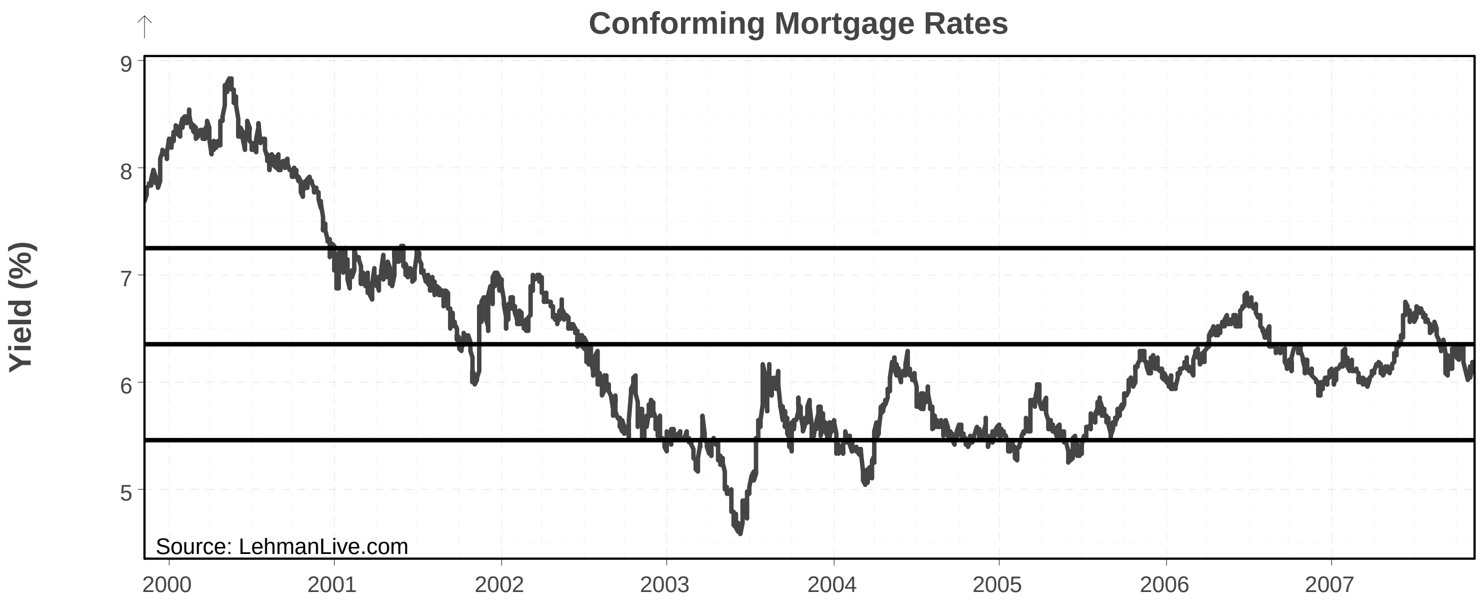
SunTrust Mortgage Inc.
2007 Capital markets disruption – overview and outlook
November, 2007

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

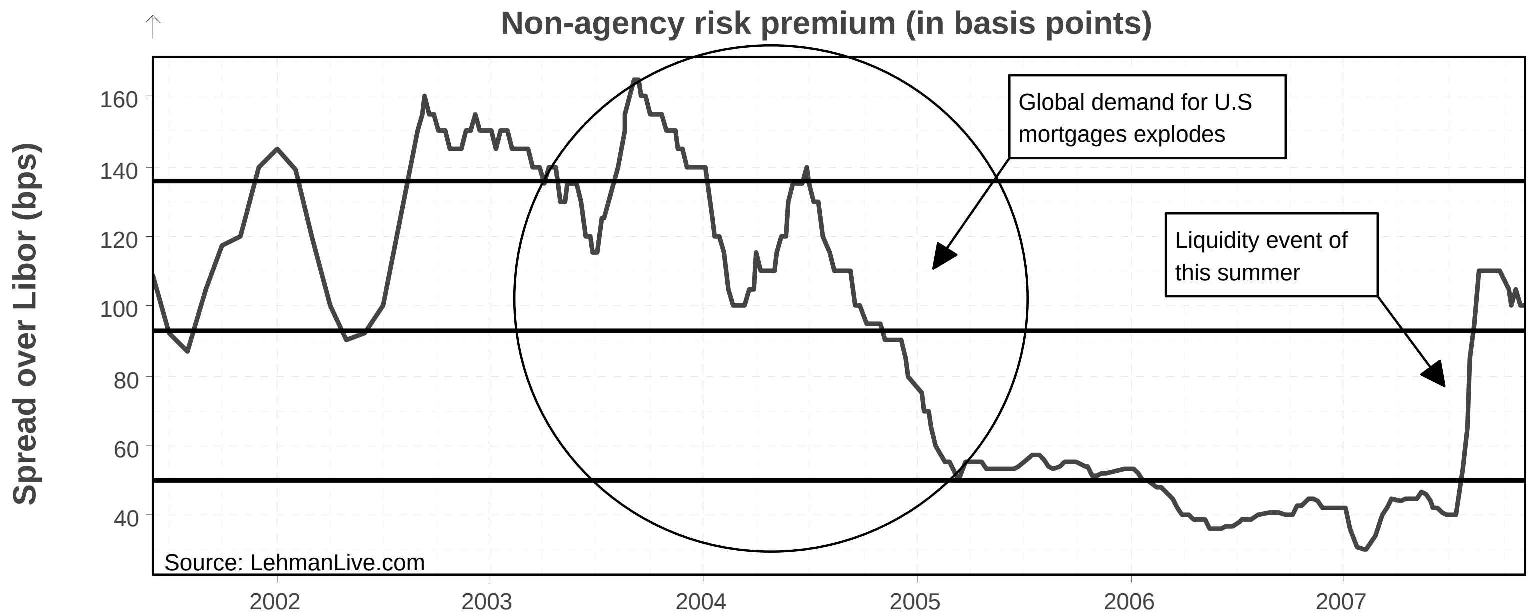
($billions)

