



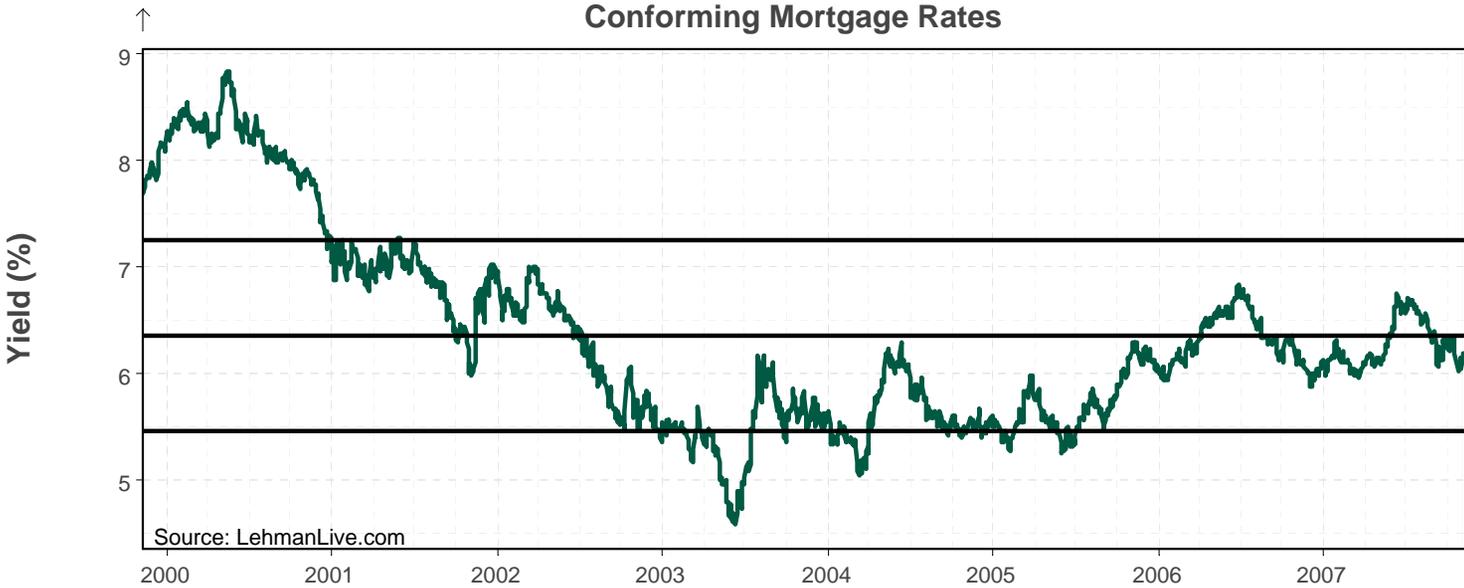
SunTrust Mortgage Inc.
2007 Capital markets disruption – overview and outlook
November, 2007



The 2007 capital markets credit and liquidity event

- What created the situation
- How the events of the summer unfolded
- Current conditions in the capital markets
- Outlook for the capital markets
- Key lessons

Mortgage rates since 2000



Key	Axis	Name	Last	Minimum	Maximum	Mean	SD	SD Change
—	Left	Conforming Mortgage Rates	6.190	4.582 06/13/2003	8.833 05/15/2000	6.359	0.896	0.057

Banks were buying, but the real growth was international

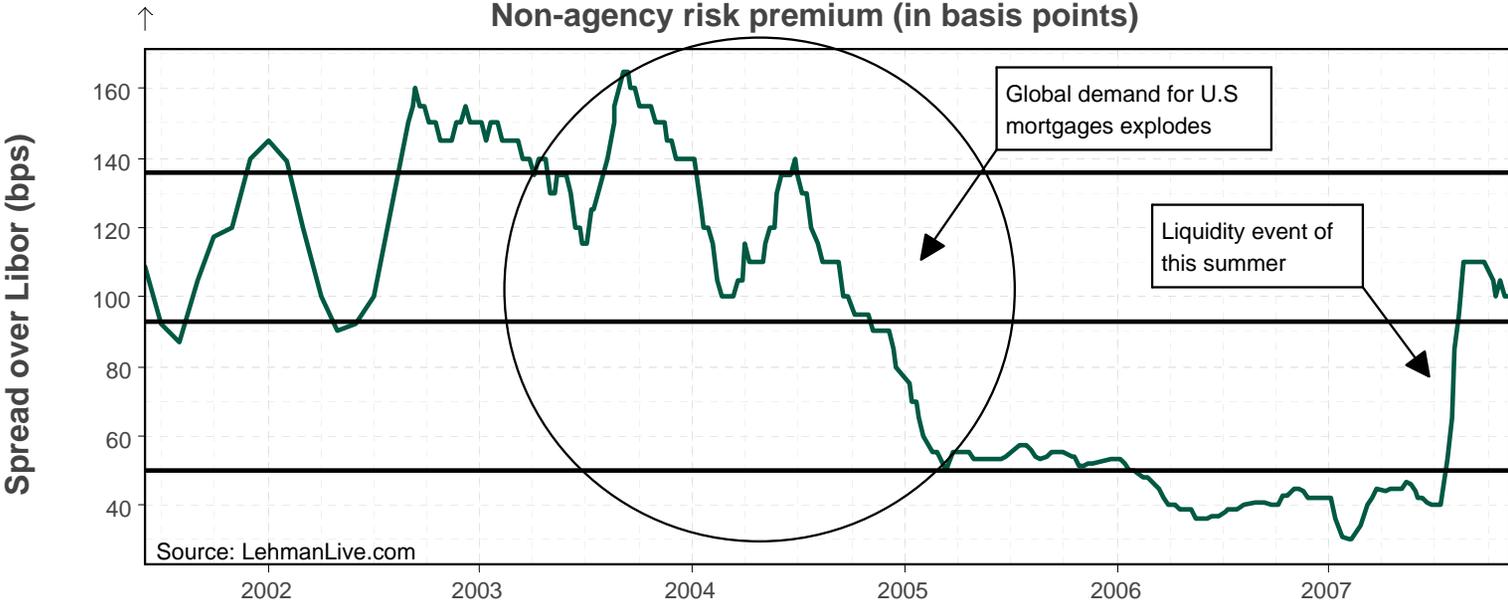
(\$billions)

