SUNTRUST BANKS INC
Form 10-Q
August 10, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2009

or

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934

Commission File Number 001-08918

SUNTRUST BANKS, INC.

(Exact name of registrant as specified in its charter)

Georgia	**58-1575035**
(State or other jurisdiction	(I.R.S. Employer
of incorporation or organization)	Identification No.)

303 Peachtree Street, N.E., Atlanta, Georgia 30308

(Address of principal executive offices) (Zip Code)

(404) 588-7711

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files).

x Yes ¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨	Non-accelerated filer ¨
(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ¨ No x

At July 31, 2009, 498,827,499 shares of the Registrant s Common Stock, $1.00 par value, were outstanding.

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PART I FINANCIAL INFORMATION

The following unaudited financial statements have been prepared in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X, and accordingly do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. However, in the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary to comply with Regulation S-X have been included. Operating results for the three and six month periods ended June 30, 2009 are not necessarily indicative of the results that may be expected for the full year of 2009.

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Item 1. FINANCIAL STATEMENTS (UNAUDITED)

SunTrust Banks, Inc.

Consolidated Statements of Income/(Loss)

(Dollars and shares in thousands, except per share data) (Unaudited)	For the Three Months Ended June 30 2009	2008	For the Six Months Ended June 30 2009	2008
Interest Income				
Interest and fees on loans	**$1,397,045**	$1,715,410	**$2,809,930**	$3,570,056
Interest and fees on loans held for sale	**72,406**	72,491	**134,238**	171,500
Interest and dividends on securities available for sale				
Taxable interest	**168,659**	156,614	**349,861**	309,517
Tax-exempt interest	**10,018**	11,240	**20,717**	22,543
Dividends[1]	**18,066**	29,337	**36,228**	63,262
Interest on funds sold and securities purchased under agreements to resell	**558**	6,734	**1,495**	15,681
Interest on deposits in other banks	**63**	201	**176**	448
Trading account interest	**26,459**	74,338	**69,964**	171,690
Total interest income	**1,693,274**	2,066,365	**3,422,609**	4,324,697
Interest Expense				
Interest on deposits	**398,903**	579,829	**822,776**	1,327,649
Interest on funds purchased and securities sold under agreements to repurchase	**2,441**	35,378	**5,174**	92,327
Interest on trading liabilities	**4,917**	6,583	**11,077**	12,633
Interest on other short-term borrowings	**3,593**	13,088	**8,748**	35,864
Interest on long-term debt	**193,763**	274,771	**423,079**	559,641
Total interest expense	**603,617**	909,649	**1,270,854**	2,028,114
Net interest income	**1,089,657**	1,156,716	**2,151,755**	2,296,583
Provision for loan losses	**962,181**	448,027	**1,956,279**	1,008,049
Net interest income after provision for loan losses	**127,476**	708,689	**195,476**	1,288,534
Noninterest Income				
Service charges on deposit accounts	**210,224**	230,296	**416,618**	442,135
Trust and investment management income	**117,007**	157,319	**233,017**	318,421
Other charges and fees	**127,799**	129,581	**252,120**	256,812
Card fees	**80,505**	78,566	**156,165**	152,327
Retail investment services	**55,400**	73,764	**112,113**	146,064
Investment banking income	**77,038**	60,987	**136,572**	116,407
Mortgage production related income	**165,388**	63,508	**415,858**	149,057
Mortgage servicing related income	**139,658**	32,548	**223,010**	61,646
Trading account profits/(losses) and commissions	**(30,020)**	(49,306)	**77,273**	(21,088)
Net gain on sale of businesses	**-**	29,648	**-**	119,038
Gain from ownership in Visa	**112,102**	-	**112,102**	86,305
Net gain on sale/leaseback of premises	**-**	-	**-**	37,039
Other noninterest income	**41,473**	56,312	**79,587**	117,148
Net securities gains/(losses)[2]	**(24,899)**	549,787	**(21,522)**	489,201
Total noninterest income	**1,071,675**	1,413,010	**2,192,913**	2,470,512
Noninterest Expense				
Employee compensation	**569,228**	607,558	**1,142,250**	1,192,348
Employee benefits	**134,481**	104,399	**297,511**	234,692
Outside processing and software	**145,359**	107,205	**283,720**	216,370
Operating losses	**32,570**	44,654	**55,191**	74,917
Marketing and customer development	**30,264**	47,203	**64,989**	102,906
Net occupancy expense	**87,220**	85,483	**174,637**	171,924

Equipment expense	**43,792**	50,991	**87,332**	103,386
Mortgage reinsurance	**24,581**	24,961	**94,620**	31,972
Credit and collection services	**66,269**	33,733	**114,187**	61,565
Amortization/impairment of goodwill/intangible assets	**13,955**	64,735	**780,971**	85,450
Other real estate expense	**49,036**	24,908	**93,408**	37,129
Regulatory assessments	**148,675**	10,921	**196,148**	15,326
Net loss on debt extinguishment	**38,864**	-	**13,560**	11,723
Visa litigation	**7,000**	-	**7,000**	(39,124)
Other noninterest expense	**136,678**	168,591	**274,471**	326,991
Total noninterest expense	**1,527,972**	1,375,342	**3,679,995**	2,627,575
Income/(loss) before provision/(benefit) for income taxes	**(328,821)**	746,357	**(1,291,606)**	1,131,471
Provision/(benefit) for income taxes	**(148,957)**	202,804	**(299,734)**	294,452
Net income/(loss) including income attributable to noncontrolling interest	**(179,864)**	543,553	**(991,872)**	837,019
Net income attributable to noncontrolling interest	**3,596**	3,191	**6,755**	6,102
Net income/(loss)	**($183,460)**	$540,362	**($998,627)**	$830,917
Net income/(loss) available to common shareholders	**($164,428)**	$529,968	**($1,039,809)**	$811,523
Net income/(loss) per average common share				
Diluted	**($0.41)**	$1.52	**($2.77)**	$2.33
Basic	**(0.41)**	1.52	**(2.77)**	2.33
Dividends declared per common share	**0.10**	0.77	**0.20**	1.54
Average common shares - diluted	**399,242**	349,783	**375,429**	348,927
Average common shares - basic	**399,242**	348,714	**375,429**	347,647
[1] Includes dividends on common stock of The Coca-Cola Company	**$12,300**	$16,560	**$24,600**	$33,120

[2] Includes net other-than-temporary impairment losses of $5.7 million for the three months ended June 30, 2009, consisting of $8.5 million of gross impairment losses, net of $2.8 million of impairment losses recognized in other comprehensive income, before taxes.

See Notes to Consolidated Financial Statements (unaudited).

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SunTrust Banks, Inc.

Consolidated Balance Sheets

(Dollars in thousands) (Unaudited)	As of June 30 2009	As of December 31 2008
Assets		
Cash and due from banks	**$2,434,859**	$5,622,789
Interest-bearing deposits in other banks	**24,310**	23,999
Funds sold and securities purchased under agreements to resell	**798,515**	990,614
Cash and cash equivalents	**3,257,684**	6,637,402
Trading assets	**7,739,197**	10,396,269
Securities available for sale[1]	**19,465,291**	19,696,537
Loans held for sale (loans at fair value: $6,604,312 as of June 30, 2009; $2,424,432 as of December 31, 2008)	**8,031,114**	4,032,128
Loans (loans at fair value: $494,669 as of June 30, 2009; $270,342 as of December 31, 2008)	**122,816,176**	126,998,443
Allowance for loan and lease losses	**(2,896,000)**	(2,350,996)
Net loans	**119,920,176**	124,647,447
Premises and equipment	**1,545,990**	1,547,892
Goodwill	**6,314,382**	7,043,503
Other intangible assets (mortgage servicing rights at fair value: $641,939 as of June 30, 2009; $0 as of December 31, 2008)	**1,517,483**	1,035,427
Customers acceptance liability	**5,276**	5,294
Other real estate owned	**588,922**	500,481
Unsettled sales of securities available for sale	**874,205**	6,386,795
Other assets	**7,475,251**	7,208,786
Total assets	**$176,734,971**	$189,137,961
Liabilities and Shareholders Equity		
Noninterest-bearing consumer and commercial deposits	**$24,610,303**	$21,522,021
Interest-bearing consumer and commercial deposits	**89,136,044**	83,753,686
Total consumer and commercial deposits	**113,746,347**	105,275,707
Brokered deposits (CDs at fair value: $1,093,017 as of June 30, 2009; $587,486 as of December 31, 2008)	**4,519,752**	7,667,167
Foreign deposits	**535,372**	385,510
Total deposits	**118,801,471**	113,328,384
Funds purchased	**3,920,127**	1,120,079
Securities sold under agreements to repurchase	**2,393,434**	3,193,311
Other short-term borrowings (debt at fair value: $0 as of June 30, 2009; $399,611 as of December 31, 2008)	**1,761,711**	5,166,360
Long-term debt (debt at fair value: $3,365,649 as of June 30, 2009; $7,155,684 as of December 31, 2008)	**18,842,460**	26,812,381
Acceptances outstanding	**5,276**	5,294
Trading liabilities	**2,348,851**	3,240,784
Unsettled purchases of securities available for sale	**938,785**	8,898,279
Other liabilities	**4,769,698**	4,872,284
Total liabilities	**153,781,813**	166,637,156
Preferred stock	**4,918,863**	5,221,703
Common stock, $1.00 par value	**514,667**	372,799
Additional paid in capital	**8,540,036**	6,904,644
Retained earnings	**9,271,388**	10,388,984
Treasury stock, at cost, and other	**(1,115,782)**	(1,368,450)
Accumulated other comprehensive income, net of tax	**823,986**	981,125
Total shareholders equity	**22,953,158**	22,500,805

Total liabilities and shareholders equity	**$176,734,971**	$189,137,961
Common shares outstanding	**498,786,047**	354,515,013
Common shares authorized	**750,000,000**	750,000,000
Preferred shares outstanding	**50,358**	53,500
Preferred shares authorized	**50,000,000**	50,000,000
Treasury shares of common stock	**15,880,548**	18,284,356
[1] Includes net unrealized gains on securities available for sale	**$1,479,277**	$1,413,330

See Notes to Consolidated Financial Statements (unaudited).

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SunTrust Banks, Inc.

Consolidated Statements of Shareholders Equity

and shares in thousands, except per share data) ed)	Preferred Stock	Common Shares Outstanding	Common Stock	Additional Paid in Capital	Retained Earnings	Treasury Stock and Other[1]	Accumulated Other Comprehensive Income	T
, January 1, 2008	$500,000	348,411	$370,578	$6,707,293	$10,646,640	($1,661,719)	$1,607,149	$18,1
me	-	-	-	-	830,917	-	-	8
mprehensive income:								
n unrealized gains (losses) on es, net of taxes	-	-	-	-	-	-	(649,700)	(6
n unrealized gains (losses) on ves, net of taxes	-	-	-	-	-	-	(43,277)	(
related to employee benefit plans	-	-	-	-	-	-	7,763	
omprehensive income								1
n noncontrolling interest	-	-	-	-	-	(1,481)	-	
of common stock for GB&T acquisition	-	2,221	2,221	152,292	-	-	-	1
n stock dividends, $1.54 per share	-	-	-	-	(540,818)	-	-	(5
d stock dividends, $2,418 per share	-	-	-	-	(12,089)	-	-	(
of stock options and stock nsation expense	-	349	-	748	-	28,178	-	
ance and restricted stock activity	-	1,680	-	(38,972)	-	38,910	-	
ation of performance and restricted ompensation	-	-	-	-	-	29,544	-	
of stock for employee benefit plans	-	881	-	(21,928)	-	70,304	-	
tivity	-	-	-	502	-	39	-	
, June 30, 2008	$500,000	353,542	$372,799	$6,799,935	$10,924,650	($1,496,225)	$921,935	$18,0
, January 1, 2009	**$5,221,703**	**354,515**	**$372,799**	**$6,904,644**	**$10,388,984**	**($1,368,450)**	**$981,125**	**$22,5**
	-	**-**	**-**	**-**	**(998,627)**	**-**	**-**	**(9**
mprehensive income:								
n unrealized gains (losses) on es, net of taxes	**-**	**-**	**-**	**-**	**-**	**-**	**51,967**	
n unrealized gains (losses) on ves, net of taxes	**-**	**-**	**-**	**-**	**-**	**-**	**(337,565)**	**(3**
related to employee benefit plans	**-**	**-**	**-**	**-**	**-**	**-**	**136,174**	**1**
omprehensive loss								**(1,1**
n noncontrolling interest	**-**	**-**	**-**	**-**	**-**	**1,839**	**-**	
n stock dividends, $0.20 per share	**-**	**-**	**-**	**-**	**(72,646)**	**-**	**-**	**(**
preferred stock dividends, per share	**-**	**-**	**-**	**-**	**(10,635)**	**-**	**-**	**(**
asury preferred stock dividends, per share	**-**	**-**	**-**	**-**	**(121,438)**	**-**	**-**	**(1**

n of discount associated with U.S. y preferred stock	**11,387**	**-**	**-**	**-**	**(11,387)**	**-**	**-**	
of common stock in connection with SCAP lan	**-**	**141,868**	**141,868**	**1,687,299**	**-**	**-**	**-**	**1,8**
shment of forward stock purchase contract	**-**	**-**	**-**	**164,927**	**-**	**-**	**-**	**1**
ase of preferred stock	**(314,227)**	**-**	**-**	**4,843**	**89,425**	**-**	**-**	**(2**
of stock options and stock nsation expense	**-**	**-**	**-**	**8,631**	**-**	**-**	**-**	
ance and restricted stock activity	**-**	**1,676**	**-**	**(186,168)**	**-**	**157,693**	**-**	**(**
ation of performance and restricted ompensation	**-**	**-**	**-**	**-**	**-**	**36,277**	**-**	
of stock for employee benefit plans	**-**	**727**	**-**	**(44,140)**	**(3)**	**56,859**	**-**	
n of FSP FAS 115-2[2]	**-**	**-**	**-**	**-**	**7,715**		**(7,715)**	
, June 30, 2009	**$4,918,863**	**498,786**	**$514,667**	**$8,540,036**	**$9,271,388**	**($1,115,782)**	**$823,986**	**$22,9**

1 Balance at June 30, 2009 includes ($1,141,909) for treasury stock, ($88,408) for compensation element of restricted stock, and $114,535 for noncontrolling interest. Balance at June 30, 2008 includes ($1,450,112) for treasury stock, ($162,055) for compensation element of restricted stock, and $115,942 for noncontrolling interest.

2 Effective April 1, 2009, the Company adopted FSP FAS 115-2, FAS 124-2 and EITF 99-20-2. Amounts shown are net-of-tax. See Note 1, Summary of Significant Accounting Principles and Note 3, Securities Available For Sale to the Consolidated Financial Statements for additional information on adoption of these accounting pronouncements.

