■ Investment Banking Income    ■ Trading Income  
 ■ Retail Investment Services    ■ Card Fees  
 ■ Mortgage Servicing Related Income    ■ Other Noninterest Income

# Diverse Business Mix

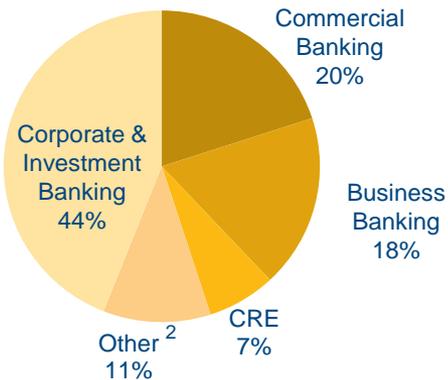
## 2012 Revenue Distribution<sup>1</sup>



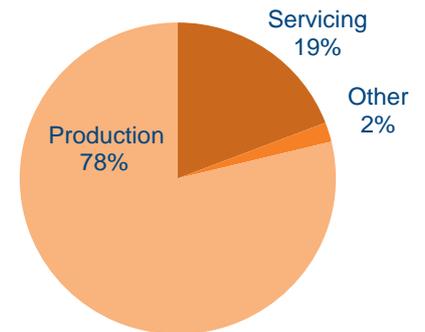
### Consumer Banking and Private Wealth Management



### Wholesale Banking



### Mortgage Banking



1. FTE basis  
 2. Other LOB consists of institutional asset management, leasing, insurance premium financing and certain Treasury & Payment Solutions standalone client sub-segments  
 Note: Totals may not foot due to rounding

# Improving Momentum

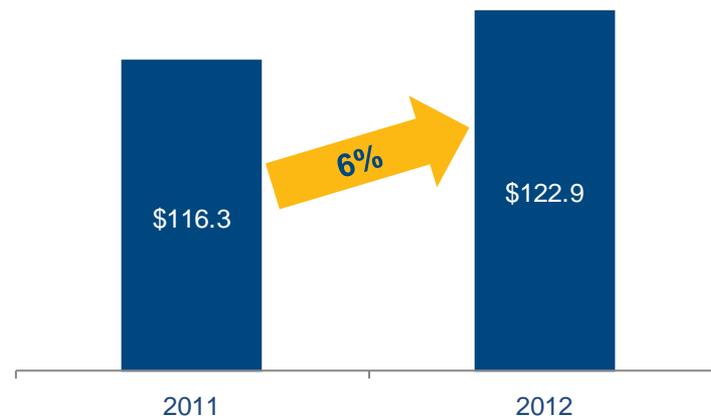
# Balance Sheet Performance

(\$ in billions)

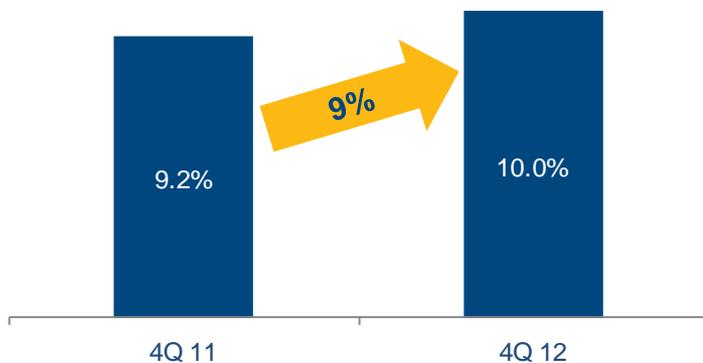
## Favorable Average Deposit Trends



## Total Average Loans



## Tier 1 Common to Record Level



## NPAs Substantially Down



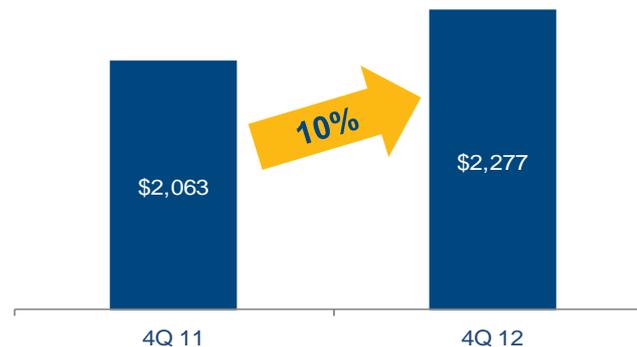
# Income Statement Performance

(\$ in millions, except per share data)

## EPS Increased Meaningfully



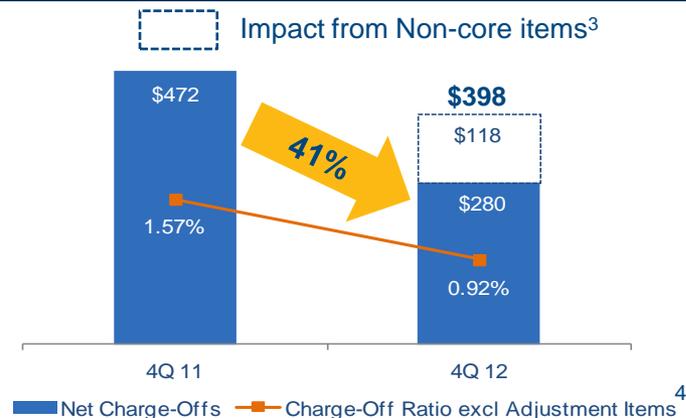
## Positive Operating Leverage, as Adjusted Revenue<sup>2</sup> Increased...