Investor Type	Year-End								Midyear	
	2002		2003		2004		2005		2006	
	Amt	% of Tot								
FDIC Commercial Banks	\$702.1	19.64%	\$775.6	19.37%	\$876.4	19.59%	\$897.1	17.29%	\$969.8	17.79%
All Thrifts	209.7	5.86	206.5	5.16	234.3	5.24	242.6	4.68	242.9	4.46
Federal Credit Unions	25.2	0.70	28.5	0.71	27.5	0.61	54.5	1.05	70.5	1.29
TOTAL DEPOSITORY	\$937.0	26.20%	\$1,010.6	25.24%	\$1,138.2	25.44%	\$1,194.2	23.01%	\$1,283.2	23.54%
FNMA/FHLMC Portfolio	1,109.4	31.03	1,232.5	30.79	1,260.9	28.18	1,123.2	21.65	1,150.0	21.10
Foreign Investors	235.0	6.57	285.0	7.12	490.0	10.95	802.0	15.46	850.0	15.59
Mutual Funds	375.0	10.49	387.0	9.67	375.0	8.38	405.0	7.80	400.0	7.34
Personal Sector	120.0	3.36	200.0	5.00	235.0	5.25	355.0	6.84	360.0	6.60
Life Insurance Cos.	235.0	6.57	240.0	5.99	265.0	5.92	285.0	5.49	300.0	5.50
Public Pension Funds	95.0	2.66	120.0	3.00	152.0	3.40	180.0	3.47	190.0	3.49
Priv. Pension Funds	90.0	2.52	105.0	2.62	115.0	2.57	160.0	3.08	175.0	3.21
FHLBanks	96.4	2.70	97.9	2.45	113.1	2.53	122.3	2.36	127.8	2.34
Securities Brokers & Dealers	40.0	1.12	35.0	0.87	50.0	1.12	95.0	1.83	115.0	2.11
REITs	12.7	0.36	28.6	0.71	79.0	1.77	107.4	2.07	112.1	2.06
DEPOSITORY & MAJOR INVESTORS	\$3,345.5	93.56%	\$3,741.6	93.46%	\$4,273.2	95.50%	\$4,829.1	93.06%	\$5,063.1	92.89%
All Other Investors*	\$230.2	6.44%	\$261.9	6.54%	\$201.2	4.50%	\$360.0	6.94%	\$387.5	7.11%
TOTAL OUTSTANDING	\$3,575.7	100.00%	\$4,003.5	100.00%	\$4,474.4	100.00%	\$5,189.1	100.00%	\$5,450.6	100.00%

Notes: Mortgage-related securities, or MRSs, include all securities or debt obligations collateralized by either residential mortgages or MBSs. Estimates are in italics and from Inside MBS & ABS based on available Federal Reserve Board data. * Other investors include hedge funds, nonprofits, other groups, property/casualty Insurers, and state/local government where MRS data is not available.