See Notes to Consolidated Financial Statements (unaudited).

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SunTrust Banks, Inc.

Consolidated Statements of Cash Flows

(Dollars in thousands) (Unaudited)	Six Months Ended June 30 2009	2008
Cash Flows from Operating Activities:		
Net income/(loss) including income attributable to noncontrolling interest	**($991,872)**	$837,019
Adjustments to reconcile net income/(loss) to net cash (used in) provided by operating activities:		
Net gain on sale of businesses	**-**	(119,038)
Visa litigation	**7,000**	(39,124)
Gain from ownership in Visa	**(112,102)**	(86,305)
Depreciation, amortization and accretion	**476,416**	424,403
Impairment of goodwill/intangibles	**751,156**	45,000
Recovery of mortgage servicing rights impairment	**(188,207)**	-
Origination of mortgage servicing rights	**(379,725)**	(298,278)
Provisions for loan losses and foreclosed property	**2,030,966**	1,037,958
Amortization of performance and restricted stock compensation	**36,277**	29,544
Stock option compensation	**8,631**	10,089
Excess tax benefits from stock-based compensation	**(352)**	(782)
Net loss on extinguishment of debt	**13,560**	11,723
Net securities losses/(gains)	**21,522**	(489,201)
Net gain on sale/leaseback of premises	**-**	(37,039)
Net gain on sale of assets	**(29,351)**	(21,349)
Originated and purchased loans held for sale net of principal collected	**(29,106,368)**	(18,795,579)
Sales and securitizations of loans held for sale	**24,801,073**	21,658,524
Contributions to retirement plans	**(18,664)**	(2,806)
Net increase in other assets	**(8,950)**	(863,203)
Net decrease in other liabilities	**(969,058)**	(682,467)
Net cash (used in) provided by operating activities	**(3,658,048)**	2,619,089
Cash Flows from Investing Activities:		
Proceeds from maturities, calls and paydowns of securities available for sale	**1,765,339**	794,509
Proceeds from sales of securities available for sale	**9,157,424**	1,638,126
Purchases of securities available for sale	**(13,127,424)**	(1,715,803)
Proceeds from maturities, calls and paydowns of trading securities	**60,710**	1,557,137
Proceeds from sales of trading securities	**2,042,528**	1,575,369
Purchases of trading securities	**(85,965)**	(1,583,855)
Loan repayments/(originations), net	**2,077,223**	(2,922,672)
Proceeds from sales of loans held for investment	**499,576**	638,911
Proceeds from sale of mortgage servicing rights	**-**	39,063
Capital expenditures	**(108,820)**	(81,863)
Net cash and cash equivalents received for sale of businesses	**-**	214,115
Net cash and cash equivalents (paid for)/acquired in acquisitions	**(1,695)**	92,081
Proceeds from sale/redemption of Visa shares	**112,102**	86,305
Seix contingent consideration payout	**(12,722)**	-
Proceeds from the sale/leaseback of premises	**-**	245,276
Proceeds from the sale of other assets	**257,414**	128,902
Net cash provided by investing activities	**2,635,690**	705,601
Cash Flows from Financing Activities:		
Net increase (decrease) in consumer and commercial deposits	**8,025,595**	(884,489)
Net (decrease) increase in foreign and brokered deposits	**(2,997,010)**	1,174,143
Assumption of Omni National Bank deposits, net	**445,482**	-
Net decrease in funds purchased, securities sold under agreements to repurchase, and other short-term borrowings	**(1,404,478)**	(1,372,078)
Proceeds from the issuance of long-term debt	**574,560**	1,159,038
Repayment of long-term debt	**(8,409,350)**	(3,002,951)
Proceeds from the exercise of stock options	**-**	18,837
Excess tax benefits from stock-based compensation	**352**	782

Proceeds from the issuance of common stock	**1,829,167**	-
Repurchase of preferred stock	**(219,959)**	-
Common and preferred dividends paid	**(201,719)**	(552,907)
Net cash used in financing activities	**(2,357,360)**	(3,459,625)
Net decrease in cash and cash equivalents	**(3,379,718)**	(134,935)
Cash and cash equivalents at beginning of period	**6,637,402**	5,642,601
Cash and cash equivalents at end of period	**$3,257,684**	$5,507,666
Supplemental Disclosures:		
Loans transferred from loans held for sale to loans	**$297,319**	$727,649
Loans transferred from loans to other real estate owned	**383,314**	279,383
U.S. Treasury preferred dividend accrued but unpaid	**3,000**	-
Accretion on U.S. Treasury preferred stock	**11,387**	-
Extinguishment of forward stock purchase contract	**164,927**	-
Gain on repurchase of Series A preferred stock	**89,425**	-

See Notes to Consolidated Financial Statements (unaudited).

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Notes to Consolidated Financial Statements (Unaudited)

Note 1 Significant Accounting Policies

Basis of Presentation

The unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete consolidated financial statements. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair presentation of the results of operations in these financial statements, have been made. Effective May 1, 2008, SunTrust Banks, Inc. (SunTrust or the Company) acquired GB&T Bancshares, Inc. (GB&T). The acquisition was accounted for under the purchase method of accounting with the results of operations for GB&T included in those of the Company beginning May 1, 2008.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could vary from these estimates. Certain reclassifications have been made to prior period amounts to conform to the current period presentation.

These financial statements should be read in conjunction with the Annual Report on Form 10-K for the year ended December 31, 2008. Except for accounting policies that have been modified or recently adopted as described below, there have been no significant changes to the Company s accounting policies as disclosed in the Annual Report on Form 10-K for the year ended December 31, 2008.

Accounting Policies Recently Adopted and Pending Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting . This standard establishes the Codification as the source of authoritative U.S. GAAP recognized by the FASB for nongovernmental entities. The Codification will be effective for interim and annual periods ending after September 15, 2009. The Codification is a reorganization of existing U.S. GAAP and does not change existing U.S. GAAP. The Company will adopt this standard during the third quarter of 2009, which will have no impact on the Company s financial position, results of operations, and earnings per share.

In June 2009, the FASB issued SFAS No. 166, Accounting for Transfers of Financial Assets , and SFAS No. 167, Amendments to FASB Interpretation No. 46(R) . These standards are effective for the first interim reporting period of 2010. SFAS No. 166 amends the guidance in SFAS No. 140 to eliminate the concept of a qualifying special-purpose entity (QSPE) and changes some of the requirements for derecognizing financial assets. SFAS No. 167 amends the consolidation guidance in FIN 46(R). Specifically, the amendments will (a) eliminate the exemption for QSPEs from the new guidance, (b) shift the determination of which enterprise should consolidate a variable interest entity (VIE) to a current control approach, such that an entity that has both the power to make decisions and right to receive benefits or absorb losses will consolidate a VIE, and (c) change when it is necessary to reassess who should consolidate a VIE. The Company is evaluating the impact that these standards will have on its financial statements. Based on current interpretations of these new standards and the Company s current involvement with VIEs, the Company will likely consolidate certain VIEs and QSPEs that are not currently recorded on the Consolidated Balance Sheet of the Company, although the Company is still analyzing the potential impacts of these standards.

In May 2009, the FASB issued SFAS No. 165, Subsequent Events . SFAS No. 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Company adopted SFAS No. 165 during the second quarter of 2009. In accordance with SFAS No. 165, the Company evaluated subsequent events through the date its financial statements are filed. The adoption of this standard did not have an impact on the Company s financial position, results of operations, and earnings per share.

In April 2009, the FASB issued FASB Staff Position (FSP) FAS 115-2 and FAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairments. The FSP amends the other-than-temporary impairment (OTTI) guidance for debt securities. If the fair value of a debt security is less than its amortized cost basis at the measurement date, the FSP requires the Company to determine whether it has the intent to sell the debt security or whether it is more likely than not it will be required to sell the debt security before the recovery of its amortized cost basis. If either condition is met, an entity must recognize full impairment. For all other debt securities that are considered other-than-temporarily impaired and do not meet either condition, the FSP requires that the credit loss portion of impairment be recognized in earnings and the impairment related to all other factors be recognized in other comprehensive income. In addition, the FSP requires additional disclosures regarding impairments on debt and equity securities. The Company

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Notes to Consolidated Financial Statements (Unaudited)-Continued

adopted this FSP effective April 1, 2009 and in connection therewith, recorded a $7.7 million, net of tax, reclassification to decrease other comprehensive income for impairment charges previously recorded through earnings with an offset to retained earnings as a cumulative effect adjustment. The enhanced disclosures related to FSP FAS 115-2 are included in Note 3, Securities Available for Sale, to the Consolidated Financial Statements.

In April 2009, the FASB issued FSP FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly . This FSP provides guidance on estimating fair value when there has been a significant decrease in the volume and level of activity for the asset or liability and for identifying transactions that may not be orderly. The FSP requires entities to disclose the inputs and valuation techniques used to measure fair value and to discuss changes in valuation techniques and related inputs, if any, in both interim and annual periods. The Company adopted this FSP during the second quarter of 2009 and the adoption did not have a material impact on the Company s financial position and results of operations, as the Company s existing value methodologies were largely consistent with those of this FSP. The enhanced disclosures related to FSP FAS 157-4 are included in Note 15, Fair Value Election and Measurement, to the Consolidated Financial Statements.

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, Interim Disclosures about Fair Value of Financial Instruments . This FSP amends FASB Statement No. 107, Disclosures about Fair Value of Financial Instruments and requires an entity to disclose the fair value of its financial instruments in interim reporting periods as well as in annual financial statements. The methods and significant assumptions used to estimate the fair value of financial instruments and any changes in methods and assumptions used during the reporting period are also required to be disclosed both on an interim and annual basis. The Company adopted this FSP during the second quarter of 2009. The required disclosures have been included in Note 15, Fair Value Election and Measurement, to the Consolidated Financial Statements.

In June 2008, the FASB issued FSP Emerging Issues Task Force (EITF) No. 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities. The FSP concludes that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents are participating securities that should be included in the earnings allocation in computing earnings per share under the two-class method. The FSP is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those years. All prior period earnings per share data presented must be adjusted retrospectively. The adoption of this standard, effective January 1, 2009, did not have a material impact on the Company s financial position, results of operations, and earnings per share.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interest in Consolidated Financial Statements an amendment of ARB No. 51. SFAS No. 160 generally requires that a noncontrolling interest in a subsidiary (i.e. minority interest) be reported in the equity section of the balance sheet instead of being reported as a liability or in the mezzanine section between debt and equity. It also requires that the consolidated income statement include consolidated net income attributable to the Company and the noncontrolling interest of a consolidated subsidiary. SFAS No. 160 is effective for annual periods beginning after December 15, 2008. The Company adopted this standard effective January 1, 2009, and is required to apply the standard retrospectively to all prior periods presented. Reclassifications of $112.7 million were made in the Consolidated Balance Sheet as of December 31, 2008 and $3.2 million and $6.1 million in the Consolidated Statements of Income/(Loss) for the three and six month periods ended June 30, 2008, respectively, to conform to the current period presentation.

Note 2 Acquisitions / Dispositions

(in millions)	Date	Cash or other consideration (paid)/received	Goodwill	Other Intangibles	Gain/ (Loss)	Comments
For the Six Months Ended June 30, 2009						
Acquisition of Epic Advisors, Inc.	4/1/09	($2.0)	$5.0	$0.6	$-	Goodwill and intangibles recorded are tax-deductible.
For the Six Months Ended June 30, 2008						
Sale of First Mercantile Trust Company	5/30/08	59.1	(11.7)	(3.0)	29.6	
Acquisition of GB&T Bancshares, Inc [1]	5/1/08	(154.6)	143.5	29.5	-	Goodwill and intangibles recorded are non tax-deductible.
Sale of 24.9% interest in Lighthouse Investment Partners, LLC (Lighthouse Investment Partners)	1/2/08	155.0	-	(6.0)	89.4	SunTrust will continue to earn a revenue share based upon client referrals to the funds.

[1] On May 1, 2008, SunTrust acquired GB&T, a North Georgia-based financial institution serving commercial and retail customers, for $154.6 million, including cash paid for fractional shares, via the merger of GB&T with and into SunTrust. In connection therewith, GB&T shareholders received 0.1562 shares of the Company s common stock for each share of GB&T s common stock, resulting in the issuance of approximately 2.2 million shares of SunTrust common stock. As a result of the acquisition, SunTrust acquired approximately $1.4 billion of loans, primarily commercial real estate loans, and assumed approximately $1.4 billion of deposit liabilities. SunTrust elected to account for $171.6 million of the acquired loans at fair value in accordance with SFAS No. 159. The remaining loans are accounted for at amortized cost and had a carryover reserve for loan and lease losses of $158.7 million. The acquisition was accounted for under the purchase method of accounting with the results of operations for GB&T included in SunTrust s results beginning May 1, 2008.

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Note 3 Securities Available for Sale

Securities available for sale at June 30, 2009 and December 31, 2008 were as follows:

	June 30, 2009			
(Dollars in thousands)	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
U.S. Treasury and federal agencies	**$570,158**	**$11,782**	**$2,030**	**$579,910**
U.S. states and political subdivisions	**989,470**	**22,908**	**8,186**	**1,004,192**
Residential mortgage-backed securities - agency	**14,220,431**	**178,678**	**12,693**	**14,386,416**
Residential mortgage-backed securities - private	**576,024**	**764**	**136,869**	**439,919**
Other debt securities	**634,791**	**2,074**	**17,708**	**619,157**
Common stock of The Coca-Cola Company	**69**	**1,439,631**	**-**	**1,439,700**
Other equity securities[1]	**995,071**	**926**	**-**	**995,997**
Total securities available for sale	**$17,986,014**	**$1,656,763**	**$177,486**	**$19,465,291**

	December 31, 2008			
(Dollars in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury and federal agencies	$464,566	$21,889	$302	$486,153
U.S. states and political subdivisions	1,018,906	24,621	6,098	1,037,429
Residential mortgage-backed securities - agency	14,424,531	135,803	10,230	14,550,104
Residential mortgage-backed securities - private	629,174	8,304	115,327	522,151
Other debt securities	302,800	4,444	13,059	294,185
Common stock of The Coca-Cola Company	69	1,358,031	-	1,358,100
Other equity securities[1]	1,443,161	5,254	-	1,448,415
Total securities available for sale	$18,283,207	$1,558,346	$145,016	$19,696,537

[1] Includes $343.3 million and $493.2 million of Federal Home Loan Bank (FHLB) of Cincinnati and FHLB of Atlanta stock stated at par value, $360.4 million and $360.9 million of Federal Reserve Bank stock stated at par value and $291.0 million and $588.5 million of mutual fund investments stated at fair value as of June 30, 2009 and December 31, 2008, respectively.