## ...While Adjusted Expenses<sup>2</sup> Trended Lower



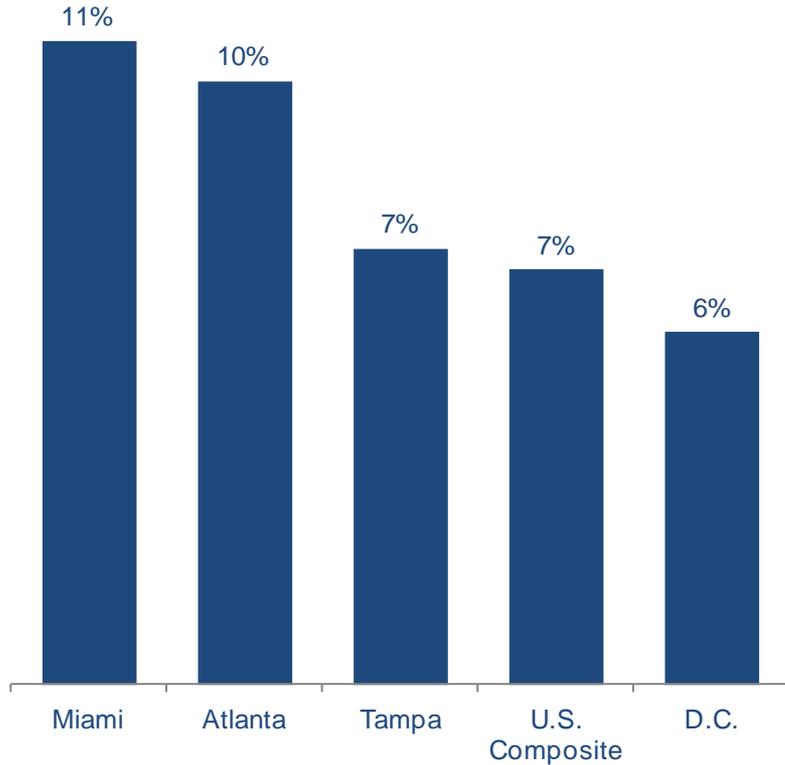
## Favorable Net Charge-off Trends Continued



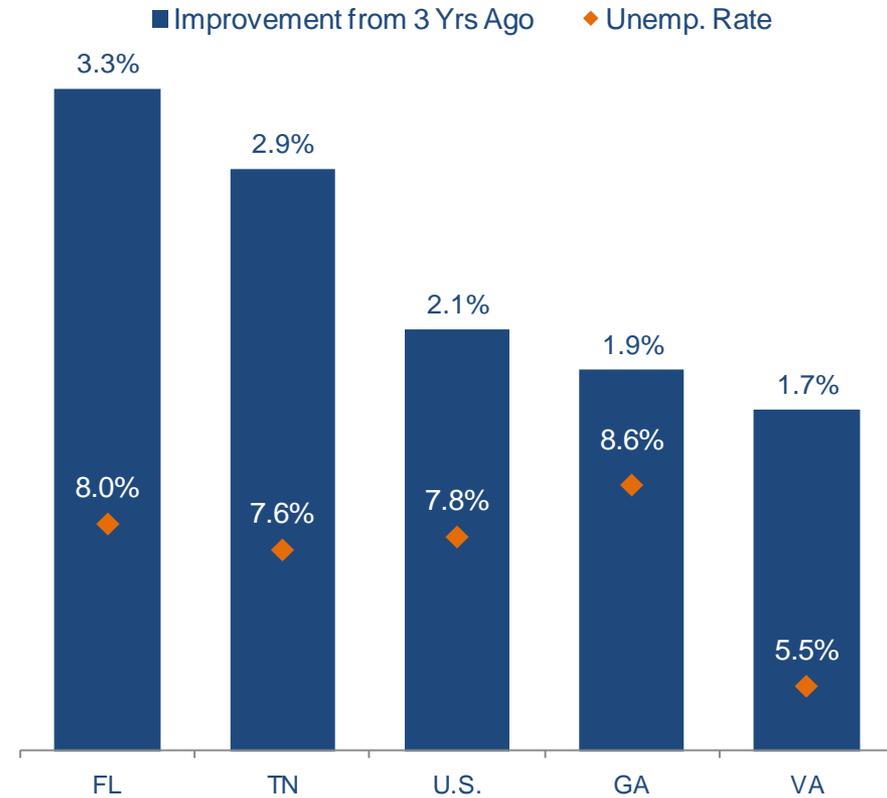
1. Reflects the \$1.40 per share impact from the actions announced during the third quarter, including the accelerated termination of the agreements regarding The Coca-Cola Company stock; the moves to HFS of certain residential NPLs, CRE NPLs, student loans, and GNMA loans; the mortgage repurchase provision; the charitable contribution of The Coca-Cola Company shares; and the Affordable Housing write-down
2. Please refer to the appendix for Non-GAAP reconciliations
3. \$118 million includes the \$39 million and \$79 million net charge-offs that were recognized, respectively, upon: a) the sale of \$162 million of nonperforming loans and b) the reclassification to nonperforming status of \$232 million of loans that were discharged from Chapter 7 bankruptcy
4. Excludes the \$118 million in net charge-offs referenced above