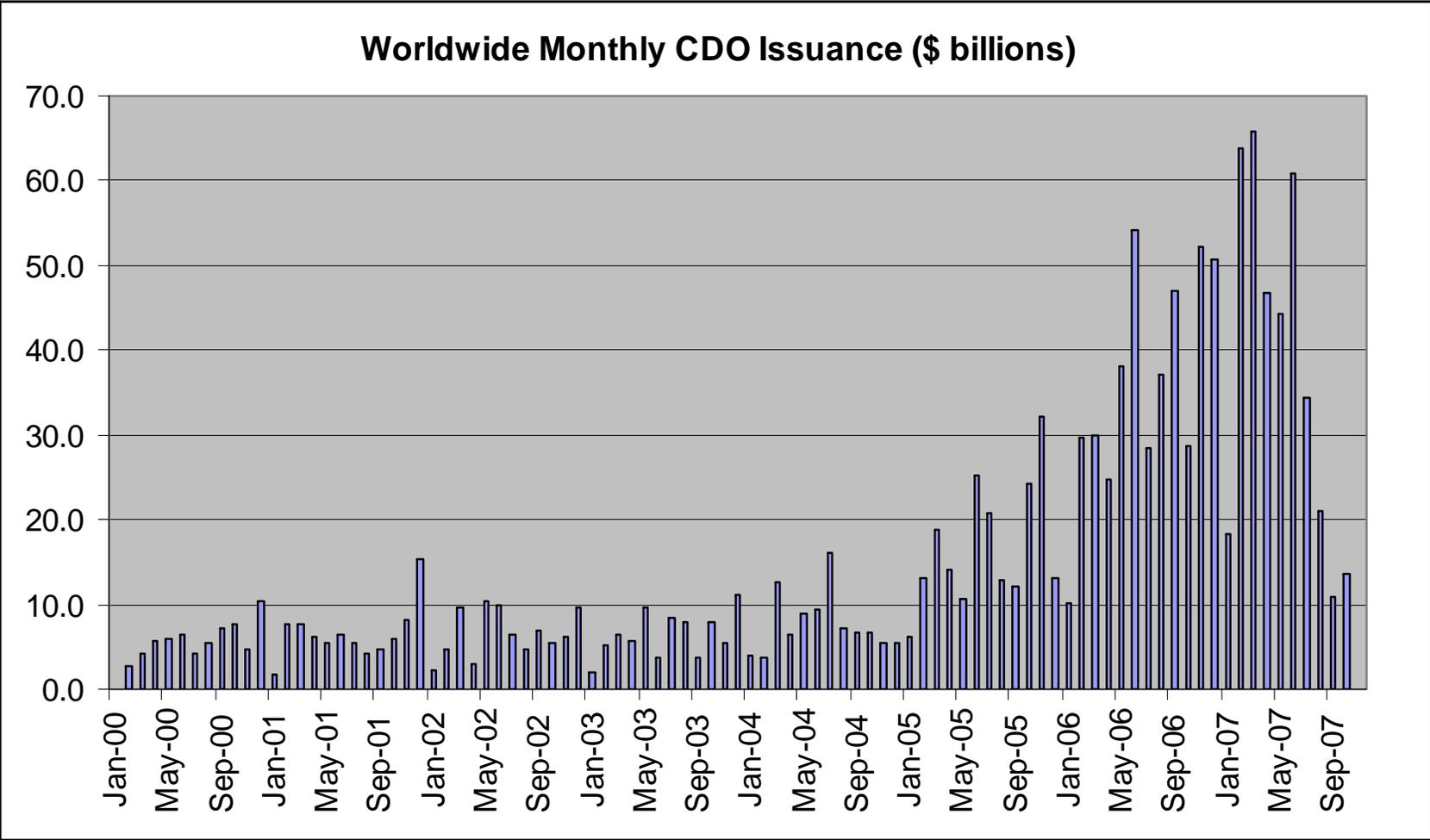
Source: Inside MBS & ABS

Mortgage risk premiums (spreads over Libor)