The amortized cost and fair value of investments in debt securities at June 30, 2009 by estimated average life are shown below. Actual cash flows may differ from estimated average lives and contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(Dollars in thousands)	**1 Year or Less**	**1-5 Years**	**5-10 Years**	**After 10 Years**	**Total**
Distribution of Maturities:					
Amortized Cost					
Residential mortgage-backed securities - agency	**$81,425**	**$11,707,645**	**$1,434,328**	**$997,033**	**$14,220,431**
Other debt securities	**248,364**	**1,557,731**	**742,311**	**222,037**	**2,770,443**
Total debt securities	**$329,789**	**$13,265,376**	**$2,176,639**	**$1,219,070**	**$16,990,874**

Fair Value					
Residential mortgage-backed securities - agency	**$83,041**	**$11,816,504**	**$1,488,660**	**$998,211**	**$14,386,416**
Other debt securities	**250,417**	**1,483,267**	**701,217**	**208,278**	**2,643,179**
Total debt securities	**$333,458**	**$13,299,771**	**$2,189,877**	**$1,206,489**	**$17,029,595**

Gross realized gains and losses on sales, and OTTI, on securities available for sale during the periods were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
(Dollars in thousands)	**2009**	2008	**2009**	2008
Gross realized gains	**$11,974**	$557,885	**$16,163**	$561,374
Gross realized losses	**(31,133)**	(684)	**(31,224)**	(684)
OTTI	**(5,740)**	(7,414)	**(6,461)**	(71,489)
Net securities gains/(losses)	**($24,899)**	$549,787	**($21,522)**	$489,201

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Securities with unrealized losses at June 30, 2009 and December 31, 2008 were as follows:

	June 30, 2009					
	Less than twelve months		Twelve months or longer		Total	
(Dollars in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury and federal agencies	**$253,604**	**$2,030**	**$-**	**$-**	**$253,604**	**$2,030**
U.S. states and political subdivisions	**181,775**	**5,623**	**52,710**	**2,563**	**234,485**	**8,186**
Residential mortgage-backed securities - agency	**4,369,215**	**12,689**	**176**	**4**	**4,369,391**	**12,693**
Residential mortgage-backed securities - private	**39,447**	**5,267**	**400,213**	**131,602**	**439,660**	**136,869**
Other debt securities	**109,424**	**2,029**	**138,772**	**15,679**	**248,196**	**17,708**
Total securities with unrealized losses	**$4,953,465**	**$27,638**	**$591,871**	**$149,848**	**$5,545,336**	**$177,486**

	December 31, 2008					
	Less than twelve months		Twelve months or longer		Total	
(Dollars in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury and federal agencies	$43,584	$302	$23	$-	$43,607	$302
U.S. states and political subdivisions	169,693	4,980	14,879	1,118	184,572	6,098
Residential mortgage-backed securities - agency	3,354,319	10,223	472	7	3,354,791	10,230
Residential mortgage-backed securities - private	450,653	98,696	40,269	16,631	490,922	115,327
Other debt securities	143,666	6,901	28,944	6,158	172,610	13,059
Total securities with unrealized losses	$4,161,915	$121,102	$84,587	$23,914	$4,246,502	$145,016

On June 30, 2009, the Company held certain investment securities having unrealized loss positions. The Company does not intend to sell these securities and it is not more likely than not that the Company will be required to sell these securities before their anticipated recovery. The Company has reviewed its portfolio for OTTI in accordance with the accounting policies outlined in Note 1, Significant Accounting Policies, to the Consolidated Financial Statements. Market changes in interest rates and credit spreads will result in temporary unrealized losses as the market price of securities fluctuates. The turmoil and illiquidity in the financial markets during 2008 and 2009 have increased market yields on securities as a result of credit spreads widening. This shift in market yields resulted in unrealized losses on certain securities within the Company s portfolio that continued during the first six months of 2009. The unrealized loss of $136.9 million in private residential mortgage-backed securities (MBS) as of June 30, 2009 primarily includes retained interests from securitizations that were highly rated upon issuance and remain above investment grade. The unrealized loss is evaluated quarterly for OTTI using cash flow models. Based on an analysis of the underlying cash flows of these securities, the unrealized loss is a result of the current illiquidity and risk premiums reflected in the market. The unrealized loss of $12.7 million in agency residential MBS is related to securities that are predominantly guaranteed by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association. The unrealized loss of $17.7 million in other debt securities is primarily related to senior and subordinated corporate bond positions. As of June 30, 2009, approximately 93% of the total securities available for sale portfolio are rated AAA, the highest possible rating by nationally recognized rating agencies.

For the three months ended June 30, 2009, the Company recorded OTTI losses on available for sale securities as follows:

	Three Months Ended June 30, 2009	
	Residential Mortgage-Backed Securities - Private	Other Securities
Total realized and unrealized OTTI losses	$8,355	$212
Portion of unrealized losses recognized in other comprehensive income (before taxes)	2,827	-
Net impairment losses recognized in earnings	$5,528	$212

While all securities are reviewed for OTTI, the securities primarily impacted by credit impairment are private residential MBS. For these securities, impairment is determined through the use of cash flow models that estimate cash flows on the underlying mortgages, using security specific collateral and the transaction structure. The cash flow models incorporate the remaining cash flows which are adjusted for future expected credit losses. Future expected credit losses are determined by using various assumptions such as current default rates, prepayment rates, and loss severities. The Company develops these assumptions through the use of market data published by third-party sources in addition to historical analysis which includes actual delinquency and default information through the current period. The expected cash flows are then discounted at the interest rate used to recognize interest income on the security to arrive at a present value amount. The following table presents a summary of the significant inputs considered in determining the measurement of credit losses recognized in earnings for private residential MBS:

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	June 30 2009
Current default rate	0-17%
Prepayment rate	9-14%
Loss severity	35-52%

The following is a rollforward of credit losses recognized in earnings for the three months ended June 30, 2009 related to securities for which some portion of the impairment was recorded in other comprehensive income.

(Dollars in thousands)	Three Months Ended June 30, 2009
Balance, as of April 1, 2009	**$7,646**
Additions:	
OTTI credit losses on securities not previously impaired	**4,805**
Balance, as of June 30, 2009	**$12,451**

The Company adopted FSP FAS 115-2 and FAS 124-2 on April 1, 2009 and in conjunction therewith analyzed the securities for which it had previously recognized OTTI and recognized a cumulative effect adjustment representing the non-credit component of OTTI of $7.7 million, net of tax. The Company had previously recorded the non-credit component as impairment in earnings and therefore this amount was reclassified from retained earnings to other comprehensive income. The beginning balance of $7.6 million, pre-tax, represents the credit loss component which remained in retained earnings related to the securities for which a cumulative effect adjustment was recorded. OTTI credit losses reflect the difference between the present value of cash flows expected to be collected, discounted using the securities initial effective interest rate, and the amortized cost basis of these securities. The total OTTI impairment related to factors other than credit and therefore, recognized in accumulated other comprehensive income (AOCI), totaled $9.5 million as of June 30, 2009.

Note 4 Allowance for Loan and Lease Losses

Activity in the allowance for loan and lease losses is summarized in the table below:

	Three Months Ended June 30		%		Six Months Ended June 30		%	
(Dollars in thousands)	**2009**	2008	Change		**2009**	2008	Change	
Balance at beginning of period	**$2,735,000**	$1,545,340	77.0	%	**$2,350,996**	$1,282,504	83.3	%
Allowance from GB&T acquisition	**-**	158,705	(100.0)		**-**	158,705	(100.0)	
Provision for loan losses	**962,181**	448,027	114.8		**1,956,279**	1,008,049	94.1	
Loan charge-offs	**(835,558)**	(355,565)	135.0		**(1,482,474)**	(678,261)	118.6	
Loan recoveries	**34,377**	32,893	4.5		**71,199**	58,403	21.9	
Balance at end of period	**$2,896,000**	$1,829,400	58.3	%	**$2,896,000**	$1,829,400	58.3	%

Note 5 Premises and Equipment

During the six months ended June 30, 2008, the Company completed sale/leaseback transactions, consisting of 149 branch properties and various individual office buildings. In total, the Company sold and concurrently leased back $156.7 million in land and buildings with associated accumulated depreciation of $81.1 million. Net proceeds were $245.3 million, resulting in a gain, net of transaction costs of $169.7 million. During the first quarter of 2008, the Company recognized $37.0 million of the gain in earnings. The remaining $132.7 million in gains were deferred and will be recognized ratably over the expected term of the respective leases, which is 10 years.

Note 6 Goodwill and Other Intangible Assets

Due to the continued recessionary environment and sustained deterioration in the economy during the first quarter of 2009, the Company performed a complete goodwill impairment analysis for all of its reporting units. The estimated fair value of the Retail, Commercial, and Wealth and Investment Management reporting units exceeded their respective carrying values as of March 31, 2009; however, the fair value of the Household Lending, Corporate and Investment Banking, Commercial Real Estate (included in Retail and Commercial segment), and Affordable Housing (included in Retail and Commercial segment) reporting units were less than their respective carrying values. The implied fair value of goodwill of the Corporate and Investment Banking reporting unit exceeded the carrying value of the goodwill, thus no goodwill impairment was recorded for this reporting unit as of March 31, 2009. However, the

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implied fair value of goodwill applicable to the Household Lending, Commercial Real Estate, and Affordable Housing reporting units was less than the carrying value of the goodwill. As of March 31, 2009, an impairment loss of $751.2 million was recorded, which was the entire amount of goodwill carried by each of those reporting units. Based on the tax nature of the acquisitions that initially generated the goodwill, $677.4 million of the goodwill impairment charge was non-deductible for tax purposes. The goodwill impairment charge was a direct result of continued deterioration in the real estate markets and macro economic conditions that put downward pressure on the fair value of these businesses. The primary factors contributing to the impairment recognition was further deterioration in the actual and projected financial performance of these reporting units, as evidenced by the increase in net charge-offs and nonperforming loans. These declines reflect the current economic downturn, which resulted in depressed earnings in these businesses and the significant decline in the Company s market capitalization during the first quarter.

During the second quarter of 2009, the Company determined that, for its Corporate and Investment Banking reporting unit, it continued to be more likely than not that the fair value of the reporting unit would be below the carrying value of its equity. As a result, the Company performed a complete evaluation of the Corporate and Investment Banking goodwill, which involved estimating the implied fair value of goodwill as of June 30, 2009. The estimates of the fair value of the reporting unit and the implied fair value of goodwill were determined in accordance with the Company s policy as discussed in Note 1, Significant Accounting Policies, to the Consolidated Financial Statements of Form 10-K. The implied fair value of goodwill of the Corporate and Investment Banking reporting unit exceeded the carrying value of the goodwill, thus no goodwill impairment was recorded as of June 30, 2009. For the remaining reporting units that have goodwill (Retail and Commercial and Wealth and Investment Management), there were no significant changes during the second quarter to indicate that the fair value of those reporting units would have decreased below their respective carrying values.

Changes in the carrying amount of goodwill by reportable segment for the six months ended June 30 are as follows:

(Dollars in thousands)	Retail and Commercial	Wholesale	Corporate and Investment Banking	Household Lending	Mortgage	Wealth and Investment Management	Corporate Other and Treasury	Total
Balance, January 1, 2009	**$5,911,990**	**$522,548**	**$-**	**$-**	**$278,254**	**$330,711**	**$-**	**$7,043,503**
Intersegment transfers [1]	**125,580**	**(522,548)**	**223,307**	**451,915**	**(278,254)**	**-**	**-**	**-**
Goodwill impairment	**(299,241)**	**-**	**-**	**(451,915)**	**-**	**-**	**-**	**(751,156)**
Seix contingent consideration	**-**	**-**	**-**	**-**	**-**	**12,722**	**-**	**12,722**
Purchase of Epic Advisors, Inc.	**-**	**-**	**-**	**-**	**-**	**5,012**	**-**	**5,012**
Other	**474**	**-**	**-**	**-**	**-**	**3,827**	**-**	**4,301**
Balance, June 30, 2009	**$5,738,803**	**$-**	**$223,307**	**$-**	**$-**	**$352,272**	**$-**	**$6,314,382**

[1] Goodwill was reallocated among the reportable segments as a result of the corporate restructuring described in Note 17, Business Segment Reporting, to the Consolidated Financial Statements.

Changes in the carrying amounts of other intangible assets for the six months ended June 30 are as follows:

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Notes to Consolidated Financial Statements (Unaudited)-Continued

(Dollars in thousands)	Core Deposit Intangibles	Mortgage Servicing Rights-Amortized Cost	Mortgage Servicing Rights-Fair Value	Other	Total
Balance, January 1, 2008	$172,655	$1,049,425	$-	$140,915	$1,362,995
Amortization	(29,180)	(113,077)	-	(11,269)	(153,526)
Mortgage servicing rights (MSRs) originated	-	298,278	-	-	298,278
MSRs impairment reserve	-	(1,881)	-	-	(1,881)
MSRs impairment recovery	-	1,881	-	-	1,881
Sale of interest in Lighthouse Partners	-	-	-	(5,992)	(5,992)
Sale of MSRs	-	(41,176)	-	-	(41,176)
Customer intangible impairment charge	-	-	-	(45,000)	(45,000)
Acquisition of GB&T	29,510	-	-	-	29,510
Sale of First Mercantile Trust	-	-	-	(3,033)	(3,033)
Balance, June 30, 2008	$172,985	$1,193,450	$-	$75,621	$1,442,056
Balance, January 1, 2009	**$145,311**	**$810,474**	**$-**	**$79,642**	**$1,035,427**
Designated at fair value (transfers from amortized cost)	**-**	**(187,804)**	**187,804**	**-**	**-**
Amortization	**(22,166)**	**(130,494)**	**-**	**(7,777)**	**(160,437)**
MSRs originated	**-**	**-**	**379,725**	**-**	**379,725**
MSRs impairment recovery	**-**	**188,207**	**-**	**-**	**188,207**
Changes in fair value					
Due to changes in inputs or assumptions [1]	**-**	**-**	**115,251**	**-**	**115,251**
Other changes in fair value [2]	**-**	**-**	**(40,841)**	**-**	**(40,841)**
Other	**-**	**-**	**-**	**151**	**151**
Balance, June 30, 2009	**$123,145**	**$680,383**	**$641,939**	**$72,016**	**$1,517,483**

[1] Primarily reflects changes in discount rates and prepayment speed assumptions, due to changes in interest rates.

[2] Represents changes due to the collection of expected cash flows, net of accretion, due to passage of time.