Investor Type	Year-End 2002 Amt	2002 % of Tot	2003 Amt	2003 % of Tot	2004 Amt	2004 % of Tot	2005 Amt	2005 % of Tot	Midyear 2006 Amt	2006 % 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.

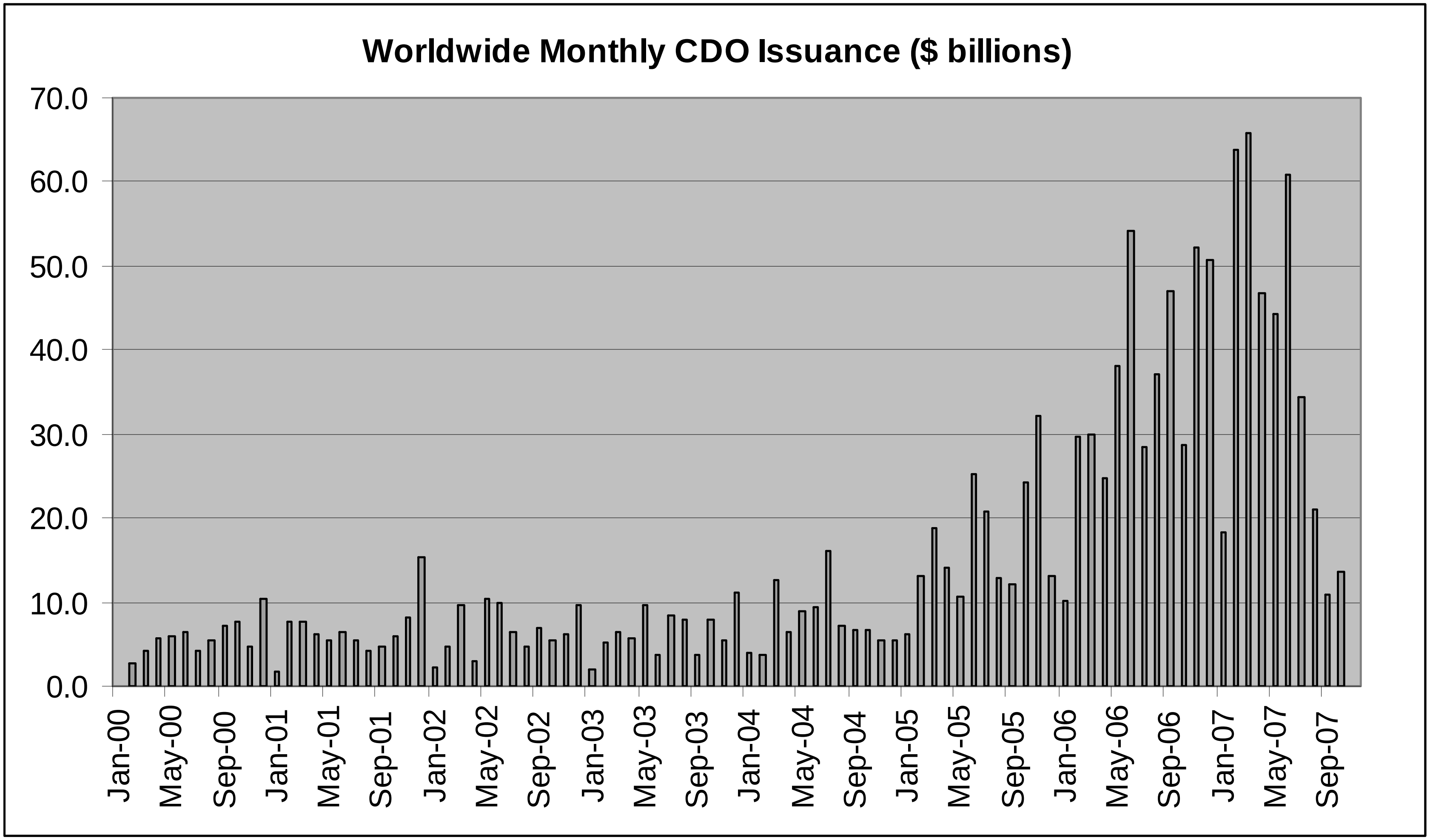
Source: Inside MBS & ABS

Mortgage risk premiums (spreads over Libor)