# SunTrust Markets Are Improving

## Housing Has Shown Improved Performance Over Past Year<sup>1</sup>



## Employment Situation Improving Also<sup>2</sup>



1. Source: Case-Shiller. Reflects percentage change from December 2011 to December 2012

2. Source: US Department of Labor. Data is seasonally adjusted, and December 2012 is preliminary. Improvement from 3 years ago reflects December 2012 – December 2009 unemployment rates

# Strategic Priorities to Drive Future Growth

# Strategic Priorities

Excellence in Execution

## Optimize Balance Sheet & Business Mix

- Continued loan portfolio diversification
  - Increased C&I and Consumer loans
  - Decreased residential real estate concentration
- Wholesale Banking growth
  - Ongoing momentum in Corporate & Investment Banking
  - Capitalize upon Commercial & Business Banking opportunity
  - Meaningfully grow Commercial Real Estate

## Deepen Share of Wallet to Drive Market Share

- “Monetize” the loyalty we’ve built in Consumer Banking and Private Wealth Management
- Capitalize upon Mortgage Banking opportunities
  - Capacity additions, market share gains, HARP, Consumer Direct build-out, increased penetration of Consumer households

Building a Performance Driven Culture

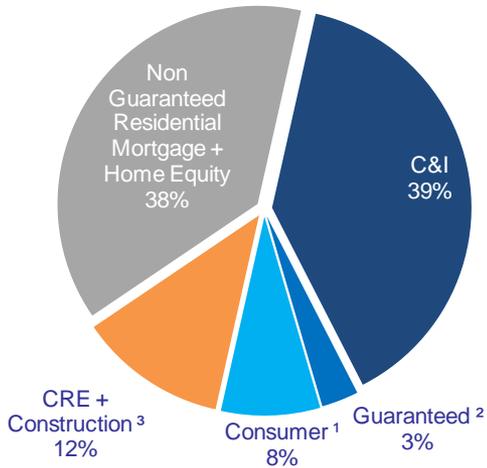
## Improve Efficiency

- Ongoing actions to eliminate certain core operating costs
- Abatement of cyclically high costs
- Long-term target efficiency ratio of <60%

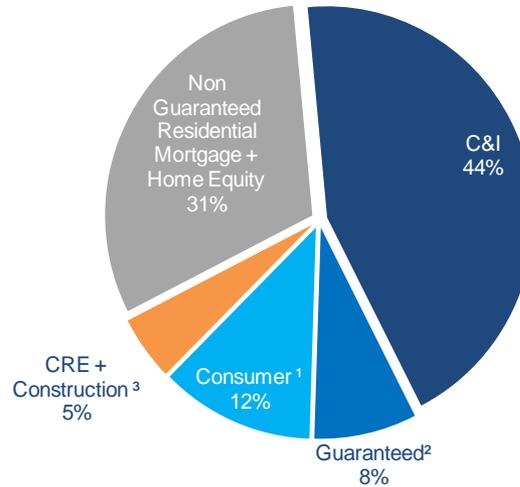
# Optimize the Balance Sheet and Business Mix

Decreases in Residential Real Estate and Increases in Commercial Categories Continue

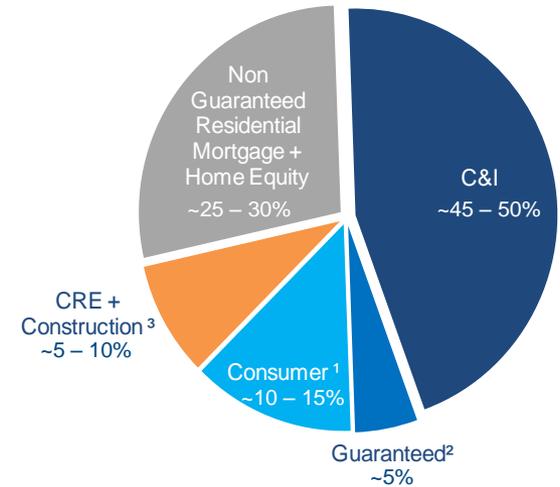
Loan Portfolio at 12/31/09



Loan Portfolio at 12/31/12



Future Direction of Loan Portfolio



1. Consumer includes direct consumer loans (other than student guaranteed), consumer indirect loans and consumer credit cards  
 2. Guaranteed includes guaranteed student loans and guaranteed residential mortgages  
 3. Construction includes both commercial and residential construction  
 Note: Totals may not foot due to rounding