The Company elected to create a second class of MSRs effective January 1, 2009. This new class of MSRs is reported at fair value and is being actively hedged as discussed in Note 12, Derivative Financial Instruments, to the Consolidated Financial Statements. MSRs associated with loans originated or sold prior to 2008 continue to be accounted for using the amortized cost method and managed through the Company s overall asset/liability management process. The transfer of MSRs from the amortized cost method to fair value did not have a material effect on the Consolidated Financial Statements since the MSRs were effectively reported at fair value as of December 31, 2008 as a result of impairment losses recognized at the end of 2008.

Note 7 Certain Transfers of Financial Assets, Mortgage Servicing Rights and Variable Interest Entities

Certain Transfers of Financial Assets

The Company has transferred residential and commercial mortgage loans, student loans, commercial and corporate loans and collateralized debt obligation (CDO) securities in a sale or securitization in which the Company has, or had, continuing involvement. All such transfers have been accounted for as sales by the Company. The Company s continuing involvement in such transfers has been limited to owning certain beneficial interests, such as securitized debt instruments, and certain servicing or collateral manager responsibilities. Except as specifically noted herein, the Company is not required to provide additional financial support to any of these entities, nor has the Company provided any support it was not obligated to provide. Generally, the Company s forms of continuing involvement under SFAS No. 140 also constituted variable interests (VIs) under FIN 46(R). Interests that continue to be held by the Company in transferred financial assets, excluding servicing and collateral management rights, are generally recorded as securities available for sale or trading assets at their allocated carrying amounts based on their relative fair values at the time of transfer and are subsequently remeasured at fair value. For such interests, when quoted market prices are not available, fair value is generally estimated based on the present value of expected cash flows, calculated using management s best estimates of key assumptions, including credit losses, loan repayment speeds, and discount rates commensurate with the risks involved, based on how management believes market participants would determine such assumptions. See Note 15, Fair Value Election and Measurement, to the Consolidated Financial Statements for further discussion of the Company s fair value methodologies. Servicing rights may give rise to servicing assets, which are either initially recognized at fair value, subsequently amortized, and tested for impairment or elected to be carried at fair value. Gains or losses upon sale, in addition to servicing fees and collateral management fees, are recorded in noninterest income. Changes in the fair value of interests that continue to be held by the Company that are accounted for as trading assets or securities available for sale are recorded in trading account profits/(losses) and commissions or as a component of AOCI, respectively. In the event any decreases in the fair value of such interests that are recorded as securities available for sale are deemed to be other-than-temporary due to underlying credit impairment, the estimated credit component of such loss is recorded in securities gains/(losses). See Note 1, Significant Accounting Policies for a discussion of the impacts of SFAS No. 167 on certain of the Company s involvements with VIEs discussed herein.

Notes to Consolidated Financial Statements (Unaudited)-Continued

Residential Mortgage Loans

The Company typically transfers first lien residential mortgage loans in securitization transactions involving QSPEs sponsored by Ginnie Mae, Fannie Mae and Freddie Mac. These loans are exchanged for cash or securities that are readily redeemed for cash proceeds and servicing rights, which generate servicing assets for the Company. The servicing assets are recorded initially at fair value. Beginning January 1, 2009, the Company began to carry certain mortgage servicing rights at fair value along with servicing rights that were originated in 2008 which were transferred to fair value. See Mortgage Servicing Rights herein and Note 6, Goodwill and Other Intangible Assets, to the Consolidated Financial Statements for further discussion regarding the accounting for servicing rights. In a limited number of securitizations, the Company has transferred loans to QSPEs sponsored by the Company. In these transactions, the Company has received securities representing retained interests in the transferred loans in addition to cash and servicing rights in exchange for the transferred loans. The retained securities are carried at fair value as either trading assets or securities available for sale. The Company has accounted for all transfers of residential mortgage loans to QSPEs as sales and, because the transferees are QSPEs, the Company does not consolidate any of these entities. No events have occurred during the quarter ended June 30, 2009 that changed the status of the QSPEs or the nature of the transactions, which would call into question either the Company s sale accounting or the QSPE status of the transferees.

As seller, the Company has made certain representations and warranties with respect to the originally transferred loans, including those transferred to Ginnie Mae, Fannie Mae, and Freddie Mac, which are discussed in Note 13, Reinsurance Arrangements and Guarantees, to the Consolidated Financial Statements. Additionally, repurchases of loans from QSPEs sponsored by the Company totaled approximately $17 million in 2008, including approximately $13 million of second lien loans that were substituted with new loans. No additional repurchases occurred during the quarter ended June 30, 2009; however, the Company accrued $13 million for contingent losses related to certain of its representations and warranties made in connection with prior transfers of second lien loans. The Company continues to evaluate all facts and circumstances around these loans.

Commercial Mortgage Loans

Certain transfers of commercial mortgage loans were executed with third party special purpose entities, which the Company deemed to be QSPEs and did not consolidate. During 2008, the Company sold all of its retained servicing rights, which were not financial assets subject to SFAS No. 140, in exchange for cash proceeds of approximately $6.6 million. As seller, the Company had made certain representations and warranties with respect to the originally transferred loans, but the Company has not incurred any losses with respect to such representations and warranties.

Commercial and Corporate Loans

In 2007, the Company completed a structured sale of corporate loans to multi-seller commercial paper conduits, which are VIEs administered by unrelated third parties, from which it retained a 3% residual interest in the pool of loans transferred, which does not constitute a VI in the third party conduits as it relates to the unparticipated portion of the loans. In the first quarter of 2009, the Company wrote this residual interest and related accrued interest to zero, resulting in a loss of approximately $16.6 million, inclusive of accrued interest. This write off was the result of the deterioration in the performance of the loan pool to such an extent that the Company will no longer receive cash flows on the interest until the senior participation interest has been repaid in full. The fair value of the residual at June 30, 2009 and December 31, 2008 was $0.0 million and $16.2 million, respectively. The Company provides commitments in the form of liquidity facilities to these conduits; the sum of these commitments, which represents the Company s maximum exposure to loss under the facilities, totaled $444.8 million and $500.7 million at June 30, 2009 and December 31, 2008, respectively. No events have occurred during the quarter ended June 30, 2009 that would call into question either the Company s sale accounting or the Company s conclusions that it is not the primary beneficiary of these VIEs.

The Company has also transferred commercial leveraged loans and bonds to securitization vehicles that are considered VIEs. In addition to retaining certain securities issued by the VIEs, the Company also acts as manager or servicer for these VIEs as well as other VIEs that are funds of commercial leveraged loans and high yield bonds. At June 30, 2009 and December 31, 2008, the Company s direct exposure to loss related to these VIEs was approximately $13.2 million and $16.7 million, respectively, which represent the Company s interests in preference shares of these entities. In the first quarter of 2009, the Company recognized losses of $6.8 million which represented the complete write off of the preference shares in all of the commercial loan and bond securitization vehicles due to the continued deterioration in the performance of the collateral in those vehicles. The Company does not expect to receive any significant cash distributions on those preference shares in the foreseeable future. At June 30, 2009 and December 31, 2008, total assets of these entities not included on the Company s Consolidated Balance Sheets were approximately $2.7 billion. No reconsideration events, as defined in FIN 46(R), occurred during the quarter ended June 30, 2009 that would change the Company s conclusion that it is not the primary beneficiary of these entities.

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Student Loans

In 2006, the Company completed one securitization of student loans through a transfer of loans to a QSPE and retained the corresponding residual interest in the QSPE trust. The fair value of the residual interest at June 30, 2009 and December 31, 2008 was $14.1 million and $13.4 million, respectively. No events have occurred during the quarter ended June 30, 2009 that changed the status of the QSPEs or the nature of the transactions, which would call into question either the Company s sale accounting or the QSPE status of the transferees.

CDO Securities

The Company has transferred bank trust preferred and subordinated debt securities in securitization transactions. The majority of these transfers occurred between 2002 and 2005 with one transaction completed in 2007. During 2008, the Company recognized impairment losses, net of distributions received, of $15.9 million related to the ownership of its equity interests in these VIEs and, at December 31, 2008, these equity interests had all been written down to a fair value of zero due to increased losses in the underlying collateral. During the three and six month periods ended June 30, 2009, the Company received $1.2 million and $1.6 million in interest payments from these entities from senior interests acquired during 2007 and 2008, in conjunction with its acquisition of assets from Three Pillars Funding, LLC (Three Pillars) and the auction rate securities (ARS) transactions discussed in Note 16, Contingencies, to the Consolidated Financial Statements. No events have occurred during the quarter ended June 30, 2009 that would call into question either the Company s sale accounting or the Company s conclusions that it is not the primary beneficiary of these VIEs. The total assets of the trust preferred CDO entities in which the Company has continuing involvement was $1.9 billion at June 30, 2009 and $2.0 billion at December 31, 2008. The Company is not obligated to provide any support to these entities and its maximum exposure to loss at June 30, 2009 and December 31, 2008 is limited to (i) the current positions held in trading securities with a fair value of $43.0 million and $45.0 million, respectively, and (ii) the remaining securities expected to be purchased in conjunction with the ARS issue, which have a total fair value of $2.0 million and $9.7 million, respectively.

In 2006, the Company received $472.6 million in proceeds from the transfer of debt securities into a securitization of CDO securities of asset-backed securities (ABS) and residential MBS. The securitization entity was liquidated in 2008.

The following tables present certain information related to the Company s asset transfers in which it has continuing involvement for the three and six months ended June 30, 2009 and June 30, 2008. The Company did not execute any asset transfers in the periods presented.

	Three and Six Months Ended June 30, 2009											
(Dollars in thousands)	Residential Mortgage Loans		Commercial Mortgage Loans		Commercial and Corporate Loans		Student Loans		CDO Securities		Consolidated	
	Second Quarter	Year to Date	Second Quarter	Year to Date	Second Quarter	Year to Date	Second Quarter	Year to Date	Second Quarter	Year to Date	Second Quarter	Year to Date
Cash flows on interests held	**$26,262**	**$52,389**	**$-**	**$-**	**$308**	**$702**	**$3,377**	**$3,715**	**$1,204**	**$1,644**	**$31,151**	**$58,450**
Servicing or management fees	**1,266**	**2,602**	**-**	**-**	**1,865**	**4,848**	**153**	**357**	**-**	**-**	**3,284**	**7,807**

	Three and Six Months Ended June 30, 2008											
(Dollars in thousands)	Residential Mortgage Loans		Commercial Mortgage Loans		Commercial and Corporate Loans		Student Loans		CDO Securities		Consolidated	
	Second Quarter	Year to Date	Second Quarter	Year to Date	Second Quarter	Year to Date	Second Quarter	Year to Date	Second Quarter	Year to Date	Second Quarter	Year to Date
Cash flows on interests held	$23,395	$50,405	$-	$-	$11,800	$15,901	$4,032	$4,488	$837	$1,486	$40,064	$72,280
Servicing or management fees	1,506	3,084	54	120	4,006	7,393	209	423	-	-	5,775	11,020

As transferor, the Company typically provides standard representations and warranties in relation to assets transferred. However, other than the loan substitution discussed previously herein, purchases of assets previously transferred in securitization transactions were insignificant across all categories for all periods presented other than those related to Ginnie Mae, Fannie Mae, and Freddie Mac as discussed in Note 13, Reinsurance Arrangements and Guarantees, to the Consolidated Financial Statements.

The Company s retained interests include senior and subordinated securities in residential mortgage securitization transactions and subordinated interests in securitizations of commercial and corporate loans, student loans and CDO securities. At June 30, 2009, the total fair value of such interests was approximately $301.5 million, as compared to $367.0 million at December 31, 2008. The

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weighted average remaining lives of the Company s retained interests ranged from approximately 3 years to 18 years for interests in residential mortgage loans, commercial and corporate loans, and student loans as of June 30, 2009 and December 31, 2008, with the weighted average remaining life of interests in CDO securities approximating 24 years. To estimate the fair values of these securities, consideration was given to dealer indications of market value, where applicable, as well as the results of discounted cash flow models using key assumptions and inputs for prepayment rates, credit losses, and discount rates. The Company has considered the impacts on the fair values of two unfavorable variations from the estimated amounts, related to the fair values of the Company s retained and residual interests, excluding MSRs, which are separately addressed herein. Declines in fair values for the total retained interests due to 10% and 20% adverse changes in the key assumptions and inputs totaled approximately $20.8 million and $37.5 million, respectively, as of June 30, 2009, as compared to approximately $22.2 million and $45.7 million, respectively, as of December 31, 2008. For certain subordinated retained interests in residential mortgage securitizations, the Company uses dealer indicated prices, as the Company believes these price indications more accurately reflect the severe disruption in the market for these securities as opposed to modeling efforts the Company could otherwise undertake. As such, the Company has not evaluated any adverse changes in key assumptions of these values. As of June 30, 2009 and December 31, 2008, the fair values of these subordinated interests were $3.5 million and $4.4 million respectively, based on weighted average prices of 11.0% and 12.3% of par, respectively. Expected static pool losses were approximately 0.4% to 7% for interests related to securitizations of residential mortgage loans as of June 30, 2009 as compared to 5% or less for residential mortgage loans and commercial and corporate loans, as of December 31, 2008, with the reduction due to the write-off of the Company s retained interests in securitizations of commercial and corporate loans. For interests related to securitizations of CDO securities, expected static pool losses ranged from approximately 27% to 39% and 23% to 31% as of June 30, 2009 and December 31, 2008, respectively.

Portfolio balances and delinquency balances based on 90 days or more past due (including accruing and nonaccrual loans) as of June 30, 2009 and December 31, 2008, and net charge-offs related to managed portfolio loans (both those that are owned by the Company and those that have been transferred) for the three and six month periods ended June 30, 2009 and June 30, 2008 are as follows:

	Principal Balance		Past Due		Net Charge-offs			
					For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Dollars in millions)	**June 30, 2009**	December 31, 2008	**June 30, 2009**	December 31, 2008	**2009**	2008	**2009**	2008
Type of loan:								
Commercial	**$37,960.9**	$41,039.9	**$767.3**	$340.9	**$149.6**	$34.5	**$281.3**	$62.7
Residential mortgage and home equity	**48,287.2**	48,520.2	**3,687.8**	2,727.6	**512.5**	213.6	**851.4**	417.8
Commercial real estate and construction	**24,034.9**	24,821.1	**1,970.3**	1,492.6	**85.3**	35.7	**168.4**	58.9
Consumer	**11,527.7**	11,646.9	**489.2**	411.1	**31.8**	32.8	**71.5**	70.1
Credit card	**1,005.5**	970.3	**-**	-	**22.0**	6.0	**38.7**	10.4
Total loan portfolio	**122,816.2**	126,998.4	**6,914.6**	4,972.2	**801.2**	322.6	**1,411.3**	619.9
Managed securitized loans								
Commercial	**3,673.8**	3,766.8	**89.1**	30.2	**12.9**	-	**19.9**	-
Residential mortgage	**1,647.0**	1,836.2	**105.4**	132.2	**14.8**	5.6	**23.9**	9.8
Other	**527.2**	565.2	**26.3**	61.6	**0.1**	0.1	**0.2**	0.1
Total managed loans	**$128,664.2**	$133,166.6	**$7,135.4**	$5,196.2	**$829.0**	$328.3	**$1,455.3**	$629.8

Residential mortgage loans securitized through Ginnie Mae, Fannie Mae, and Freddie Mac have been excluded from the tables above since the Company does not retain any beneficial interests or other continuing involvement in the loans other than servicing responsibilities and repurchase contingencies under standard representations and warranties made with respect to the transferred mortgage loans. The total amount of loans serviced by the Company as a result of such securitization transactions totaled $116.1 billion and $106.6 billion at June 30, 2009 and December 31, 2008, respectively. Related servicing fees received by the Company during the three and six month periods ended June 30, 2009 and June 30, 2008 were $78.5 million and $75.1 million and $154.7 million and $145.4 million, respectively.