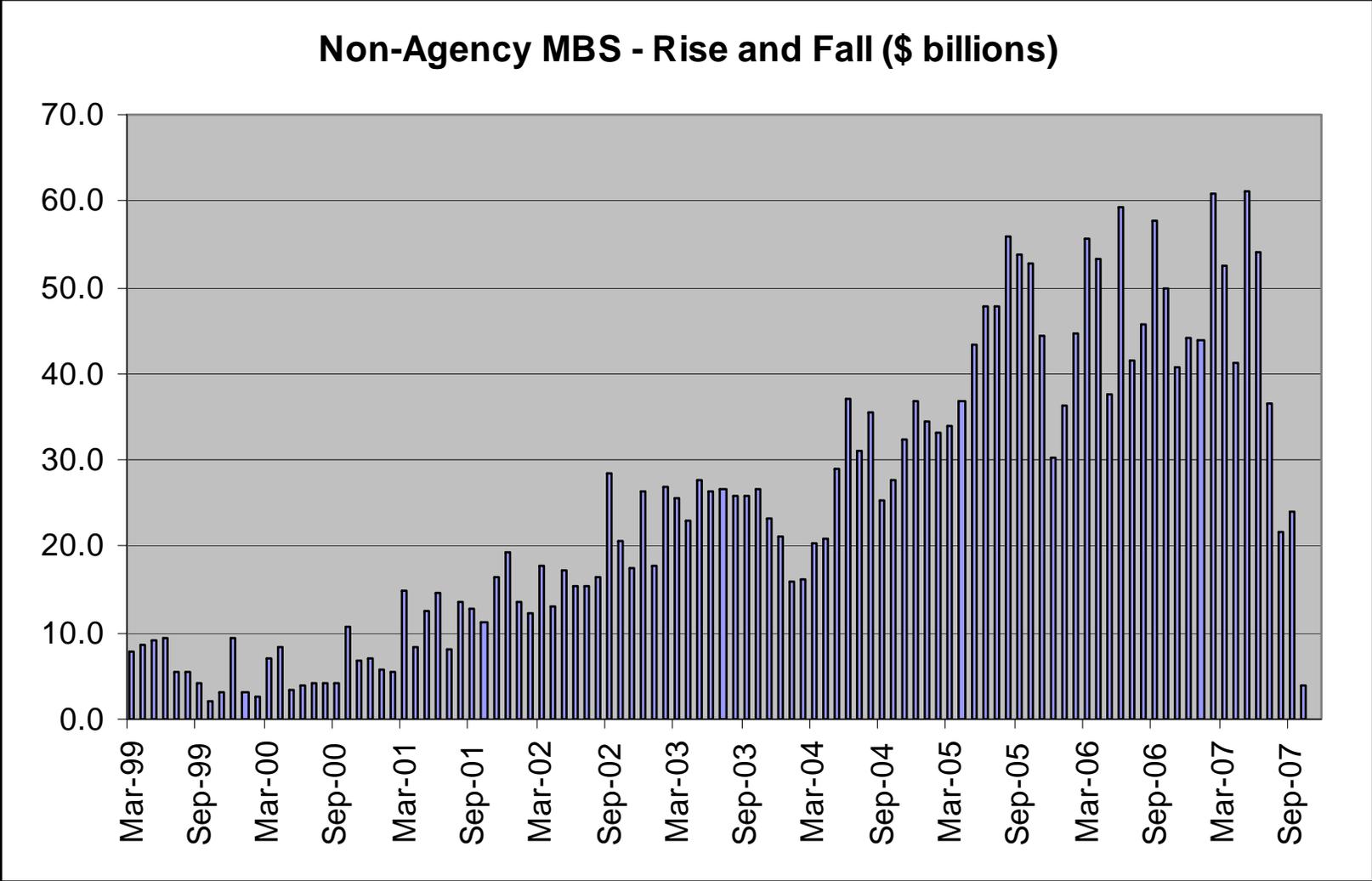


Key	Axis	Name	Last	Minimum	Maximum	Mean	SD	SD Change
—	Left	Non-agency risk premium (in basis po	100.000	30.000 02/05/2007	165.000 09/04/2003	92.921	42.713	5.957