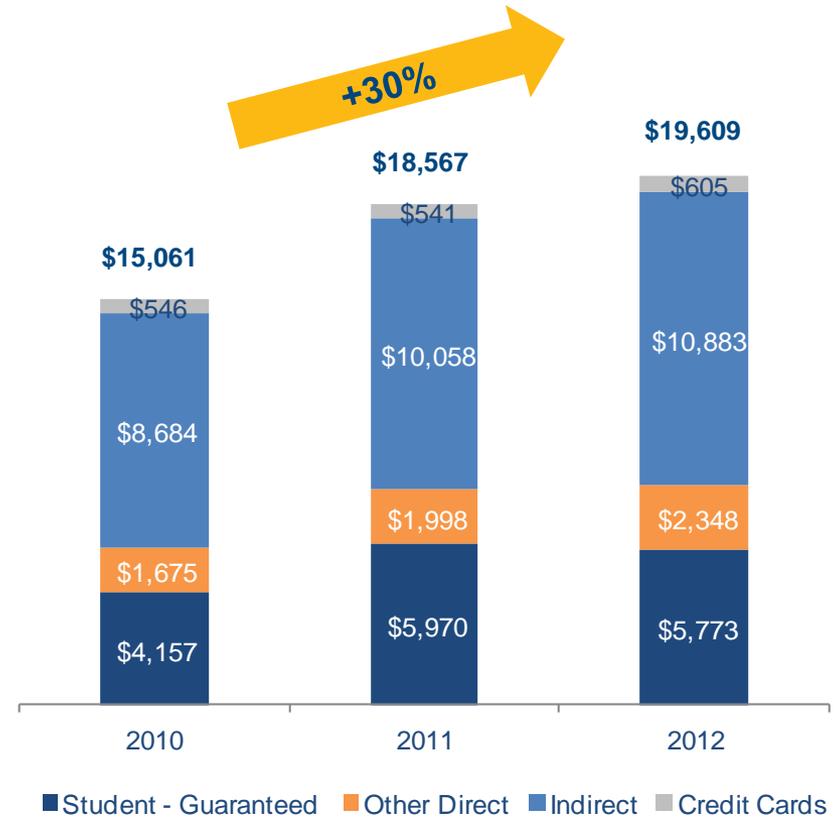
# Optimize the Balance Sheet and Business Mix – Targeted Loan Growth

(\$ in millions, 4Q average balances)

## Strong C&I Growth



## Consumer Loan Trends Also Improving

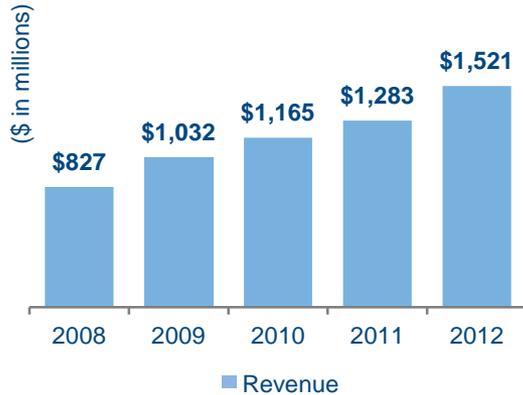


NOTE: Totals may not foot due to rounding

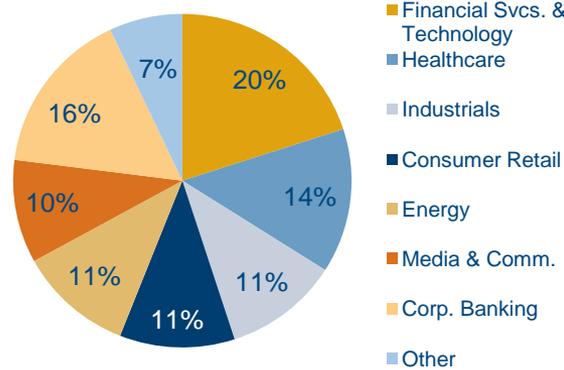
# Optimize the Balance Sheet and Business Mix – Wholesale Banking Poised For Growth