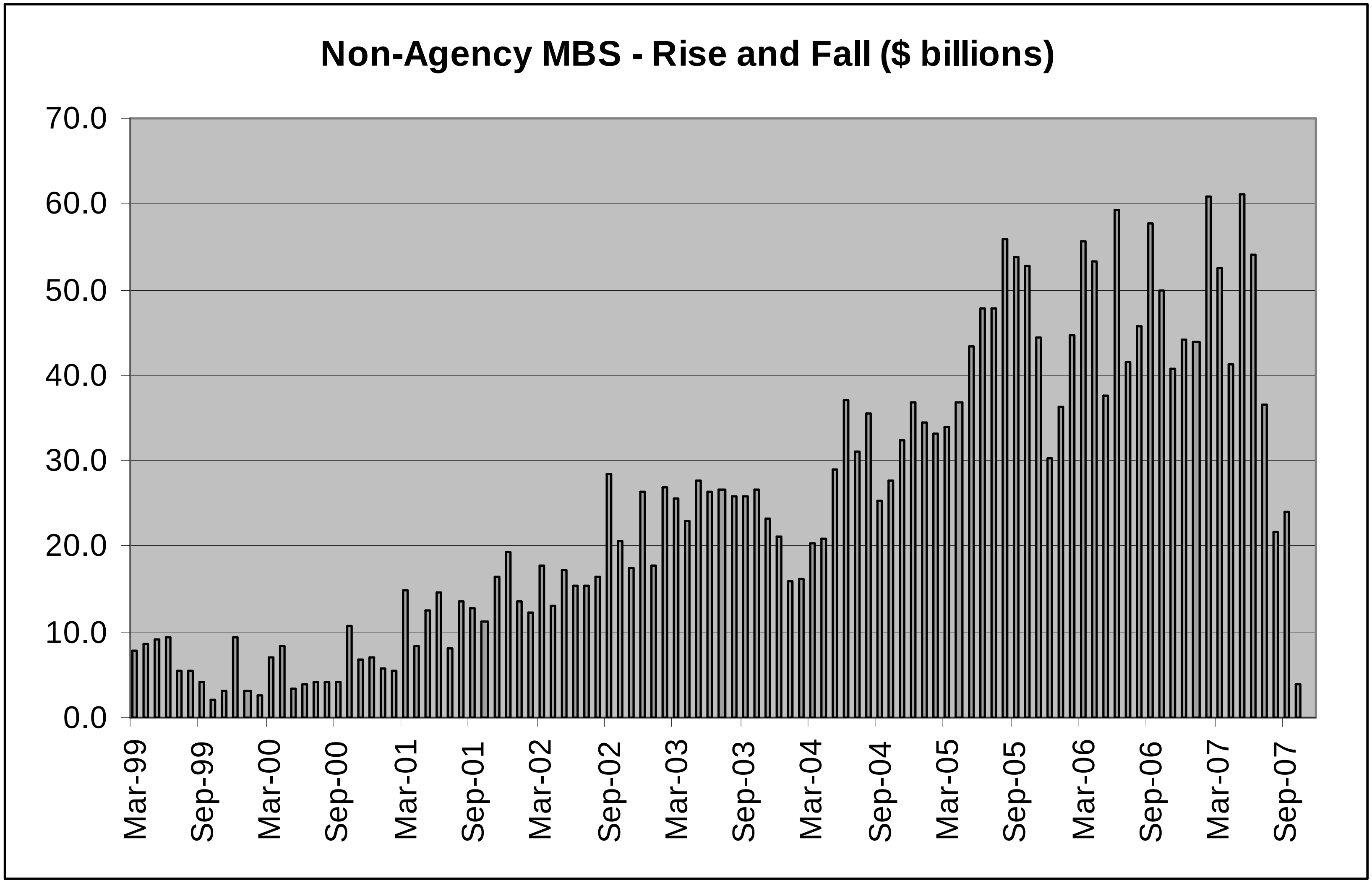


Key	Axis	Name	Last	Minimum		Maximum		Mean	SD	SD Change
—	Left	Non-agency risk premium (in basis po	100.000	30.000	02/05/2007	165.000	09/04/2003	92.921	42.713	5.957