Growth of the leveraged investor

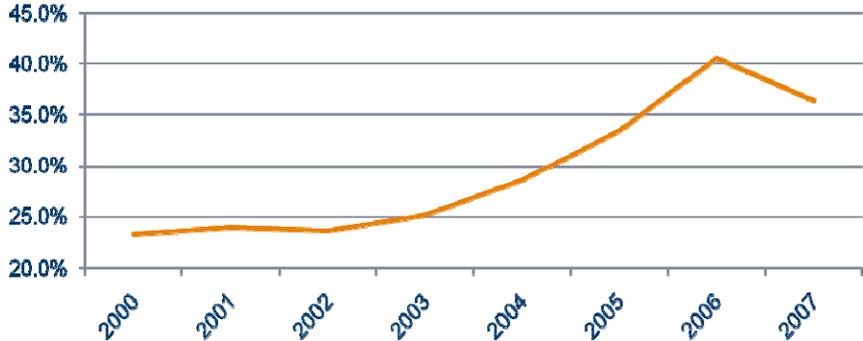


Rise (and fall) of non-agency mortgages

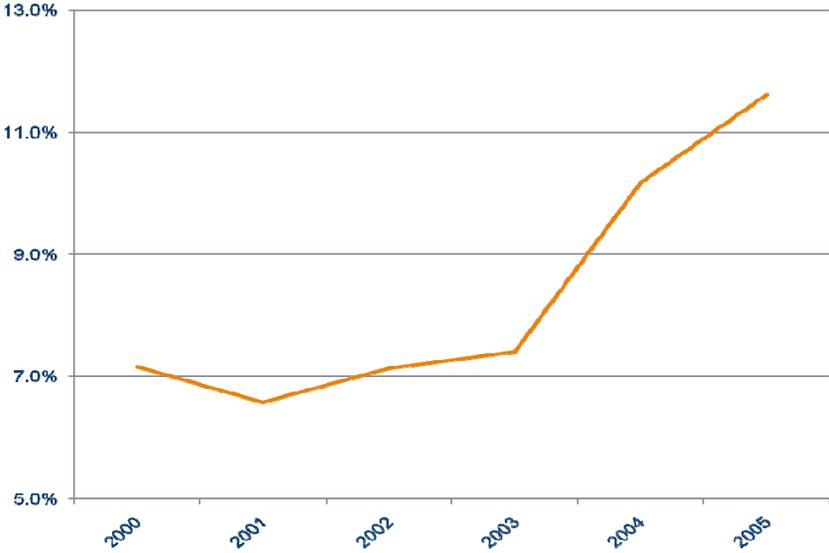


Credit guidelines relaxed

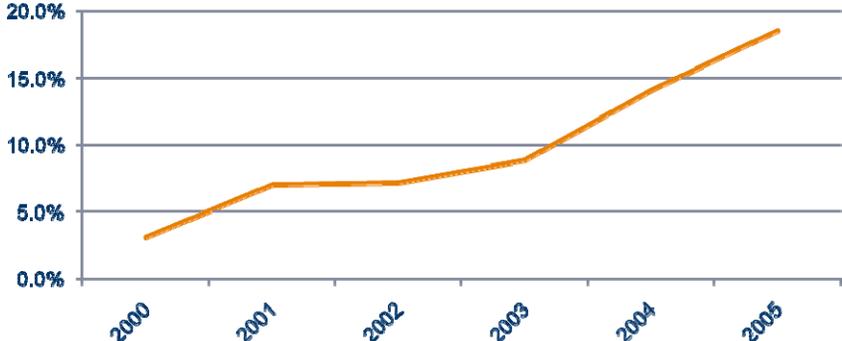
Percent of Loans Exceeding 95% Combined Loan to Value



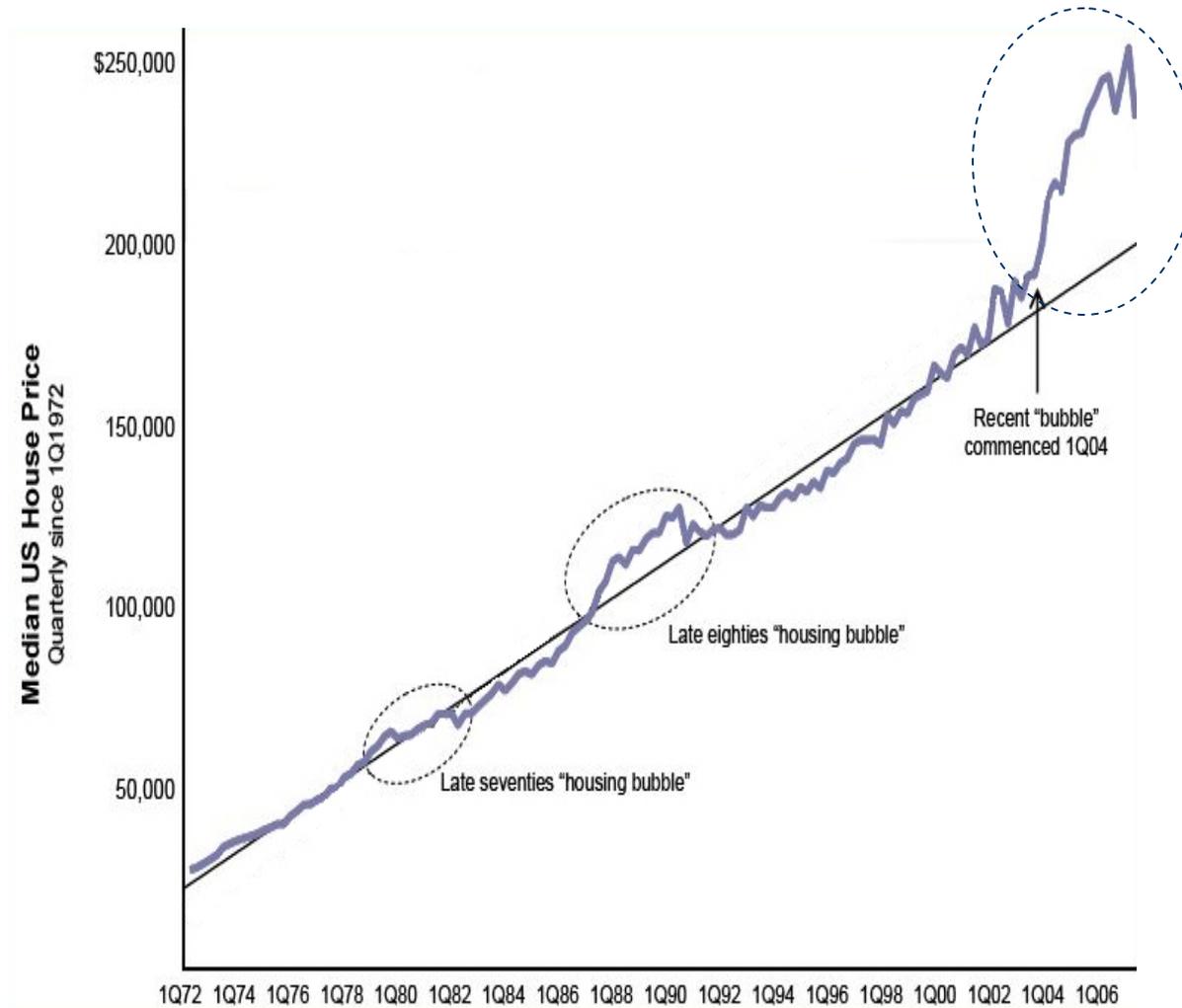
Percent of Loans on Non-Owner Occupied Homes