## Corporate and Investment Banking

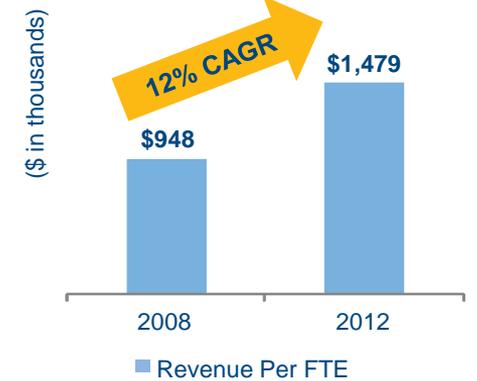
### Significant Business Momentum



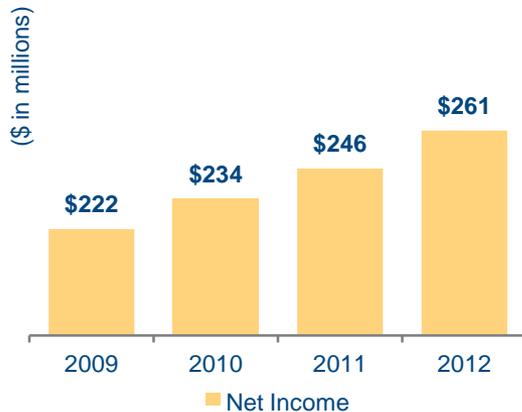
### Diverse Client Mix<sup>1</sup>



### Markedly Improved Productivity



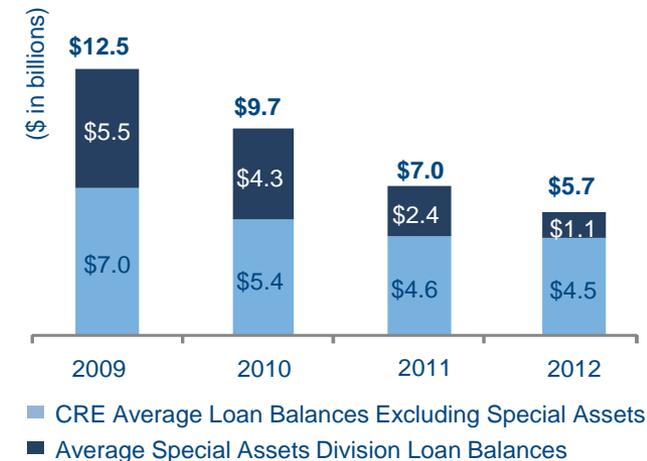
## Commercial and Business Banking Achieving Solid Profitability...



## ...With Opportunity to Grow



## Commercial Real Estate Now Positioned for Loan Growth



1. Corporate and Investment Banking 2012 revenue by industry segment  
 2. Represents Commercial Banking client penetration, which is tracked by determining the percentage of clients that utilize 50% or more of the predetermined product categories

# Deepen Share of Wallet to Drive Market Share – Consumer Banking and Private Wealth Management

## SunTrust Client Loyalty

### Client Segment Prioritization

Determine Target Client Segments

Prioritize Existing Clients First

Align Resources

### Teammate Development

Enhance Training and Development

Recruit Top Talent

Modify Goals and Incentive Programs

### Sales Management

Leverage Client Analytics

Expand Client Planning

Institutionalize Key Cross Segment Business Opportunities

Increase Sales Productivity

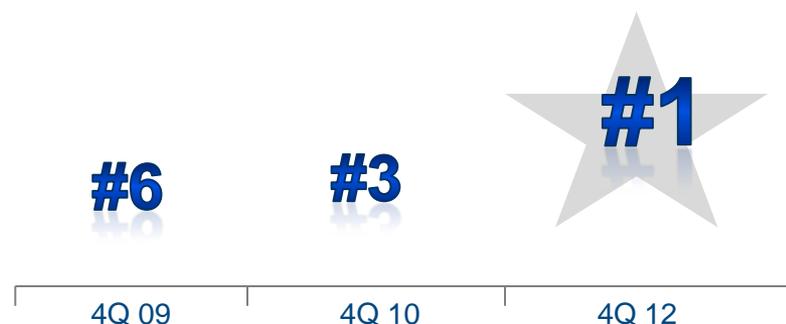
### Solutions Enhancements

Address Product Gaps

Develop Total Solutions

Understand Where Clients Want To Transact

### SunTrust Client Loyalty vs. Peers<sup>1</sup>



**Expand the Breadth and Depth of Client Relationships**

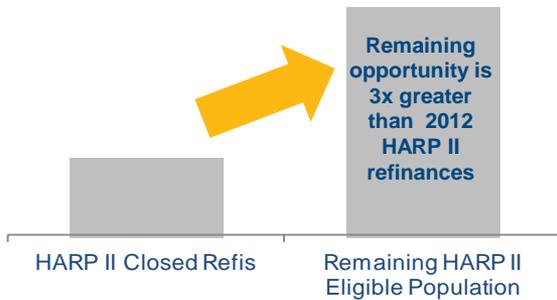
**SIGNIFICANT SUNTRUST REVENUE OPPORTUNITY**

1. Based upon a SunTrust measurement program in partnership with the Gallup organization. Rankings versus large and regional bank competitors in the SunTrust footprint

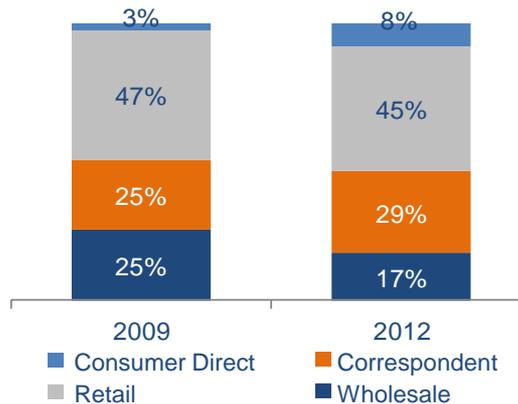
# Deepen Share of Wallet to Drive Market Share – Mortgage Banking Opportunity