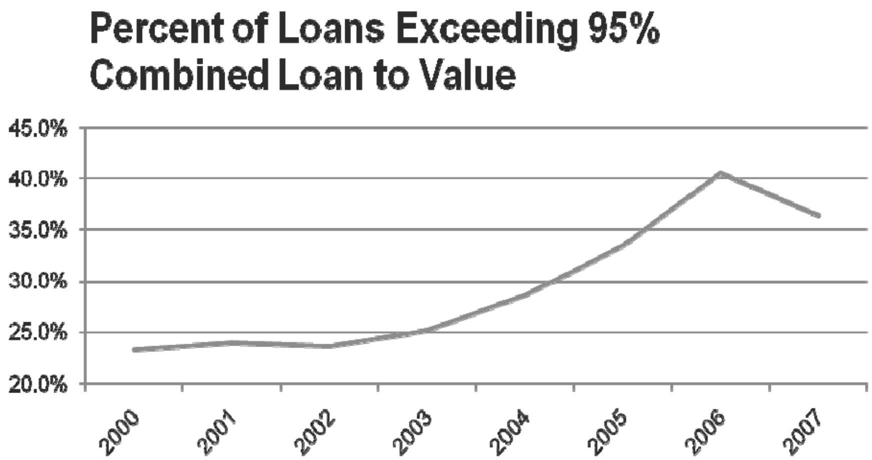
Growth of the leveraged investor

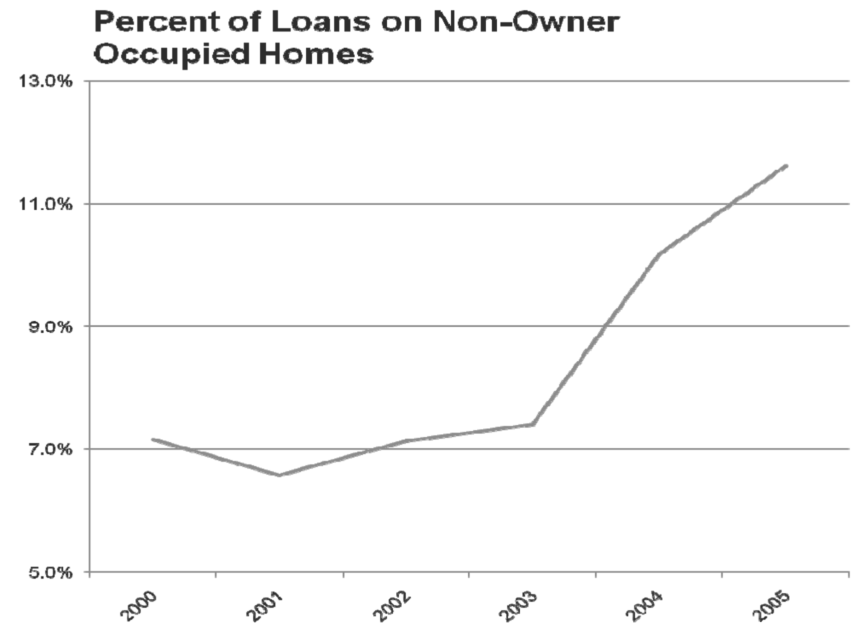


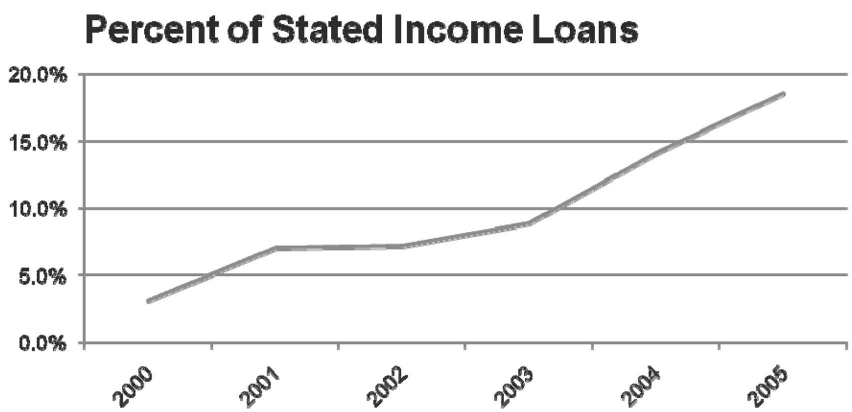