Percent of Stated Income Loans

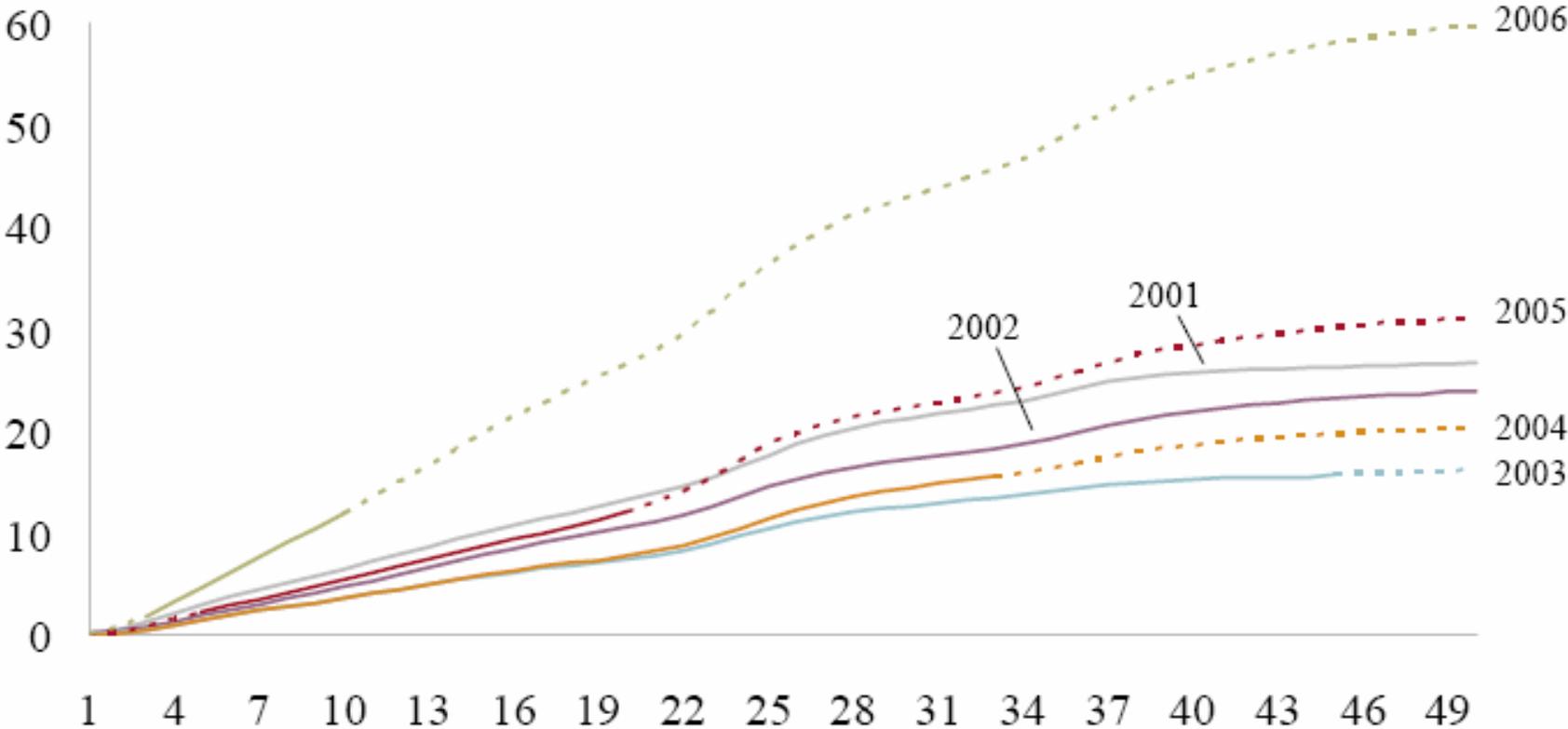


The “bubble” bursts

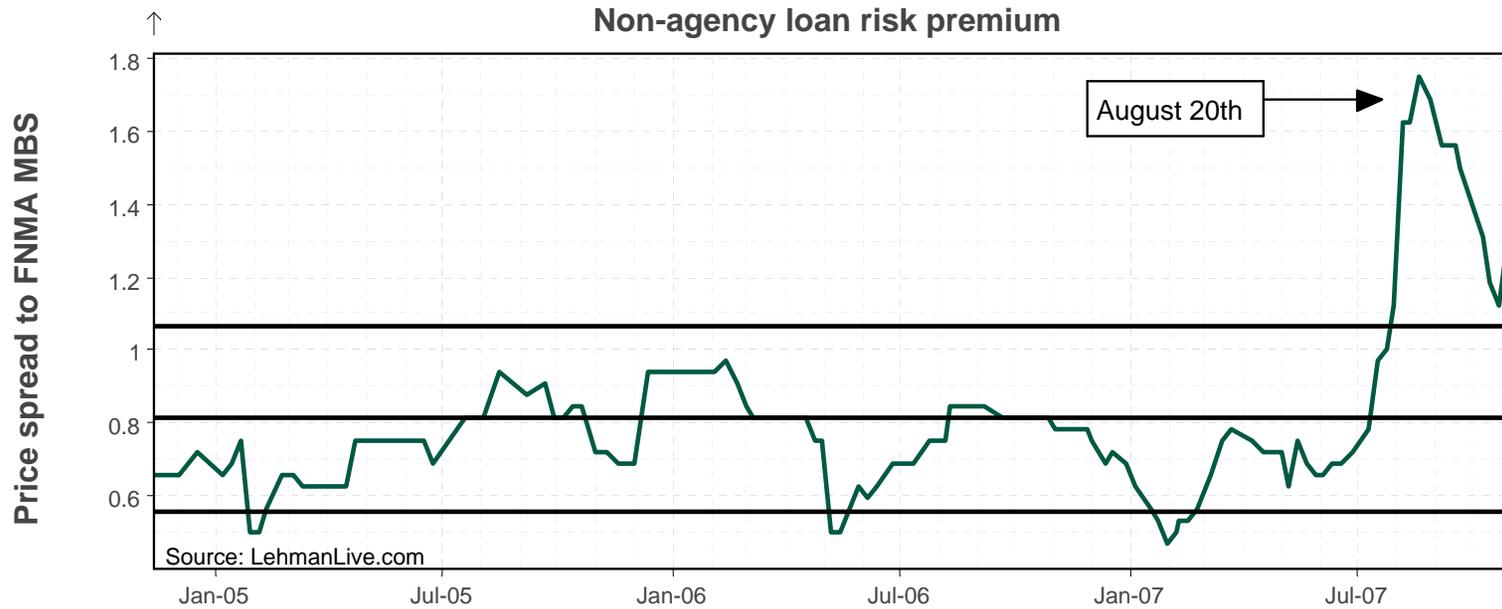


Credit performance begins to deteriorate

Mortgage to become 60-day delinquent, % outstanding