## Mortgage Gain on Sale is Contracting, But Opportunities Exist to Protect Volume

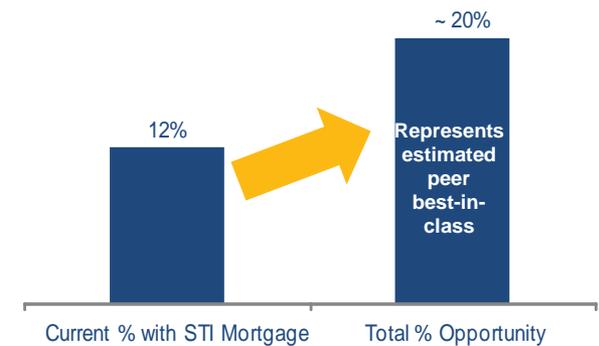
### Significant HARP II Opportunity Remains<sup>1</sup>



### Increase Production Capacity; Expand Lower-Cost Consumer Direct Channel



### Further Penetration of Consumer Banking Homeowner Households<sup>2</sup>



### The Industry Challenges

- ↓ Gain on Sale
- ? Future Interest Rate Environment

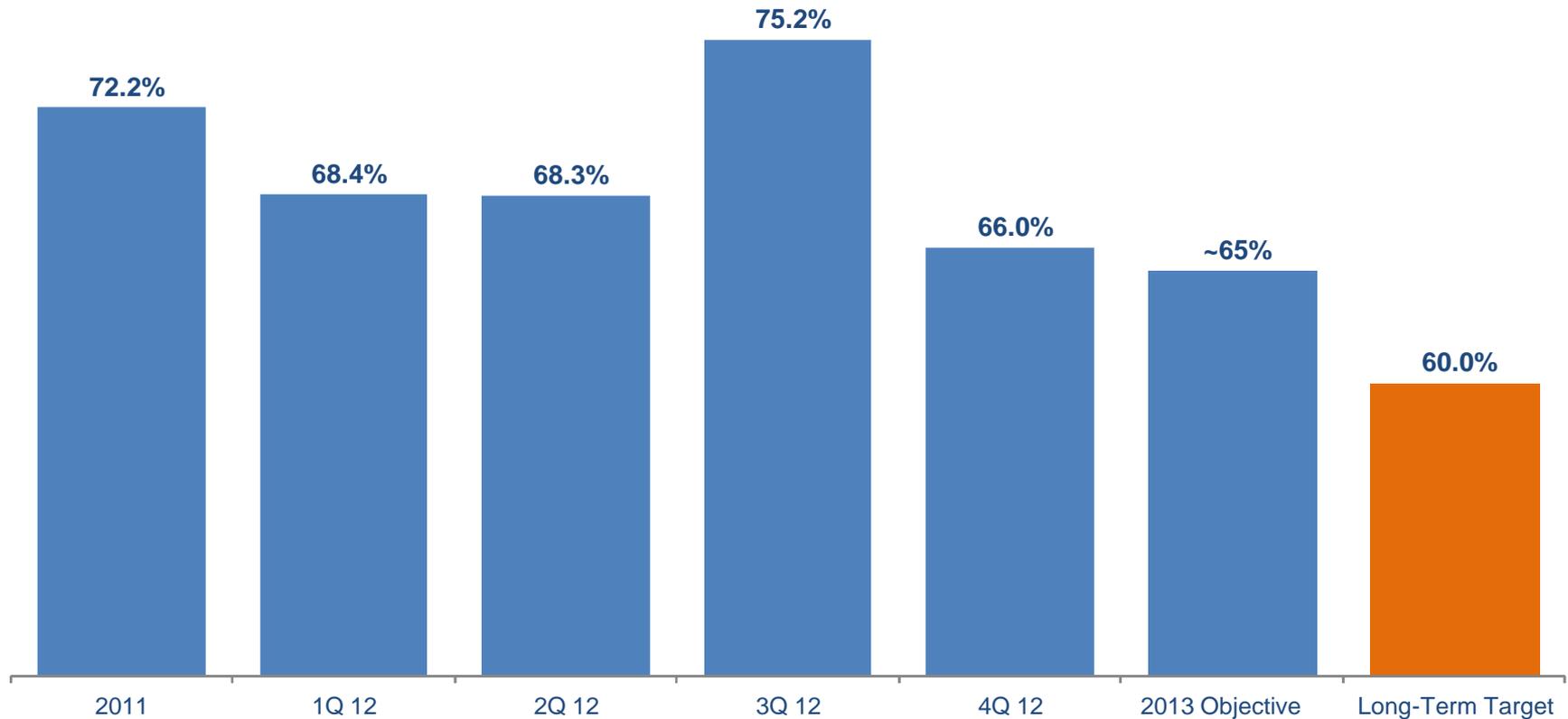
### SunTrust Opportunities

- HARP II
- Capacity additions
- Ongoing build-out of Consumer Direct channel
- Market share expansion
- Leverage data analytics
- SunTrust purchase market position
- Improving Southeast housing market
- Pricing discipline / differentiation
- Improved cross-sales