Rise (and fall) of non-agency mortgages



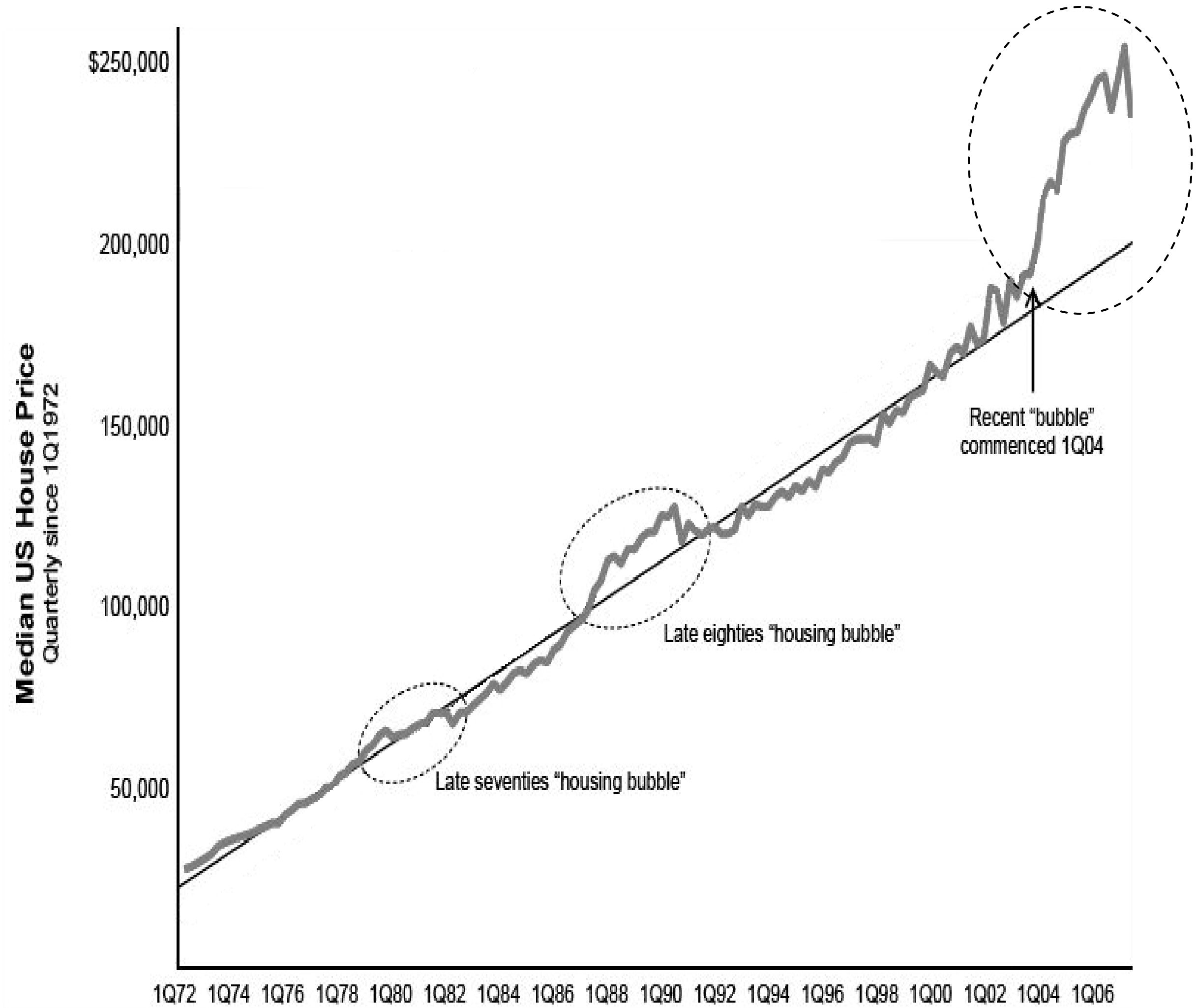
Credit guidelines relaxed



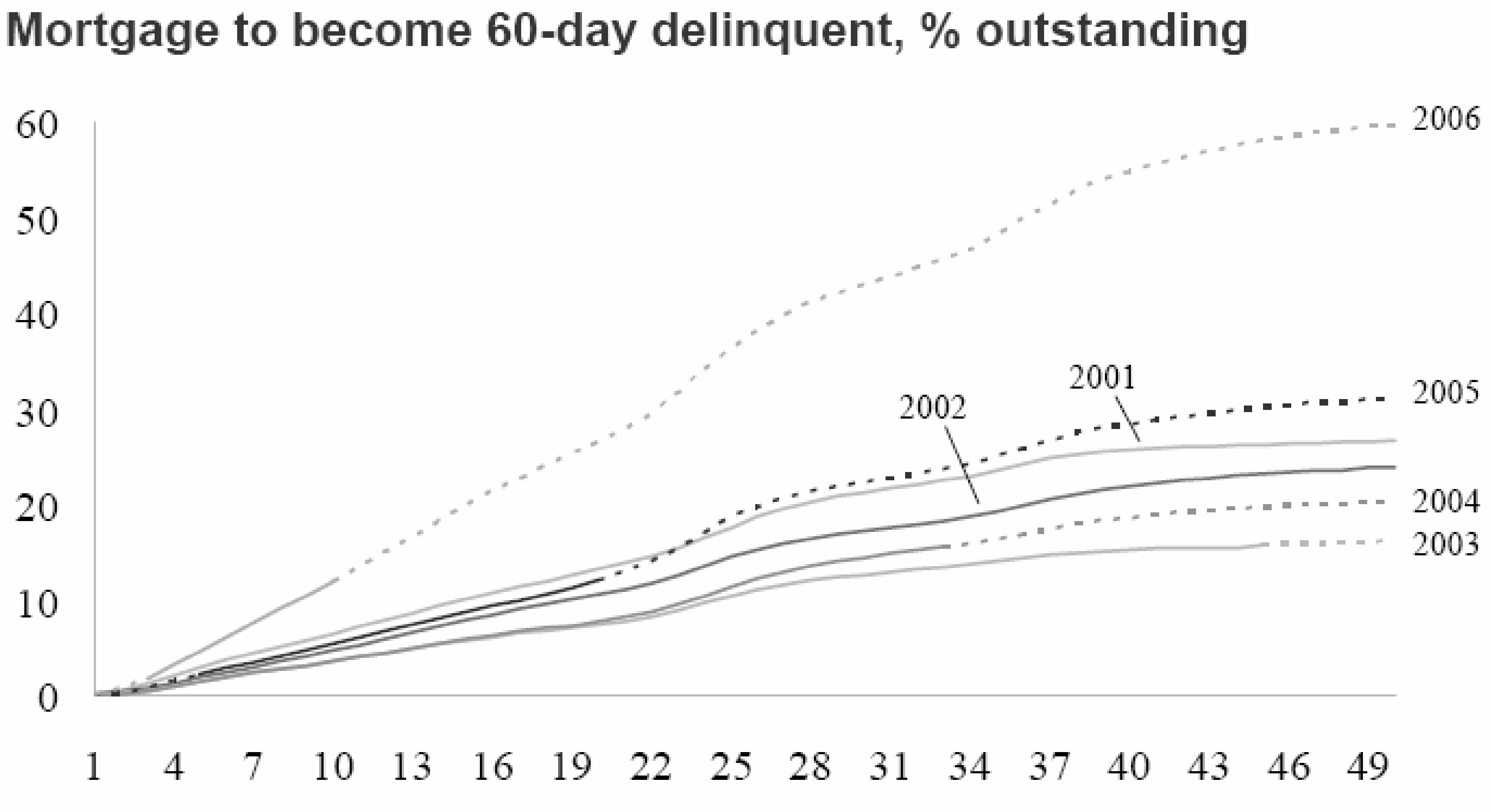




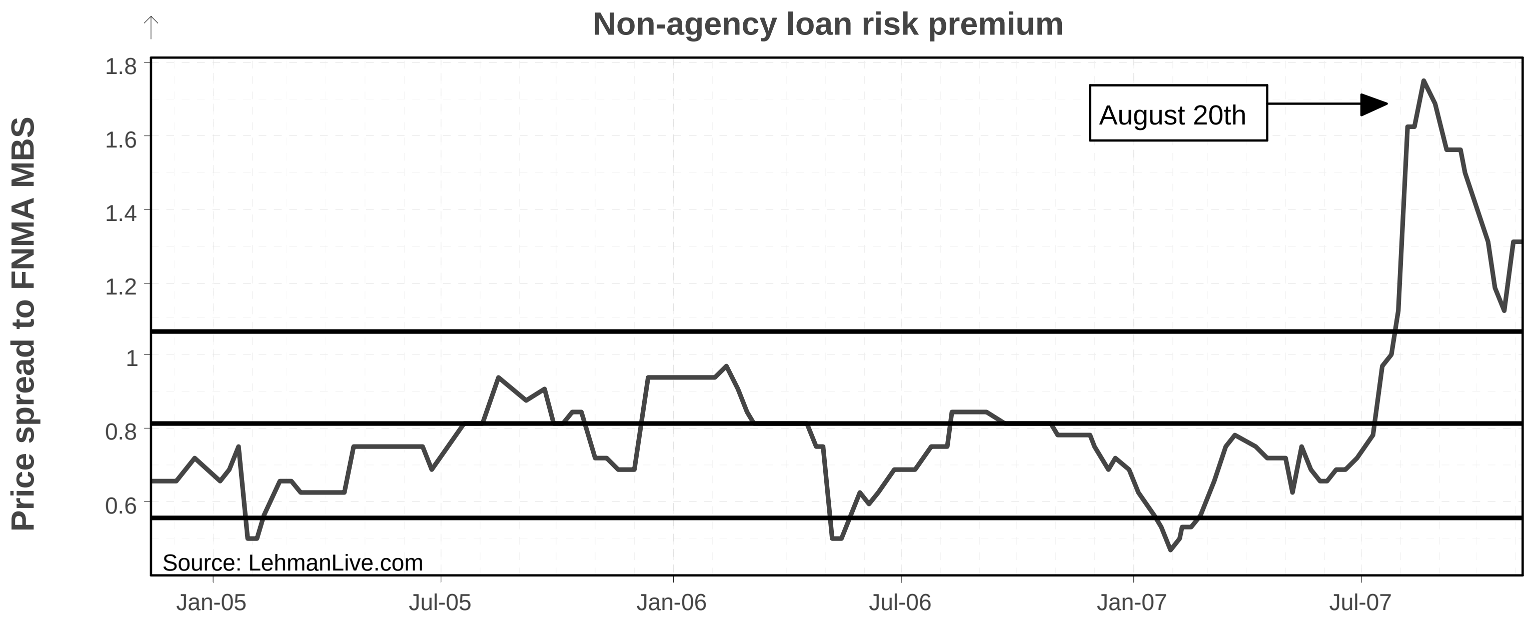