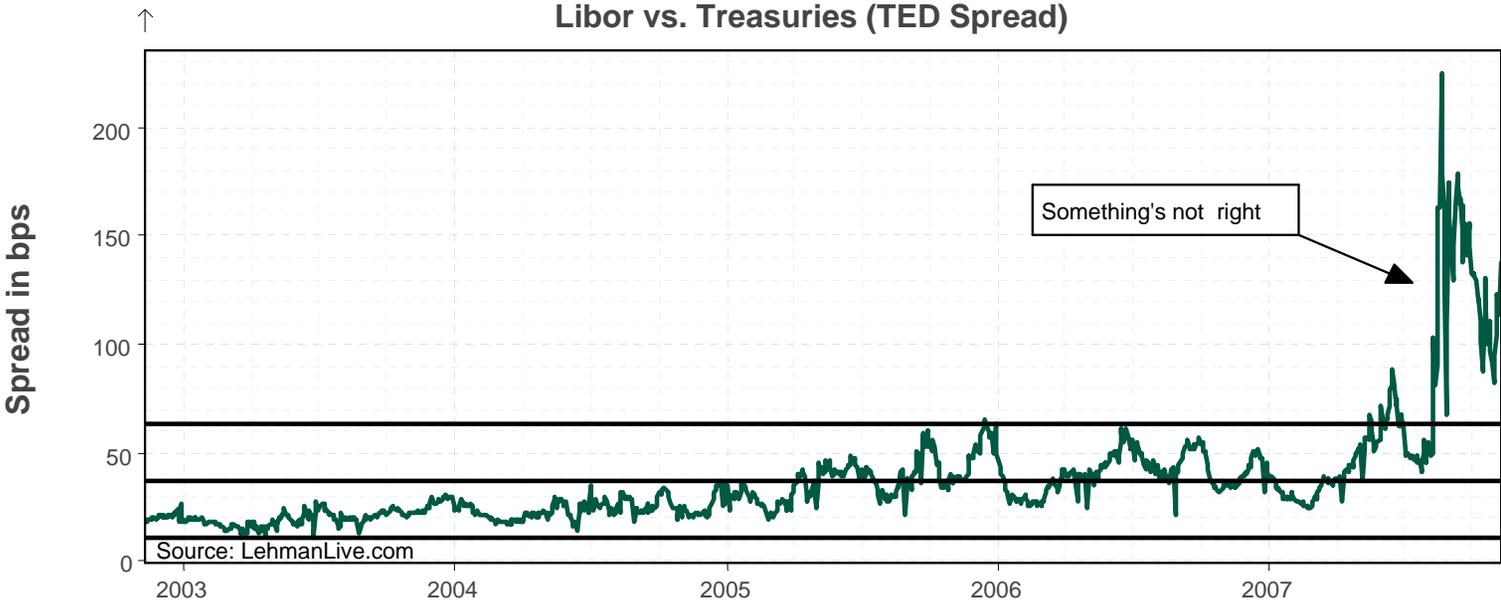


As losses mount, the selling begins



Key	Axis	Name	Last	Minimum	Maximum	Mean	SD	SD Change
—	Left	Non-agency loan risk premium	1.313	0.469	1.750	0.813	0.255	0.081