Mortgage Servicing Rights

In addition to other interests that continue to be held by the Company in the form of securities, the Company also retains MSRs from certain of its sales or securitizations of residential mortgage loans. MSRs on residential mortgage loans are the only servicing assets capitalized by the Company. The Company maintains two classes of MSRs: MSRs related to loans originated and sold after January 1, 2008, which are reported at fair value and MSRs related to loans sold before January 1, 2008, which are reported at amortized cost, net of any allowance for impairment losses. Any impacts of this activity are reflected in the Company s Consolidated Statements of Income/(Loss) in mortgage servicing-related income. See Note 6, Goodwill and Other Intangible Assets , to the Consolidated Financial Statements for the rollforward of MSRs.

Income earned by the Company on its MSRs is derived primarily from contractually specified mortgage servicing fees and late fees, net of curtailment costs. Such income earned for the three and six month periods ended June 30, 2009 and June 30, 2008 was

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$81.8 million and $87.0 million and $163.6 million and $172.1 million, respectively. These amounts are reported in mortgage servicing-related income in the Consolidated Statements of Income/(Loss).

As of June 30, 2009 and December 31, 2008, the total unpaid principal balance of mortgage loans serviced was $173.1 billion and $162.0 billion, respectively. Included in these amounts were $137.2 billion and $130.5 billion as of June 30, 2009 and December 31, 2008, respectively, of loans serviced for third parties. As of June 30, 2009 and December 31, 2008, the Company had established valuation allowances of $17.7 million and $370.0 million, respectively. No permanent impairment losses were recorded against the allowance during the year ended December 31, 2008 or the six months ended June 30, 2009.

A summary of the key characteristics, inputs, and economic assumptions used to estimate the fair value of the Company s MSRs and the sensitivity of the June 30, 2009 and December 31, 2008 fair values to immediate 10% and 20% adverse changes in those assumptions follows.

(Dollars in millions)	**2009 Fair Value**	**2009 Lower of Cost or Market**	2008 Lower of Cost or Market
Fair value of retained MSRs	**$641.9**	**$766.6**	$815.6
Prepayment rate assumption (annual)	**13.8%**	**21.1%**	32.8%
Decline in fair value of 10% adverse change	**$28.8**	**$46.6**	$61.2
Decline in fair value of 20% adverse change	**55.2**	**88.7**	113.8
Discount rate (annual)	**10.0%**	**10.2%**	9.3%
Decline in fair value of 10% adverse change	**$27.6**	**$26.9**	$17.9
Decline in fair value of 20% adverse change	**53.0**	**52.0**	35.0
Weighted-average life (in years)	**6.49**	**4.11**	2.50
Weighted-average coupon	**5.47**	**6.16**	6.15

The above sensitivities are hypothetical and should be used with caution. As the amounts indicate, changes in fair value based on variations in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in this table, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities.

Variable Interest Entities (VIEs)

In addition to the Company s involvement with certain VIEs, which is discussed herein under Certain Transfers of Financial Assets , the Company also has involvement with VIEs from other business activities.

Three Pillars Funding, LLC

SunTrust assists in providing liquidity to select corporate clients by directing them to a multi-seller commercial paper conduit, Three Pillars. Three Pillars provides financing for direct purchases of financial assets originated and serviced by SunTrust s corporate clients. Three Pillars has historically financed this activity by issuing A-1/P-1 rated commercial paper (CP); however, in the three months ended June 30, 2009, Three Pillars CP was downgraded to A-2/P-1 due to the downgrade to A-/A2 of SunTrust Bank (the Bank), which provides liquidity and credit enhancement to Three Pillars. This downgrade was not a reflection of the asset quality of Three Pillars. Three Pillars had no other form of senior funding outstanding, other than CP, as of June 30, 2009 or December 31, 2008. (See below where the impacts of the downgrade are further discussed.)

The Company s involvement with Three Pillars includes the following activities: services related to the administration of Three Pillars activities and client referrals to Three Pillars; the issuing of letters of credit, which provide partial credit protection to the CP holders; and providing liquidity arrangements that would provide funding to Three Pillars in the event it can no longer issue CP or in certain other circumstances. The Company s activities with Three Pillars generated total fee revenue for the Company, net

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Notes to Consolidated Financial Statements (Unaudited)-Continued

of direct salary and administrative costs incurred by the Company, of approximately $15.6 million and $14.3 million, and $33.2 million and $20.6 million, for the three and six month periods ended June 30, 2009 and 2008, respectively.

Three Pillars has issued a subordinated note to a third party, which matures in March 2015; however, the note holder may declare the note due and payable upon an event of default, which includes any loss drawn on the note funding account that remains unreimbursed for 90 days. The subordinated note holder absorbs the first dollar of loss in the event of nonpayment of any of Three Pillars assets. Only the remaining balance of the first loss note, after any incurred losses, will be due. If the first loss note holder declared its loss note due under such circumstances and a new first loss note or other first loss protection was not obtained, the Company would likely consolidate Three Pillars on a prospective basis. The outstanding and committed amounts of the subordinated note were $20.0 million at June 30, 2009 and December 31, 2008, and no losses had been incurred through June 30, 2009.

The Company has determined that Three Pillars is a VIE, as Three Pillars has not issued sufficient equity at risk, as defined by FIN 46(R). The Company and the holder of the subordinated note are the two significant VI holders in Three Pillars. The Company and this note holder are not related parties or de facto agents of one another. The Company uses a mathematical model that calculates the expected losses and expected residual returns of Three Pillars assets and operations, based on a Monte Carlo simulation, and allocates each to the Company and the holder of the subordinated note. The results of this model, which the Company evaluates monthly, have shown that the holder of the subordinated note absorbs the majority of the variability of Three Pillars expected losses. The Company believes the subordinated note is sized in an amount sufficient to absorb the expected loss of Three Pillars based on current commitment levels and the forecasted growth in Three Pillars assets; as such, the Company has concluded it is not Three Pillars primary beneficiary and is not required to consolidate Three Pillars. Should future losses reduce the subordinated note funding account below its required level or if the note is reduced to a size deemed insufficient to support the forecasted or actual growth of the assets in Three Pillars, the Company would likely be required to consolidate Three Pillars, if an amendment of the current subordinate note or a new subordinate note could not be obtained. The Company currently believes that any events related to the credit quality of Three Pillars assets that may result in consolidation are unlikely to occur.

As of June 30, 2009 and December 31, 2008, Three Pillars had assets not included on the Company s Consolidated Balance Sheets of approximately $2.7 billion and $3.5 billion, respectively, consisting primarily of secured loans. Funding commitments and outstanding receivables extended by Three Pillars to its customers totaled $4.9 billion and $2.7 billion, respectively, as of June 30, 2009, almost all of which renew annually, as compared to $5.9 billion and $3.5 billion, respectively, as of December 31, 2008. The majority of the commitments are backed by trade receivables and commercial loans that have been originated by companies operating across a number of industries which collateralize 49% and 14%, respectively, of the outstanding commitments, as of June 30, 2009, as compared to 47% and 20%, respectively, as of December 31, 2008. Assets supporting those commitments have a weighted average life of 1.32 years and 1.52 years at June 30, 2009 and December 31, 2008, respectively. At June 30, 2009, Three Pillars outstanding CP used to fund the assets totaled $2.7 billion, with remaining weighted average lives of 12.1 days and maturities through August 2009.

Each transaction added to Three Pillars is typically structured to a minimum implied A/A2 rating according to established credit and underwriting policies as approved by credit risk management and monitored on a regular basis to ensure compliance with each transaction s terms and conditions. Typically, transactions contain dynamic credit enhancement features that provide increased credit protection in the event asset performance deteriorates. If asset performance deteriorates beyond predetermined covenant levels, the transaction could become ineligible for continued funding by Three Pillars. This could result in the transaction being amended with the approval of credit risk management, or Three Pillars could terminate the transaction and enforce any rights or remedies available, including amortization of the transaction or liquidation of the collateral. In addition, Three Pillars has the option to fund under the liquidity facility provided by the Bank in connection with the transaction and may be required to fund under the liquidity facility if the transaction remains in breach. In addition, each commitment renewal requires credit risk management approval. The Company is not aware of unfavorable trends related to Three Pillars assets for which the Company expects to suffer material losses. During the six months ended June 30, 2009 and 2008, there were no write-downs of Three Pillars assets.

During the month of September 2008, the illiquid markets put a significant strain on the CP market and, as a result of this temporary disruption, the Company purchased approximately $275.4 million par amount of Three Pillars overnight CP, none of which was outstanding at December 31, 2008. Separate from the temporary disruption in the CP markets in September, the Company held outstanding Three Pillars CP at December 31, 2008 with a par amount of $400 million, all of which matured on January 9, 2009. None of the Company s purchases of CP during 2008 altered the Company s conclusion that it is not the primary beneficiary of Three Pillars.

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The downgrade of Three Pillars credit rating to A-2 by S&P during the three months ended June 30, 2009 negatively impacted its ability to issue CP to third party investors. As a result, the Company held approximately $2.4 billion of overnight CP at estimated market rates at June 30, 2009, which it purchased on a discretionary and non-contractual basis, as the Company monitored the impacts of the downgrade on Three Pillars. Subsequent to the S&P downgrade, the Company successfully completed its capital plan under the stress test , which included a successful common equity raise and tender offer for certain of its preferred stock and hybrid debt instruments. Additionally, in June 2009, Three Pillars received an F-1 rating from Fitch and chose to replace S&P s A-2 rating, which was simultaneously withdrawn. As such, Three Pillars CP now carries an F-1/P-1 rating. The full impacts of the F-1 rating on Three Pillars CP will not be immediate, but Three Pillars has generally issued 18% to 38% of its CP to investors other than the Company subsequent to June 30, 2009. The Company anticipates its purchases of CP will decline over time. The purchases of CP by the Company during the second quarter of 2009 did not alter the allocation of variability within Three Pillars in a manner that was not originally considered, nor was it a means for the Company to provide non-contractual support to Three Pillars in order to protect any VI holders from losses. The predominant driver of risk is the credit risk of the underlying assets owned by Three Pillars and S&P s downgrade was not in response to any credit deterioration in these assets. Further, the subordinated note holder remains exposed to the majority of variability in expected losses in Three Pillars to the same degree it had prior to any purchases of CP by the Company. The Company s at-market purchases of CP do not impact the interest rates paid by the clients of Three Pillars, as they are obligated to pay a pass through rate based on the rate at which Three Pillars issues CP. After evaluating all facts and circumstances, the Company concluded that the results of the mathematical model that the Company uses to support its conclusion that it is not the primary beneficiary of Three Pillars has not changed, the design of Three Pillars has not changed, and the purchases of CP by the Company has not given rise to an implicit VI in Three Pillars that would result in the Company becoming the primary beneficiary of Three Pillars. The Company will continue to monitor the key considerations surrounding determining Three Pillars primary beneficiary. The impact from owning, as of June 30, 2009, approximately 90% of Three Pillars CP resulted in a similar increase to the Company s assets and liabilities that consolidating Three Pillars would have had on the Company s balance sheet.

The Company has off-balance sheet commitments in the form of liquidity facilities and other credit enhancements that it has provided to Three Pillars. These commitments are accounted for as financial guarantees by the Company in accordance with the provisions of FIN 45. The liquidity commitments are revolving facilities that are sized based on the current commitments provided by Three Pillars to its customers. The liquidity facilities are generally used if new CP cannot be issued by Three Pillars to repay maturing CP. However, the liquidity facilities are available in all circumstances, except certain bankruptcy-related events with respect to Three Pillars. Draws on the facilities are subject to the purchase price (or borrowing base) formula that, in many cases, excludes defaulted assets to the extent that they exceed available over-collateralization in the form of non-defaulted assets, and may also provide the liquidity banks with loss protection equal to a portion of the loss protection provided for in the related securitization agreement. Additionally, there are transaction specific covenants and triggers that are tied to the performance of the assets of the relevant seller/servicer that may result in a transaction termination event, which, if continuing, would require funding through the related liquidity facility. Finally, in a termination event of Three Pillars, such as if its tangible net worth falls below $5,000 for a period in excess of 15 days, Three Pillars would be unable to issue CP, which would likely result in funding through the liquidity facilities. Draws under the credit enhancement are also available in all circumstances, but are generally used to the extent required to make payment on any maturing CP if there are insufficient funds from collections of receivables or the use of liquidity facilities. The required amount of credit enhancement at Three Pillars will vary from time to time as new receivable pools are purchased or removed from its asset portfolio, but is generally equal to 10% of the aggregate commitments of Three Pillars.

The total notional amounts of the liquidity facilities and other credit enhancements represent the Company s maximum exposure to potential loss, which was $5.0 billion and $490.8 million, respectively, as of June 30, 2009, compared to $6.1 billion and $597.5 million, respectively, as of December 31, 2008. The Company did not have any liability recognized on its Consolidated Balance Sheets related to these liquidity facilities and other credit enhancements as of June 30, 2009 or December 31, 2008, as no amounts had been drawn, nor were any draws probable to occur, such that a loss should have been accrued. In addition, no losses were recognized by the Company in connection with these off-balance sheet commitments during the three and six month periods ended June 30, 2009 or 2008. There are no other contractual arrangements that the Company plans to enter into with Three Pillars to provide it additional support.