The "bubble" bursts



Credit performance begins to deteriorate

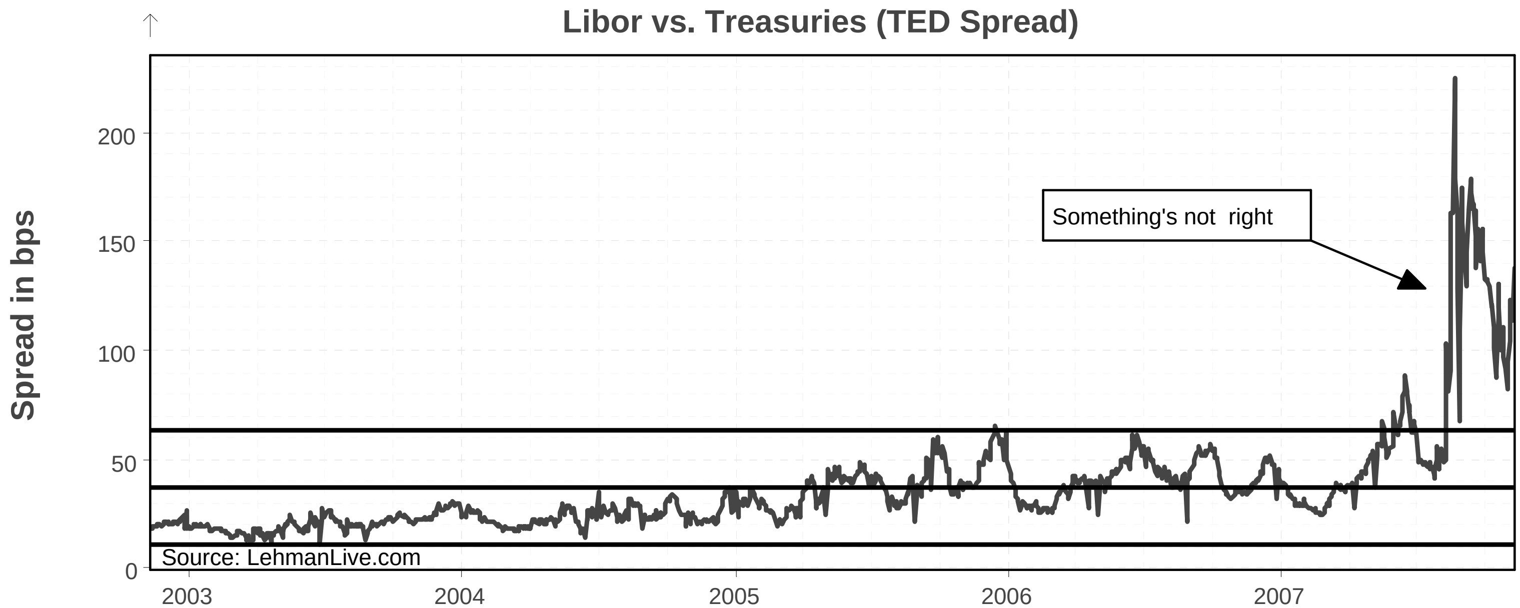


As losses mount, the selling begins