1. Based upon number of loans. Remaining HARP II eligible population reflects estimated HARP II eligible loans outstanding within our servicing book; not all of these borrowers will ultimately refinance their loans  
 2. Based upon in footprint homeowner households. Homeowner indicator is appended to SunTrust's client file using InfoGroup's Owner/Renter Status Model

# Improve Efficiency - Tangible Efficiency Ratio, Adjusted Basis<sup>1</sup>

Long-term Tangible Efficiency Ratio Target of <60%; Interim Goal of ~65% in 2013



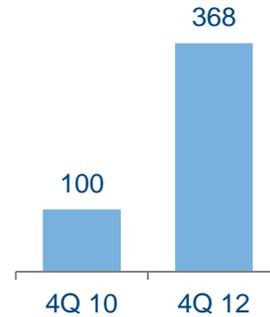
1. Calculated on a tangible basis and excluding certain items that are material and potentially nonrecurring. The GAAP efficiency ratios for FY 2011, 1Q 12, 2Q 12, 3Q 12 and 4Q 12 were 72.5%, 69.5%, 68.8%, 44.9%, and 65.9%, respectively. Please refer to the appendix for the Non-GAAP reconciliations

# Improve Efficiency - Adopting to Changing Client Preferences

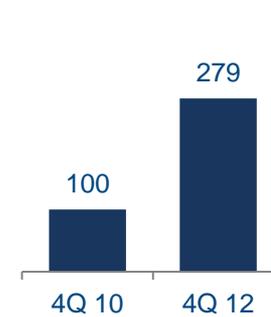


## Clients Increasingly Preferring Digital and Self-Service Channels...

Mobile App Sign-ons



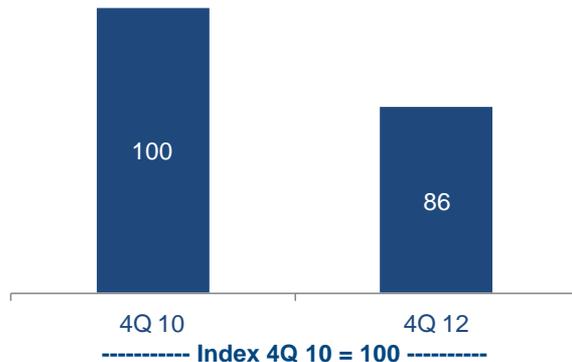
ATM Deposits



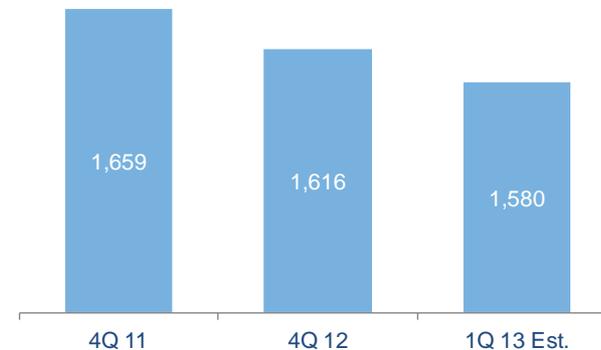
----- Index 4Q 10 = 100 -----

## ...Which Enables Opportunities to Reduce Branch Costs

Branch Banking FTE



Number of Branches



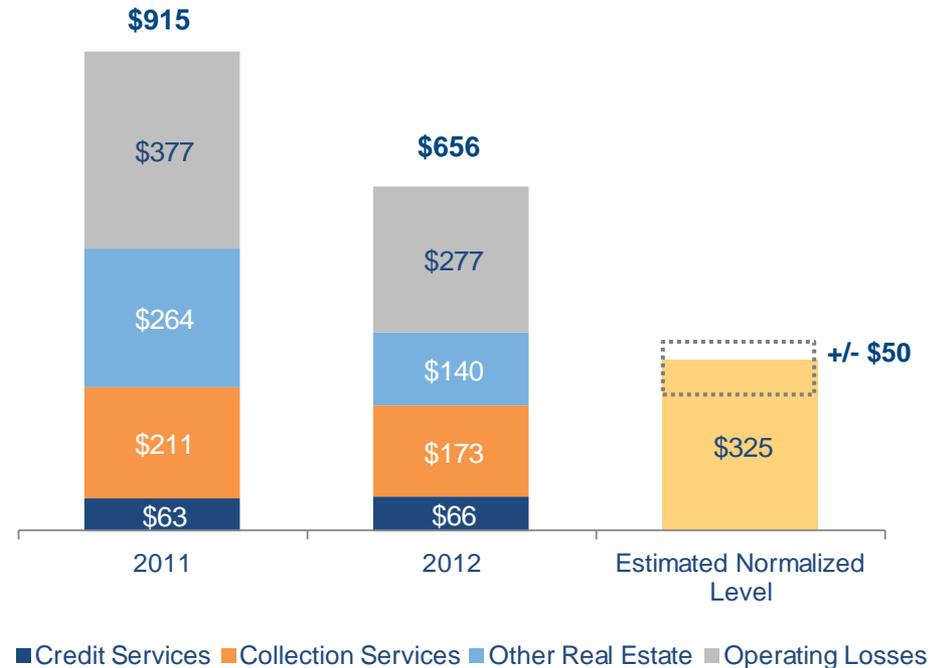
# Improve Efficiency – Core Operating Costs and Cyclically High Items