Total Return Swaps (TRS)

The Company has had involvement with various VIEs that purchase portfolios of loans at the direction of third parties. These third parties are not related parties to the Company, nor are they and the Company de facto agents of each other. In order for the VIEs to purchase the loans, the Company provides senior financing to these VIEs. At June 30, 2009 and December 31, 2008, the Company had $2.1 million and $603.4 million, respectively, in such financing outstanding, which is classified within trading assets on the

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Consolidated Balance Sheets. In addition, the Company also enters into TRS transactions with the VIEs that the Company mirrors with a TRS with the third party who controls the loans owned by the VIE. The TRS transactions pass through all interest and other cash flows on the loans to the third party, along with exposing the third parties to any depreciation on the loans and providing them with the rights to all appreciation on the loans. The terms of the TRS transactions require the third parties to post initial margin, in addition to ongoing margin as the fair values of the underlying loans decrease. The Company has concluded that it is not the primary beneficiary of these VIEs, as the VIEs are designed for the benefit of the third parties. The third parties have implicit VIs in the VIEs via their TRS transactions with the Company, whereby these third parties absorb the majority of the expected losses and are entitled to the majority of the expected residual returns of the VIEs. At June 30, 2009 and December 31, 2008, these VIEs had entered into TRS with the Company that had outstanding notional of $2.1 million and $602.1 million, respectively. All remaining positions were liquidated subsequent to June 30, 2009. The Company has not provided any support that it was not contractually obligated to for the six months ended June 30, 2009 or the year ended December 31, 2008. The Company decided to temporarily suspend this business in late 2008 and terminated its existing transactions during 2009. For additional information on the Company s TRS with these VIEs, see Note 12, Derivative Financial Instruments to the Consolidated Financial Statements.

Community Development Investments

As part of its community reinvestment initiatives, the Company invests almost exclusively within its footprint in multi-family affordable housing developments and other community development entities as a limited and/or general partner and/or a debt provider. The Company receives tax credits for its partnership investments. The Company has determined that these partnerships are VIEs when SunTrust does not own 100% of the entity because the holders of the equity investment at risk do not have the direct or indirect ability to make decisions that have a significant impact on the business. Accordingly, the Company s general partner, limited partner, and/or debt interests are VIs that the Company evaluates for purposes of determining whether the Company is the primary beneficiary. During 2009 and 2008, SunTrust did not provide any financial or other support to its consolidated or unconsolidated investments that it was not previously contractually required to provide.

For some partnerships, SunTrust operates strictly as a general partner or the indemnifying party and, as such, is exposed to a majority of the partnerships expected losses. Accordingly, SunTrust consolidates these partnerships on its Consolidated Balance Sheet. As the general partner or indemnifying party, SunTrust typically guarantees the tax credits due to the limited partner and is responsible for funding construction and operating deficits. As of June 30, 2009 and December 31, 2008, total assets, which consist primarily of fixed assets and cash attributable to the consolidated partnerships, were $19.2 million and $20.5 million, respectively, and total liabilities, excluding intercompany liabilities, were $3.2 million and $3.3 million, respectively. Security deposits from the tenants are recorded as liabilities on the Company s Consolidated Balance Sheet. The Company maintains separate cash accounts to fund these liabilities and these assets are considered restricted. The tenant liabilities and corresponding restricted cash assets were $0.1 million as of June 30, 2009 and December 31, 2008. While the obligations of the general partner or indemnifying entity are generally non-recourse to the Company, as the general partner or the indemnifying entity, may from time to time step in when needed to fund deficits. During 2009 and 2008, SunTrust did not provide any significant amount of funding as the general partner or the indemnifying entity to fund any deficits the partnerships may have generated.

For other partnerships, the Company acts only in a limited partnership capacity. The Company has determined that it is not the primary beneficiary of these partnerships because it will not absorb a majority of the expected losses of the partnership. Typically, the general partner or an affiliate of the general partner provide guarantees to the limited partner which protect the Company from losses attributable to operating deficits, construction deficits, and tax credit allocation deficits. The Company accounts for its limited partner interests in accordance with the provisions of EITF No. 94-1, Accounting for Tax Benefits Resulting from Investments in Affordable Housing Projects . Partnership assets of approximately $1.1 billion and $1.0 billion in these partnerships were not included in the Consolidated Balance Sheets at June 30, 2009 and December 31, 2008, respectively. These limited partner interests had carrying values of $203.7 million and $188.9 million at June 30, 2009 and December 31, 2008, respectively, and are recorded in other assets on the Company s Consolidated Balance Sheets. The Company s maximum exposure to loss for these limited partner investments totaled $473.2 million at June 30, 2009 and December 31, 2008. The Company s maximum exposure to loss would be borne by the loss of the limited partnership equity investments along with $211.9 million and $202.7 million of loans issued by the Company to the limited partnerships at June 30, 2009 and December 31, 2008, respectively. The difference between the maximum exposure to loss and the investment and loan balances is primarily attributable to the unfunded equity commitments. Unfunded equity commitments are amounts that the Company has committed to the partnerships upon the partnerships meeting certain conditions. When these conditions are met, the Company will invest these additional amounts in the partnerships.

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When SunTrust owns both the limited partner and general partner or indemnifying party, the Company consolidates the partnerships and does not consider these partnerships VIEs because, as owner of the partnerships, the Company has the ability to directly and indirectly make decisions that have a significant impact on the business. As of June 30, 2009 and December 31, 2008, total assets, which consist primarily of fixed assets and cash, attributable to the consolidated, non-VIE partnerships were $481.9 million and $493.5 million, respectively, and total liabilities, excluding intercompany liabilities, primarily representing third-party borrowings, were $331.8 million and $327.6 million, respectively.

RidgeWorth Family of Mutual Funds

RidgeWorth Capital Management, Inc., (RidgeWorth), a registered investment advisor and wholly-owned subsidiary of the Company, serves as the investment advisor for various private placement and publicly registered investment funds (collectively the Funds). The Company evaluates these Funds to determine if the Funds are voting interest entities or VIEs, as well as monitors the nature of its interests in each Fund to determine if the Company is required to consolidate any of the Funds.

The Company has concluded that some of the Funds are VIEs because the equity investors lack decision making rights. However, the Company has concluded that it is not the primary beneficiary of these funds as the Company does not absorb a majority of the expected losses or expected returns of the funds. As the Company does not invest in these funds, its exposure to loss is limited to the investment advisor and other administrative fees it earns. Payment on these fees is received from the individual investor accounts. The total unconsolidated assets of these funds as of June 30, 2009 and December 31, 2008 were $3.4 billion and $3.6 billion, respectively. While the Company does not have any contractual obligation to provide monetary support to any of the Funds, the Company did elect to provide support for specific securities on one occasion in 2008 and two occasions in 2007 to three of the funds. In 2008 and 2007, the Company purchased approximately $2.4 billion of securities from these three funds at amortized cost plus accrued interest. The Company took these actions in response to the unprecedented market events to protect investors in these funds from possible losses associated with these securities. Two of the funds were previously considered voting interest entities and in connection with these purchases, the Company re-evaluated its involvement with these funds. As a result of the unprecedented circumstances that caused the Company to intervene, the lack of any contractual obligation to provide any current or future support to the funds, and the size of the financial support ultimately provided, the Company concluded that these two funds were still voting interest entities. The Company concluded that the third fund was a VIE and that, as a result of the purchase of securities, it was the primary beneficiary of this fund as it was likely to absorb a majority of the expected losses of the fund. Accordingly, this fund was consolidated in September 2007 and was subsequently closed in November 2007, which resulted in the termination of the VIE. At June 30, 2009 and December 31, 2008, the Company still owned securities purchased from these three funds of $204.0 million and $246.0 million, respectively. Additionally, see the Annual Report on Form 10-K for the year ended December 31, 2008 for more information regarding the actions the Company took in 2008 and 2007 relating to these funds.

Note 8 Long-Term Debt and Capital

The Company s long term debt decreased from $26.8 billion at December 31, 2008 to $18.8 billion at June 30, 2009 as a result of the repayment of $6.9 billion of its FHLB advances, $3.4 billion of which were at fair value. The Company also repaid $0.2 billion of its floating rate euro denominated notes that were due in 2011.

As part of the Company s participation in the Supervisory Capital Assessment Program (SCAP), the Company completed certain transactions as part of an announced capital plan during the second quarter of 2009 that increased its Tier 1 common equity by $2.1 billion. The transactions utilized to raise the capital consisted of the issuance of common stock, the repurchase of certain preferred stock and hybrid debt securities, and the sale of Visa Class B shares.

The common stock offerings that the Company completed in conjunction with the capital plan added 141.9 million in new common shares and resulted in $1.8 billion in additional Tier 1 common equity, net of issuance costs.

Also as part of the capital plan, the Company initiated a cash tender offer to repurchase a defined maximum amount of its outstanding Series A preferred stock. 3,142 shares of the Company s Series A preferred stock were repurchased, resulting in a decrease in preferred stock of $314.2 million. An after-tax gain of $89.4 million was included in net loss available to common shareholders and an increase of $91.0 million was realized in Tier 1 common equity during the three month period ended June 30, 2009. In addition, the Company also repurchased approximately $0.4 billion of its 5.588% Parent Company junior subordinated notes due 2042, and approximately $0.1 billion of its 6.10% Parent Company junior subordinated notes due 2036. These transactions resulted in a net after-tax loss of $44.1 million, as a result of a $164.9 million after-tax loss related to the extinguishment of the preferred stock forward sale agreement associated with the

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repurchase of the 5.588% Parent Company junior subordinated notes, and a $120.8 million after-tax gain from the repurchase of the Parent Company junior subordinated notes; the aggregate impact of the debt repurchases was a $120.8 million increase to Tier 1 common equity.

Another element of the capital plan involved the sale of the Company s Visa Class B shares resulting in an after-tax gain and increase in Tier 1 common equity of approximately $70 million.

The Company is subject to various regulatory capital requirements which involve quantitative measures of the Company s assets.

(Dollars in millions)	**June 30 2009**	December 31 2008
Tier 1 capital	**$18,577.8**	$17,613.7
Total capital	**23,247.5**	22,743.4
Risk-weighted assets	**151,886.2**	162,046.4
Tier 1 capital	**$18,577.8**	$17,613.7
Less:		
Qualifying trust preferred securities	**2,411.6**	2,847.3
Preferred stock	**4,918.9**	5,221.7
Allowable minority interest	**105.3**	101.8
Tier 1 common equity	**$11,142.0**	$9,442.9
Risk-based ratios:		
Tier 1 common equity	**7.34 %**	5.83 %
Tier 1 capital	**12.23**	10.87
Total capital	**15.31**	14.04
Tier 1 leverage ratio	**11.02**	10.45

Note 9 - Earnings Per Share

Net income/(loss) is the same in the calculation of basic and diluted earnings/(loss) per share. Equivalent shares of 36.0 million and 16.5 million related to common stock options and common stock warrants outstanding as of June 30, 2009 and 2008, respectively, were excluded from the computations of diluted earnings/(loss) per share because they would have been antidilutive. A reconciliation of the difference between average basic common shares outstanding and average diluted common shares outstanding for the three and six months ended June 30, 2009 and 2008 is included below. Additionally, included below is a reconciliation of net income/(loss) to income/(loss) available to common shareholders.

	Three Months Ended June 30		**Six Months Ended June 30**	
(In thousands, except per share data)	**2009**	2008	**2009**	2008
Net income/(loss)	**($183,460)**	$540,362	**($998,627)**	$830,917
Series A preferred dividends	**(5,635)**	(5,112)	**(10,635)**	(12,089)
U.S. Treasury preferred dividends	**(66,546)**	-	**(132,825)**	-
Gain on repurchase of Series A preferred stock	**89,425**	-	**89,425**	-
Dividends and undistributed earnings allocated to unvested shares	**1,788**	(5,282)	**12,853**	(7,305)
Net income/(loss) available to common shareholders	**($164,428)**	$529,968	**($1,039,809)**	$811,523
Average basic common shares	**399,242**	348,714	**375,429**	347,647
Effect of dilutive securities:				
Stock options	**-**	176	**-**	366
Performance and restricted stock	**-**	893	**-**	914

Average diluted common shares	**399,242**	349,783	**375,429**	348,927
Earnings/(loss) per average common share - diluted	**($0.41)**	$1.52	**($2.77)**	$2.33
Earnings/(loss) per average common share - basic	**($0.41)**	$1.52	**($2.77)**	$2.33

Note 10 - Income Taxes

The provision for income taxes was a benefit of $149.0 million and an expense of $202.8 million for the three months ended June 30, 2009 and 2008, respectively, representing effective tax rates of (44.8)% and 27.3% during those periods. The provision for income taxes was a benefit of $299.7 million and an expense of $294.5 million for the six months ended June 30, 2009 and 2008, respectively, representing effective tax rates of (23.1)% and 26.2% during those periods. The Company calculated the benefit for income taxes for the three and six months ended June 30, 2009 discretely based on actual year-to-date results. The Company applied an estimated

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annual effective tax rate to the year-to-date pre-tax earnings to derive the provision for income taxes for the three and six months ended June 30, 2008.

As of June 30, 2009, the Company s gross cumulative unrecognized tax benefits (UTBs) amounted to $337.1 million, of which $271.2 million (net of federal benefit) would affect the Company s effective tax rate, if recognized. As of December 31, 2008, the Company s gross cumulative UTBs amounted to $330.0 million. Additionally, the Company recognized a gross liability of $78.9 million and $70.9 million for interest related to its UTBs as of June 30, 2009 and December 31, 2008, respectively. Interest expense related to UTBs was $3.8 million for the three month period ended June 30, 2009, compared to $20.2 million for the same period in 2008. Interest expense related to UTBs was $11.4 million for the six month period ended June 30, 2009, compared to $24.5 million for the same period in 2008. The Company continually evaluates the UTBs associated with its uncertain tax positions. It is reasonably possible that the total UTBs could decrease during the next 12 months by approximately $5 million to $30 million due to the completion of tax authority examinations and the expiration of statutes of limitations.

The Company s federal returns through 2004 have been examined by the Internal Revenue Service (IRS) and issues for tax years 1999 through 2004 are still in dispute. An IRS examination of the Company s 2005 and 2006 Federal income tax returns is currently in progress. Generally, the state jurisdictions in which the Company files income tax returns are subject to examination for a period from three to seven years after returns are filed.

Note 11 - Employee Benefit Plans

Stock-Based Compensation

The weighted average fair values of options granted during the first six months of 2009 and 2008 were $5.13 per share and $8.46 per share, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Six Months Ended June 30	
	2009	2008
Expected dividend yield	**4.16 %**	4.58 %
Expected stock price volatility	**83.17**	21.73
Risk-free interest rate (weighted average)	**1.94**	2.87
Expected life of options	**6 years**	6 years

The following table presents a summary of stock option and performance and restricted stock activity:

	Stock Options			**Performance and Restricted Stock**		
(Dollars in thousands except per share data)	**Shares**	**Price Range**	**Weighted Average Exercise Price**	**Shares**	**Deferred Compensation**	**Weighted Average Grant Price**
Balance, January 1, 2009	15,641,872	$17.06 - $150.45	$65.29	3,803,412	$113,394	$64.61
Granted	3,803,796	9.06	9.06	2,264,175	22,069	9.07
Exercised/vested	-	-	-	(1,141,632)	-	64.16
Cancelled/expired/forfeited	(652,042)	9.06 - 149.81	56.67	(215,340)	(10,778)	50.05
Amortization of compensation element of performance and restricted stock	-	-	-	-	(36,277)	-
Balance, June 30, 2009	18,793,626	$9.06 - $150.45	$54.21	4,710,615	$88,408	$39.01

Exercisable, June 30, 2009	13,114,730	$65.37
Available for additional grant, June 30, 2009 [1]	8,780,678	

[1] Includes 4,860,492 shares available to be issued as restricted stock.