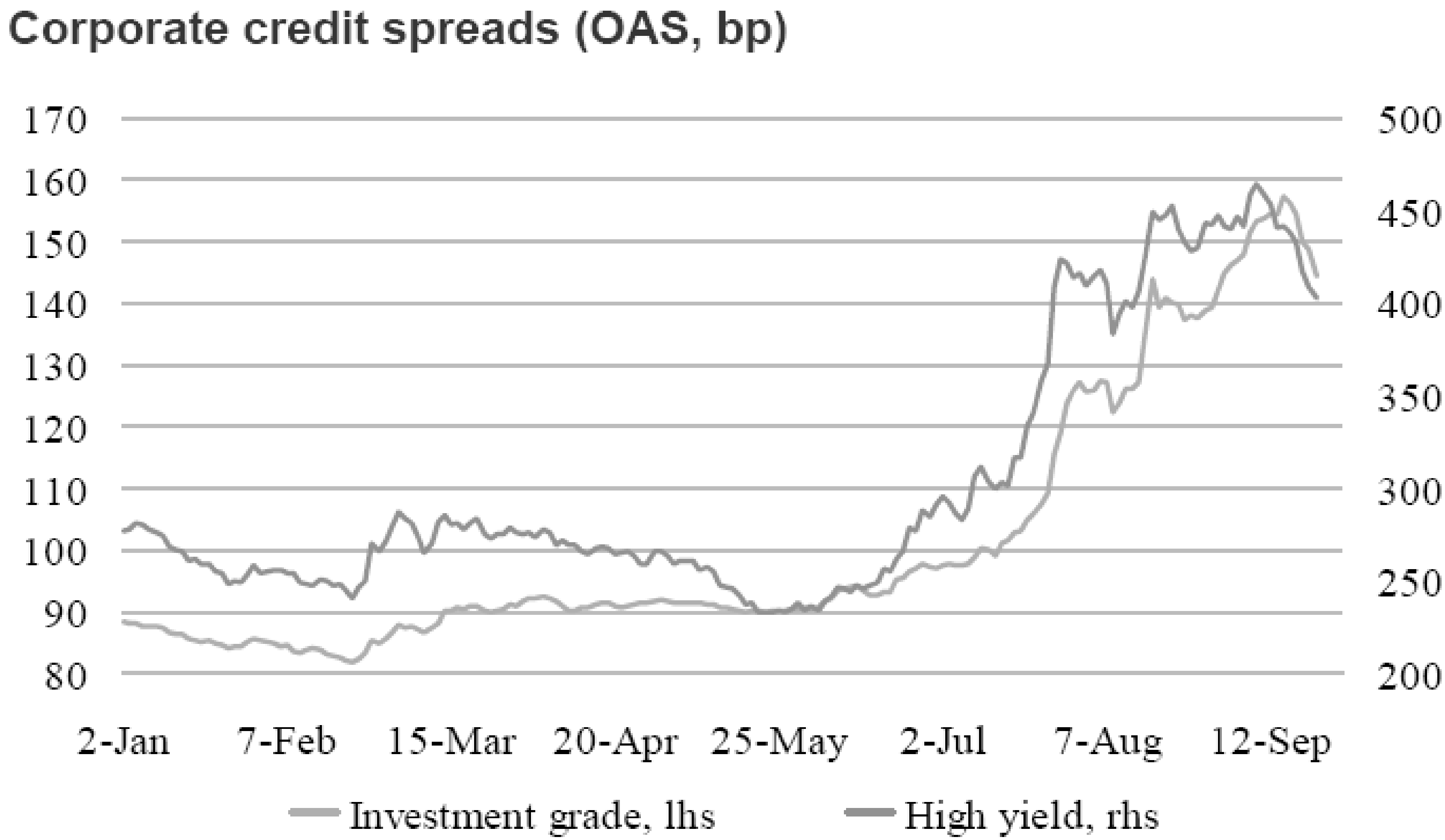
Key	Axis	Name	Last	Minimum		Maximum		Mean	SD	SD Change
—	Left	Non-agency loan risk premium	1.313	0.469	01/31/2007	1.750	08/20/2007	0.813	0.255	0.081