## “Continuous Improvement” Mandate Resulting in Ongoing Opportunities

- Increased digitization (e.g. reduced statements / postage)
- Lower staffing levels
  - FTEs down by 9% since 3Q 11
    - Consumer realignment
    - Default management
    - Spans / layers
- Reduction in consulting expenses (e.g., Consent Order)
- Real estate needs being assessed / reduced
- Lean processes
- Pay for performance standards raised
- Incorporation of efficiency ratio into compensation plans

## Credit-related Expenses and Operating Losses Declining

(\$ in millions)



# SunTrust's Advantageous Position

## Attractive Franchise

- Leading market share
- Strong population and income growth projected
- Diverse revenue streams and business mix

## Improving Momentum

- Core earnings trends favorable in 2012
- NPLs and NCOs down significantly from their peaks
- Southeast housing prices and employment improving

## Strategic Priorities to Drive Growth

- Balance sheet diversification
- Wholesale Banking opportunities
- Monetization of Consumer loyalty
- Unique Mortgage Banking opportunities
- Improving efficiency

# Appendix



# Reconciliation of Non-GAAP Measures

	<u>4Q 11</u>	<u>1Q 12</u>	<u>2Q 12</u>	<u>3Q 12</u>	<u>4Q 12</u>	<u>2011</u>	<u>2012</u>
<b>Reported (GAAP) Basis</b>							
Total Revenue - FTE	\$2,047	\$2,218	\$2,246	\$3,843	\$2,291	\$8,600	\$10,598
Total Noninterest Expense	1,667	1,541	1,546	1,726	1,510	\$6,234	\$6,323
Amortization of Intangibles / Impairment of Goodwill	9	11	11	17	7	43	46
Efficiency Ratio	81.4%	69.5%	68.8%	44.9%	65.9%	72.5%	59.7%
Tangible Efficiency Ratio	81.0%	69.0%	68.3%	44.5%	65.6%	72.0%	59.2%
<b>Adjusted Basis<sup>1</sup></b>							
Reported Revenue	\$2,047	\$2,218	\$2,246	\$3,843	\$2,291	\$8,600	\$10,598
Adjustment Items:							
Securities Gains	19	18	14	1,941	-	117	1,974
3Q 12 Loss on Move to HFS of Student and Ginnie Mae Loans	-	-	-	(92)	-	-	(92)
Fair Market Value Adjustments	(13)	2	1	2	29	(17)	33
STI Debt Valuation	17	(16)	(1)	(41)	(21)	79	(79)
SunTrust Index-linked CDs (SILC)	0	(6)	(1)	(6)	(2)	10	(15)
Auction Rate Securities	0	(1)	-	4	3	16	5
Fair Value Adjustments	(1)	(1)	6	5	5	(10)	15
HARP 2.0 MSR Valuation Adjustment	(38)	-	-	-	-	(38)	-
Adjusted Revenue	\$2,063	\$2,223	\$2,226	\$2,030	\$2,277	\$8,441	\$8,757
Reported Noninterest Expense	\$1,667	\$1,541	\$1,546	\$1,726	\$1,510	\$6,234	\$6,323
Adjustment Items:							
Affordable Housing Write-down	10	-	-	96	-	10	96
Charitable Contribution of KO Shares	-	-	-	38	-	-	38
Real Estate Charge	-	-	-	17	-	-	17
Goodwill Impairment	-	-	-	7	-	-	7
(Gain) / Loss on Debt Extinguishment	-	-	13	2	-	(3)	15
Pension Curtailment, Net of 401 (k) Contribution	(60)	-	-	-	-	(60)	-
Severance	27	10	1	29	-	27	40
Potential Mortgage Servicing Settlement	120	-	-	-	-	120	-
Adjusted Expense	\$1,570	\$1,531	\$1,532	\$1,537	\$1,510	\$6,140	\$6,111
Efficiency Ratio - Adjusted Basis	76.1%	68.9%	68.8%	75.7%	66.3%	72.7%	69.8%
Tangible Efficiency Ratio - Adjusted Basis	75.7%	68.4%	68.3%	75.2%	66.0%	72.2%	69.3%

1. Adjusted revenue and expenses are provided as they remove certain items that are material and potentially non-recurring. Adjusted figures are intended to provide management and investors information on trends that may be more easily compared to other institutions

NOTE: Totals may not foot due to rounding