The following table presents information on stock options by ranges of exercise price at June 30, 2009:

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(Dollars in thousands except per share data)

Range of Exercise Prices	Options Outstanding				Options Exercisable			
	Number Outstanding at June 30, 2009	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value	Number Exercisable at June 30, 2009	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
$9.06 to $49.46	4,516,376	$14.33	8.88	$27,499	495,280	$44.70	2.90	$-
$49.47 to $64.57	5,155,357	56.46	2.75	-	5,155,357	56.46	2.75	-
$64.58 to $150.45	9,121,893	72.68	4.99	-	7,464,093	72.91	4.25	-
	18,793,626	$54.21	5.31	$27,499	13,114,730	$65.37	3.61	$-

Stock-based compensation expense recognized in noninterest expense was as follows:

(In thousands)	Three Months Ended June 30 2009	Three Months Ended June 30 2008	Six Months Ended June 30 2009	Six Months Ended June 30 2008
Stock-based compensation expense:				
Stock options	**$3,565**	$3,350	**$6,478**	$6,834
Performance and restricted stock	**15,994**	19,396	**36,277**	29,544
Total stock-based compensation expense	**$19,559**	$22,746	**$42,755**	$36,378

The recognized stock-based compensation tax benefit amounted to $7.4 million and $8.6 million for the three months ended June 30, 2009 and 2008, respectively. For the six months ended June 30, 2009 and 2008, the recognized stock-based compensation tax benefit was $16.2 million and $13.8 million, respectively.

Certain employees received long-term deferred cash awards during the first quarter of 2009 and 2008, which were subject to a three year vesting requirement. The accrual related to these deferred cash grants was $18.1 million and $4.0 million as of June 30, 2009 and 2008, respectively.

Retirement Plans

SunTrust did not contribute to either of its noncontributory qualified retirement plans (Retirement Benefits plans) in the second quarter of 2009. Effective July 1, 2009 the interest crediting rate used to determine future interest on Personal Pension Accounts in the SunTrust Retirement Plan will change from the IRS Composite Corporate Bond rate to the 30-year Treasury Bond rate. As a result, the plan s 2009 pension cost was remeasured on April 30, 2009 at a discount rate of 6.90%. The remeasurement resulted in a $170.2 million reduction in the projected benefit obligation and $28.9 million reduction in pension expense to be recognized over the remainder of 2009. The second quarter pension cost reflects a $7.2 million reduction as a result of this remeasurement. The expected long-term rate of return on plan assets for the Retirement Benefit plans remained at 8.00% for 2009.

Anticipated employer contributions/benefit payments for 2009 are $24.0 million for the Supplemental Retirement Benefit plans. For the second quarter of 2009, the actual contributions/benefit payments totaled $17.2 million. Actual contributions/benefit payments for the six months ended June 30, 2009 were $18.4 million.

SunTrust contributed $0.2 million to the Postretirement Welfare Plan in the second quarter of 2009. Additionally, SunTrust expects to receive a Medicare Subsidy reimbursement in the amount of $3.3 million. The expected long-term rate of return on plan assets for the Postretirement Welfare plan is 7.25% for 2009.

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	Three Months Ended June 30			
	2009		2008	
(Dollars in thousands)	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits
Service cost	**$15,967**	**$73**	$19,468	$155
Interest cost	**29,898**	**2,803**	29,273	2,953
Expected return on plan assets	**(37,288)**	**(1,758)**	(46,414)	(2,047)
Amortization of prior service cost	**(2,721)**	**(390)**	(2,792)	(390)
Recognized net actuarial loss	**28,013**	**4,648**	5,556	3,187
Net periodic benefit cost	**$33,869**	**$5,376**	$5,091	$3,858

	Six Months Ended June 30			
	2009		2008	
(Dollars in thousands)	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits
Service cost	**$34,825**	**$146**	$38,936	$309
Interest cost	**59,961**	**5,606**	58,545	5,906
Expected return on plan assets	**(74,846)**	**(3,516)**	(92,827)	(4,093)
Amortization of prior service cost	**(5,442)**	**(780)**	(5,584)	(779)
Recognized net actuarial loss	**60,469**	**9,296**	11,113	6,374
Net periodic benefit cost	**$74,967**	**$10,752**	$10,183	$7,717

Note 12 - Derivative Financial Instruments

The Company enters into various derivative financial instruments, as defined by SFAS No. 133, both in a dealer capacity to facilitate client transactions and as an end user as a risk management tool. Where derivatives have been entered into with clients, the Company generally manages the risk associated with these derivatives within the framework of its value-at-risk (VaR) approach that monitors total exposure daily and seeks to manage the exposure on an overall basis. Derivatives are used as a risk management tool to hedge the Company s exposure to changes in interest rates or other identified market or credit risks, either economically or in accordance with the hedge accounting provisions of SFAS No. 133. The Company may also enter into derivatives, on a limited basis, to capitalize on trading opportunities in the market. In addition, as a normal part of its operations, the Company enters into interest rate lock commitments (IRLCs) on mortgage loans that are accounted for as freestanding derivatives under SFAS No. 133 and has certain contracts containing embedded derivatives that are carried, in their entirety, at fair value under SFAS No. 155 or SFAS No. 159. All freestanding derivatives are carried at fair value in the Consolidated Balance Sheets in trading assets, other assets, trading liabilities, or other liabilities. The associated gains and losses are either recorded in other comprehensive income, net of tax, or within the Consolidated Statements of Income/(Loss) depending upon the use and designation of the derivatives.

Credit and Market Risk Associated with Derivatives

Derivatives expose the Company to credit risk. If the counterparty fails to perform, the credit risk at that time would be equal to the net derivative asset position, if any, for that counterparty. The Company minimizes the credit or repayment risk in derivatives by entering into transactions with high credit-quality counterparties that are reviewed periodically by the Company s Credit Risk Management division. The Company s derivatives may also be governed by an International Swaps and Derivatives Associations Master Agreement (ISDA); depending on the nature of the derivative transactions, bilateral collateral agreements may be in place as well. When the Company has more than one outstanding derivative transaction with a single counterparty and there exists a legally enforceable master netting agreement with the counterparty, the Company considers its exposure to the counterparty to be the net market value of all positions with that counterparty, if such net value is an asset to the Company, and zero, if such net value is a liability to the Company. As of June 30, 2009, net derivative asset positions to which the Company was exposed to risk of its counterparties were $2.5 billion, representing the net of $3.0 billion in net derivative gains by counterparty, netted by counterparty where formal netting arrangements exist, adjusted for collateral of $0.5 billion that the Company holds in relation to these gain positions. As of December 31, 2008, net derivative asset positions to which the Company was exposed to risk of its counterparties were $3.5 billion, representing the net of $4.6 billion in derivative gains by counterparty, netted by counterparty where formal netting arrangements exist, adjusted for collateral of $1.1 billion that the Company holds in relation to these gain positions.

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Derivative instruments are primarily transacted in the institutional dealer market and priced with observable market assumptions at a mid-market valuation point, with appropriate valuation adjustments for liquidity and credit risk. For purposes of valuation adjustments to its derivative positions under SFAS No. 157, the Company has evaluated liquidity premiums that may be demanded by market participants, as well as the credit risk of its counterparties and its own credit. The Company has considered factors such as the likelihood of default by itself and its counterparties, its net exposures, and remaining maturities in determining the appropriate fair value adjustments to record. Generally, the expected loss of each counterparty is estimated using the Company s proprietary internal risk rating system. The risk rating system utilizes counterparty-specific probabilities of default and loss given default estimates to derive the expected loss. For counterparties that are rated by national rating agencies, those ratings are also considered in estimating the credit risk. In addition, counterparty exposure is evaluated by netting positions that are subject to master netting arrangements, as well as considering the amount of marketable collateral securing the position. Specifically approved counterparties and exposure limits are defined. The approved counterparties are regularly reviewed and appropriate business action is taken to adjust the exposure to certain counterparties, as necessary. This approach used to estimate exposures to counterparties is also used by the Company to estimate its own credit risk on derivative liability positions. To date, no material losses due to a counterparty s inability to pay any net uncollateralized position has been incurred. The Company adjusted the net fair value of its derivative contracts for estimates of net counterparty credit risk by approximately $20.9 million and $23.1 million as of June 30, 2009 and December 31, 2008, respectively.

The majority of the Company s consolidated derivatives contain contingencies that relate to the creditworthiness of the Bank. These are contained in industry standard master trading agreements as events of default. Should the Bank be in default under any of these provisions, the Bank s counterparties would be permitted under such master agreements to close-out net at amounts that would approximate the then-fair values of the derivatives and the netting of the amounts would produce a single sum due by one party to the other. The counterparties would have the right to apply any collateral posted by the Bank against any net amount owed by the Bank. In addition, of the Company s total derivative liability positions, approximately $1.3 billion in fair value contain provisions conditioned on downgrades of the Bank s credit rating. These provisions, if triggered, would either give rise to an additional termination event (ATE) that permits the counterparties to close-out net and apply collateral or, where a Credit Support Annex (CSA) is present, require the Bank to post additional collateral. Collateral posting requirements generally result from differences in the fair value of the net derivative liability compared to specified collateral thresholds at different ratings levels of the Bank, both of which are negotiated provisions within each CSA. At June 30, 2009 the Bank carried long-term senior debt ratings of A-/A2 from two of the major ratings agencies. For illustrative purposes, if the Bank were downgraded to BBB-/Baa3, ATEs would be triggered in derivative liability contracts that had a fair value of approximately $22.5 million at June 30, 2009, against which the Bank had posted collateral of approximately $9.2 million; ATEs do not exist at lower ratings levels. At June 30, 2009, approximately $1.3 billion in fair value of derivative liabilities are subject to CSAs, against which the Bank has posted approximately $1.2 billion in collateral. If requested by the counterparty per the terms of the CSA, the Bank would be required to post estimated additional collateral against these contracts of approximately $586.0 million if the Bank were downgraded to BBB-/Baa3, and any further downgrades to BB+/Ba1 or below would require the posting of an additional $24.4 million. Such collateral posting amounts may be more or less than the Bank s estimates based on the specified terms of each CSA as to the timing of a collateral calculation and whether the Bank and its counterparties differ on their estimates of the fair values of the derivatives or collateral.

Derivatives also expose the Company to market risk. Market risk is the adverse effect that a change in market factors, such as interest rates, currency rates, equity prices, or implied volatility, has on the value of a derivative. The Company manages the market risk associated with its derivatives by establishing and monitoring limits on the types and degree of risk that may be undertaken. The Company continually measures this risk by using a VAR methodology.

The table below presents the Company s derivative positions at June 30, 2009. The notional amounts in the table are presented on a gross basis and have been classified within Asset Derivatives or Liability Derivatives based on the estimated fair value of the individual contract at June 30, 2009. On the Consolidated Balance Sheets, the fair values of derivatives with counterparties with master netting agreements are recorded on a net basis in accordance with the provisions of FIN 39. However, for purposes of the table below, the gross positive and gross negative fair value amounts associated with the respective notional amounts are presented without consideration of any netting agreements, in accordance with the provisions of SFAS No. 161. For contracts constituting a combination of options that contain a written component and a purchased component (such as a collar), the notional amount of each component is presented separately, with the purchased component being presented as an Asset Derivative and the written component being presented as a Liability Derivative. The fair value of each combination of options is presented with the purchased component, if the combined fair value of the components is positive, and with the written component, if negative.

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(Dollars in thousands)	Asset Derivatives Balance Sheet Classification	Asset Derivatives Notional Amounts	Asset Derivatives Fair Value	Liability Derivatives Balance Sheet Classification	Liability Derivatives Notional Amounts	Liability Derivatives Fair Value
Derivatives designated in cash flow hedging relationships under SFAS No. 133[6]						
Equity contracts hedging:						
Securities available for sale	Trading assets	$1,546,752	$121,164		$1,546,752	$-
Interest rate contracts hedging:						
Floating rate loans	Trading assets	10,000,000	832,853	Trading liabilities	3,000,000	56,336
Floating rate certificates of deposits		-	-	Trading liabilities	500,000	13,280
Total		11,546,752	954,017		5,046,752	69,616
Derivatives not designated as hedging instruments under SFAS No. 133[7]						
Interest rate contracts covering:						
Fixed rate debt	Trading assets	$3,223,085	$213,128	Trading liabilities	$295,000	$13,245
Corporate bonds and loans		-	-	Trading liabilities	67,411	6,889
MSRs	Other assets	12,365,000	177,829	Other liabilities	12,795,000	207,202
LHFS, IRLCs, LHFI-FV[3]	Other assets	11,961,500 [4]	105,625	Other liabilities	7,318,080	83,375
Trading activity	Trading assets	107,470,539 [1]	3,472,369	Trading liabilities	100,602,757	3,312,699
Foreign exchange rate contracts covering:						
Foreign-denominated debt and commercial loans	Trading assets	1,183,361	76,986	Trading liabilities	693,092	132,167
Trading activity	Trading assets	2,672,818	164,021	Trading liabilities	2,532,755	144,885
Credit contracts covering:						
Loans	Trading assets	270,000	8,277	Trading liabilities	120,750	2,434
Trading activity	Trading assets	219,484 [2]	20,357	Trading liabilities	162,273 [2]	15,101
Equity contracts - Trading activity	Trading assets	3,900,126 [1]	415,876	Trading liabilities	7,063,954	499,511
Other contracts:						
IRLCs and other	Other assets	4,453,844	45,378	Other liabilities	2,065,960 [5]	64,658 [5]
Trading activity	Trading assets	41,834	6,371	Trading liabilities	30,800	6,206
Total		147,761,591	4,706,217		133,747,832	4,488,372
Total derivatives		$159,308,343	$5,660,234		$138,794,584	$4,557,988

[1] Amounts include $19.7 billion and $219.1 million of notional related to interest rate futures and equity futures, respectively. These futures contracts settle in cash daily and therefore no derivative asset or liability is recorded.

[2] Asset and liability amounts include $2.7 million and $9.3 million, respectively, of notional from purchased and written interest rate swap risk participation agreements, respectively, which notional is calculated as the notional of the interest rate swap participated adjusted by the relevant risk weighted assets conversion factor.