Financial system is destabilized

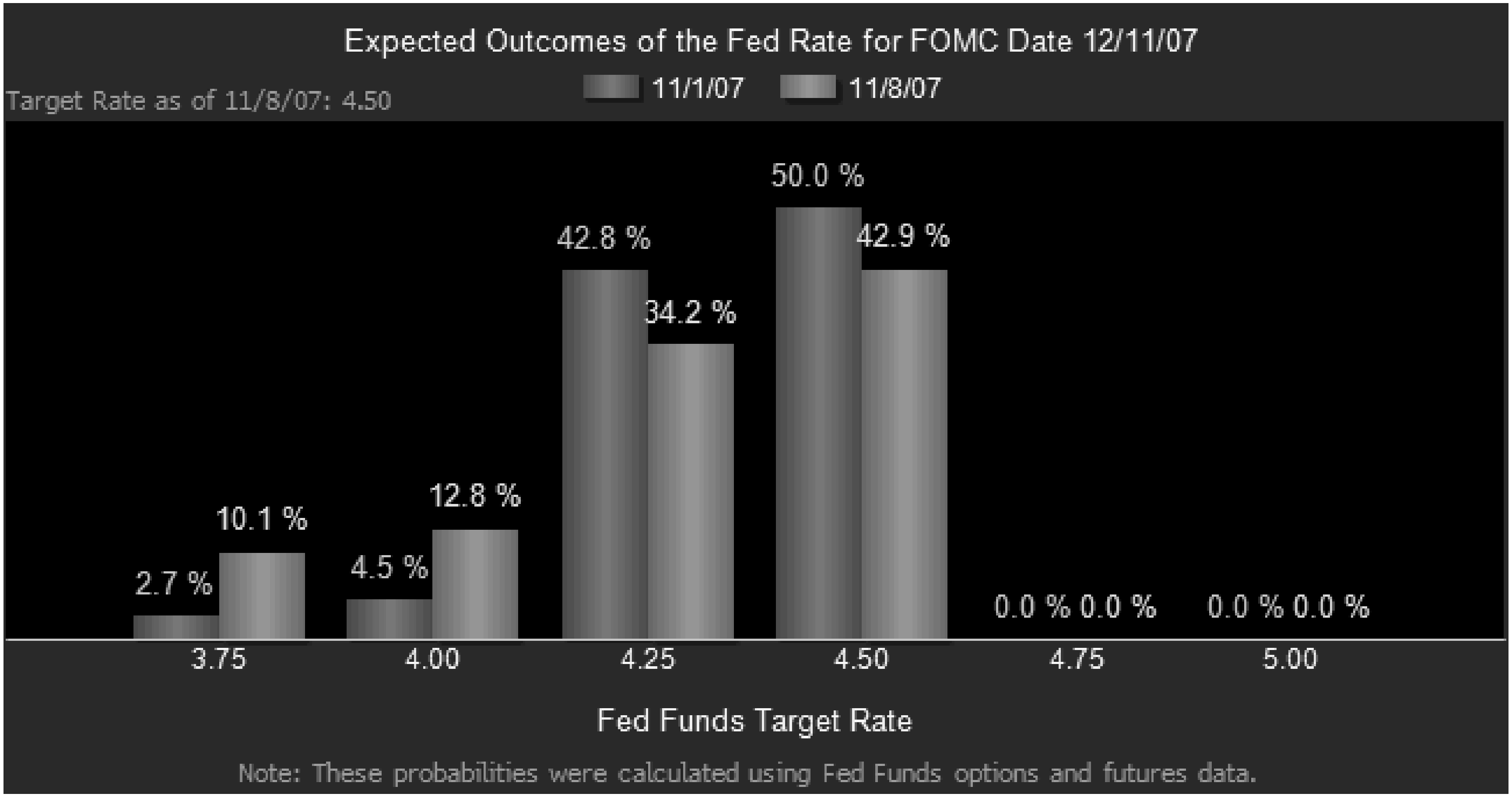


Key	Axis	Name	Last	Minimum		Maximum		Mean	SD	SD Change
—	Left	Libor vs. Treasuries (TED Spread)	137.970	10.679	06/25/2003	225.238	08/20/2007	37.470	25.996	5.527

All borrowing costs have been affected – consumer and corporate



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