Financial system is destabilized



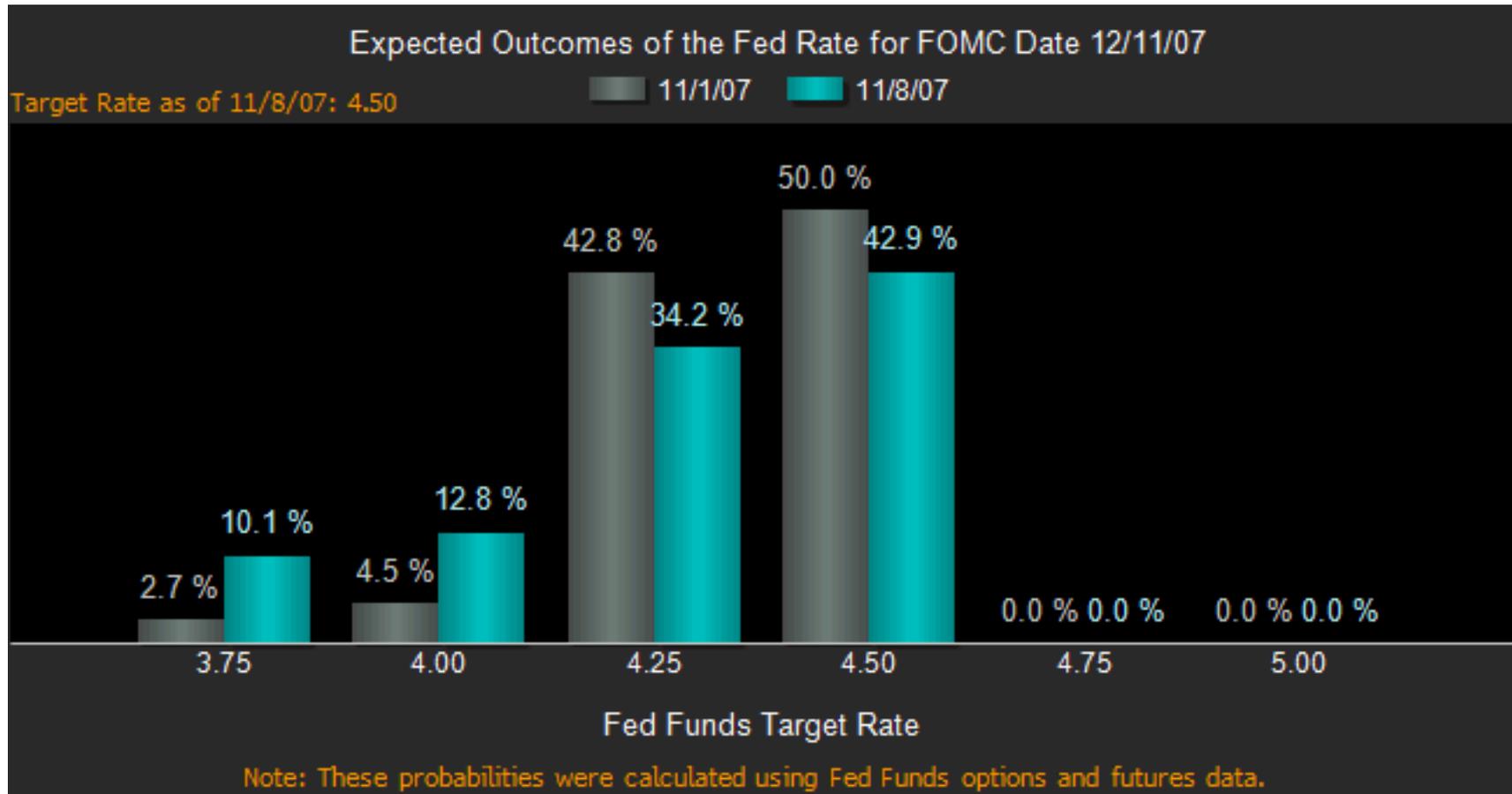
Key	Axis	Name	Last	Minimum	Maximum	Mean	SD	SD Change
—	Left	Libor vs. Treasuries (TED Spread)	137.970	10.679 06/25/2003	225.238 08/20/2007	37.470	25.996	5.527

All borrowing costs have been affected – consumer and corporate

Corporate credit spreads (OAS, bp)



Although still confused, markets are leaning toward more rate cuts



Outlook

- Liquidity today is as bad, or worse, than in August
 - Thankfully, the supply of bonds in the market is much lower which is helping to contain yield spreads
- Future availability and cost of credit for consumers and businesses will depend on:
 - Resolving the market's anxiety about bank exposure
 - Resolving the market's anxiety about the degree to which housing troubles will spill over into the broader economy
 - Restoring confidence in bond ratings
 - Clear and decisive action from the Fed (stop trying to fine-tune)
 - Legislative and regulatory reactions that create informed consumers and punish unscrupulous lending behavior but do not impede markets or obstruct the risk-taking essential for economic (and social) growth