[3] Items contained here that are not previously defined include LHFS & LHFI-FV which are loans held for sale and loans held for invesent carried at fair value, respectively.

[4] Amount includes $1.7 billion of notional amounts related to interest rate futures. These futures contracts settle in cash daily and therefore no derivative asset or liability is recorded.

[5] Includes a $50.5 million derivative liability recorded in other liabilities in the Consolidated Balance Sheets, related to a notional amount of $134.3 million. This derivative was established upon the sale of Visa Class B shares in the second quarter of 2009 as discussed in Note 13, Reinsurance Arrangements and Guarantees , to the Consolidated Financial Statements.

[6] See Cash Flow Hedges beginning on page 28 for further discussion.

[7] See Economic Hedging and Trading Activities beginning on page 29 for further discussion.

The impacts of derivative financial instruments on the Consolidated Statements of Income/(Loss) and the Consolidated Statements of Shareholders Equity for the three and six months ended June 30, 2009 is presented below. The impacts are segregated between those derivatives that are designated in hedging relationships under SFAS No. 133 and those that are used for economic hedging or trading purposes, with further identification of the underlying risks in the derivatives and the hedged items, where appropriate. The tables do not disclose the financial impact of the activities that these derivative instruments are intended to hedge, for both economic hedges and those instruments designated in formal SFAS No. 133 relationships.

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Notes to Consolidated Financial Statements (Unaudited)-Continued

Three Months Ended June 30, 2009

(Dollars in thousands)

Derivatives in SFAS No. 133 cash flow hedging relationships	**Amount of pre-tax gain/(loss) Recognized in OCI on Derivative (Effective Portion)**	**Classification of gain/(loss) Reclassified from AOCI into Income (Effective Portion)**	**Amount of pre-tax gain/(loss) Reclassified from AOCI into Income (Effective Portion)[1]**
Equity contracts hedging:			
Securities available for sale	($142,501)		$-
Interest rate contracts hedging:			
Floating rate loans	(260,806)	Interest and fees on loans	114,956
Floating rate certificates of deposits	(672)	Interest on deposits	(22,239)
Total	($403,979)		$92,717

Six Months Ended June 30, 2009

(Dollars in thousands)

Derivatives in SFAS No. 133 cash flow hedging relationships	**Amount of pre-tax gain/(loss) Recognized in OCI on Derivative (Effective Portion)**	**Classification of gain/(loss) Reclassified from AOCI into Income (Effective Portion)**	**Amount of pre-tax gain/(loss) Reclassified from AOCI into Income (Effective Portion)[1]**
Equity contracts hedging:			
Securities available for sale	($132,519)		$-
Interest rate contracts hedging:			
Floating rate loans	(207,757)	Interest and fees on loans	223,987
Floating rate certificates of deposits	(1,494)	Interest on deposits	(45,227)
Floating rate debt	(14)	Interest on long-term debt	(1,333)
Total	($341,784)		$177,427

(Dollars in thousands)

Derivatives not designated as hedging instruments under SFAS No. 133	**Classification of gain/(loss) Recognized in Income on Derivative**	**Amount of gain/(loss) Recognized in Income on Derivatives for the three months ended June 30, 2009**	**Amount of gain/(loss) Recognized in Income on Derivatives for the six months ended June 30, 2009**
Interest rate contracts covering:			
Fixed rate public debt	Trading account profits and commissions	($73,870)	($101,814)
Corporate bond holdings and loans	Trading account profits and commissions	5,080	7,485
MSRs	Mortgage servicing income	(139,787)	(78,576)
LHFS, IRLCs, LHFI-FV	Mortgage production income	96,450	(10,181)
Trading activity	Trading account profits and commissions	(6,307)	4,889
Foreign exchange rate contracts covering:			
Foreign-denominated debt and commercial loans	Trading account profits and commissions	140,387	61,647
Trading activity	Trading account profits and commissions	(34,265)	695
Credit contracts covering:			
Loans	Trading account profits and commissions	(6,865)	(9,626)
Other	Trading account profits and commissions	(5,211)	(3,600)
Equity contracts - trading activity	Trading account profits and commissions	8,731	48,686
Other contracts:			
IRLCs	Mortgage production income	66,238	343,860
Trading activity	Trading account profits and commissions	892	925

Total	$51,473	$264,390

[1] During the three and six months ended June 30, 2009, the Company reclassified $7.8 million and $16.3 million, respectively, in pre-tax gains from AOCI into net interest income. These gains related to hedging relationships under SFAS No. 133 that have been previously terminated or de-designated.

Credit Derivatives

As part of its trading businesses, the Company enters into contracts that are, in form or substance, written guarantees: specifically, credit default swaps (CDS), swap participations, and TRS. The Company accounts for these contracts as derivative instruments in accordance with the provisions of SFAS No. 133 and, accordingly, records these contracts at fair value, with changes in fair value recorded in trading account profits and commissions.

The Company writes CDS, which are agreements under which the Company receives premium payments from its counterparty for protection against an event of default of a reference asset. In the event of default under the CDS, the Company would either net cash settle or make a cash payment to its counterparty and take delivery of the defaulted reference asset, from which the Company may recover all, a portion, or none of the credit loss, depending on the performance of the reference asset. Events of default, as defined in the CDS agreements, are generally triggered upon the failure to pay and similar events related to the issuer(s) of the reference asset. As of June 30, 2009, all written CDS contracts reference single name corporate credits or corporate credit indices. When the Company has written CDS, it has generally entered into offsetting CDS for the underlying reference asset, under which the Company paid a premium to its counterparty for protection against an event of default on the

Notes to Consolidated Financial Statements (Unaudited)-Continued

reference asset. The counterparties to these purchased CDS are of high creditworthiness and have ISDA agreements in place that subject the CDS to master netting provisions, thereby mitigating the risk of non-payment to the Company. As such, at June 30, 2009, the Company does not have any significant risk of making a non-recoverable payment on any written CDS. During 2009 and 2008, the only instances of default on written CDS were driven by credit indices with constituent credit default. In all cases where the Company made resulting cash payments to settle, the Company collected like amounts from the counterparties to the offsetting purchased CDS. At June 30, 2009, the written CDS had remaining terms of approximately three months to six years. The maximum guarantees outstanding at June 30, 2009 and December 31, 2008, as measured by the gross notional amounts of written CDS, were $155.8 million and $190.8 million, respectively. At June 30, 2009 and December 31, 2008, the gross notional amounts of purchased CDS contracts, which represent benefits to, rather than obligations of, the Company, were $209.6 million and $245.2 million, respectively. The fair values of the written CDS were $13.2 million and $34.7 million at June 30, 2009 and December 31, 2008, respectively, and the fair values of the purchased CDS were $18.4 million and $45.8 million at June 30, 2009, and December 31, 2008, respectively.

The Company writes swap participations, which are credit derivatives whereby the Company has guaranteed payment to a dealer counterparty in the event that the counterparty experiences a loss on a derivative instrument, such as an interest rate swap, due to a failure to pay by the counterparty s customer (the obligor) on that derivative instrument. The Company monitors its payment risk on its swap participations by monitoring the creditworthiness of the obligors, which is based on the normal credit review process the Company would have performed had it entered into the derivative instruments directly with the obligors. The obligors are all corporations or partnerships. However, the Company continues to monitor the creditworthiness of its obligors and the likelihood of payment could change at any time due to unforeseen circumstances. Further, during 2009 and 2008, the Company did not make any payments under its written swap participations. At June 30, 2009, the remaining terms on these swap participations generally ranged from three months to nine years, with a weighted average on the maximum estimated exposure of 3.2 years. The Company s maximum estimated exposure to written swap participations, as measured by projecting a maximum value of the guaranteed derivative instruments based on interest rate curve simulations and assuming 100% default by all obligors on the maximum values, was approximately $166.5 million and $125.7 million at June 30, 2009 and December 31, 2008, respectively. The fair values of the written swap participations were *de minimis* at June 30, 2009 and December 31, 2008. As part of its trading activities, the Company may enter into purchased swap participations, but such activity is not matched, as discussed herein related to CDS or TRS.

The Company has also entered into TRS contracts on loans. The Company s TRS business consists of matched trades, such that when the Company pays depreciation on one TRS, it receives the same depreciation on the matched TRS. As such, the Company does not have any long or short exposure, other than credit risk of its counterparty, which is managed through collateralization. The Company typically receives initial cash collateral from the counterparty upon entering into the TRS and is entitled to additional collateral as the fair value of the underlying reference assets deteriorate. At June 30, 2009 and December 31, 2008, the Company had outstanding $2.1 million and $602.1 million, respectively, of outstanding and offsetting TRS notional balances. The fair values of the TRS derivative liabilities were $1.9 million and $166.6 million at June 30, 2009 and December 31, 2008, respectively. The fair values of the offsetting TRS derivative assets at June 30, 2009 and December 31, 2008 were $2.0 million and $171.0 million, respectively, and related collateral held at June 30, 2009 and December 31, 2008 was $7.7 million and $296.8 million, respectively. All remaining positions have been liquidated subsequent to June 30, 2009. As of December 31, 2008, the Company had decided to temporarily suspend its TRS business and the Company has been unwinding its existing positions during 2009. The Company did not incur any losses on these unwinds.

Cash Flow Hedges

The Company utilizes a comprehensive risk management strategy to monitor sensitivity of earnings to movements in interest rates. Specific types of funding and principal amounts hedged are determined based on prevailing market conditions and the shape of the yield curve. In conjunction with this strategy, the Company employs various interest rate derivatives as risk management tools to hedge interest rate risk from recognized assets and liabilities or from forecasted transactions. The terms and notional amounts of derivatives are determined based on management s assessment of future interest rates, as well as other factors. The Company establishes parameters for derivative usage, including identification of assets and liabilities to hedge, derivative instruments to be utilized, and notional amounts of hedging relationships. At June 30, 2009, the Company s only outstanding SFAS No. 133 interest rate hedging relationships relate to interest rate swaps that have been designated as cash flow hedges of probable forecasted transactions related to recognized assets and liabilities.

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Notes to Consolidated Financial Statements (Unaudited)-Continued

Interest rate swaps have been designated as hedging the exposure to the benchmark interest rate risk associated with floating rate loans and certificates of deposit. The maximum range of hedge maturities for hedges of floating rate loans is approximately two to six years, with the weighted average being approximately 4.0 years. The maximum term and weighted average maturity for hedges of certificates of deposit is less than one month. Ineffectiveness on these hedges was *de minimis* during the three and six months ended June 30, 2009. As of June 30, 2009, $291.3 million, net of tax, of the deferred net gains on derivatives that are recorded in AOCI are expected to be reclassified to net interest income over the next twelve months in connection with the recognition of interest income or interest expense on these hedged items.

During the third quarter of 2008, the Company executed equity forward agreements (the Agreements) on 30 million common shares of The Coca-Cola Company (Coke). A consolidated subsidiary of SunTrust Banks, Inc. owns approximately 22.9 million Coke common shares and a consolidated subsidiary of SunTrust Bank owns approximately 7.1 million Coke common shares. These two subsidiaries entered into separate Agreements on their respective holdings of Coke common shares with a large, unaffiliated financial institution (the Counterparty). Execution of the Agreements (including the pledges of the Coke common shares pursuant to the terms of the Agreements) did not constitute a sale of the Coke common shares under U.S. GAAP for several reasons, including that ownership of the common shares was not legally transferred to the Counterparty. The Agreements, in their entirety, are derivatives based on the criteria in SFAS No. 133. The Agreements resulted in zero cost equity collars pursuant to the provisions of SFAS No. 133. In accordance with the provisions of SFAS No. 133, the Company has designated the Agreements as cash flow hedges of the Company s probable forecasted sales of its Coke common shares, which are expected to occur in approximately six and a half and seven years from the Agreements effective date, for overall price volatility below the strike prices on the floor (purchased put) and above the strike prices on the ceiling (written call). Although the Company is not required to deliver its Coke common shares under the Agreements, the Company has asserted that it is probable, as defined by SFAS No. 133, that it will sell all of its Coke common shares at or around the settlement date of the Agreements. The Federal Reserve s approval for Tier 1 capital was significantly based on this expected disposition of the Coke common shares under the Agreements or in another market transaction. Both the sale and the timing of such sale remain probable to occur as designated. At least quarterly, the Company assesses hedge effectiveness and measures hedge ineffectiveness with the effective portion of the changes in fair value of the Agreements recorded in AOCI and any ineffective portions recorded in trading account profits and commissions. None of the components of the Agreements fair values are excluded from the Company s assessments of hedge effectiveness. Potential sources of ineffectiveness include changes in market dividends and certain early termination provisions. The Company did not recognize any ineffectiveness during 2008, but did recognize $4.1 million of ineffectiveness during the first six months of 2009, which was recorded in trading account profits and commissions. Other than potential measured hedge ineffectiveness, no amounts will be reclassified from AOCI over the next twelve months and any remaining amounts recorded in AOCI will be reclassified to earnings when the probable forecasted sales of the Coke common shares occur.

Economic Hedging and Trading Activities

In addition to designated SFAS No. 133 hedging relationships, the Company also enters into derivatives as an end user as a risk management tool to economically hedge risks associated with certain non-derivative and derivative instruments, along with entering into derivatives in a trading capacity with its clients.

The primary risks that the Company economically hedges are interest rate risk, foreign exchange risk, and credit risk. The economic hedging activities are accomplished by entering into individual derivatives or by using derivatives on a macro basis, and generally accomplish the Company s goal of mitigating the targeted risk. To the extent that specific derivatives are associated with specific hedged items, the notional amounts, fair values, and gains/(losses) on the derivatives are illustrated in the tables above.

The Company utilizes interest rate derivatives to mitigate exposures from various instruments.

- o The Company is subject to interest rate risk on its fixed rate debt. As market interest rates move, a portion of the fair value of the Company s debt is affected. To protect against this risk on certain debt issuances that the Company has elected to carry at fair value, the Company has entered into pay variable-receive fixed interest rate swaps (in addition to entering into certain non-derivative instruments on a macro basis) that decrease in value in a rising rate environment and increase in value in a declining rate environment.

Notes to Consolidated Financial Statements (Unaudited)-Continued

- The Company is exposed to interest rate risk associated with MSRs, which the Company hedges with a combination of derivatives, including MBS forward and option contracts and interest rate swap and swaption contracts.

- The Company enters into MBS forward and option contracts, interest rate swap and swaption contracts, futures contracts, and eurodollar options to mitigate interest rate risk associated with IRLCs, mortgage loans held for sale and mortgage loans held for investment.

The Company is exposed to foreign exchange rate risk associated with certain senior notes denominated in euros and pound sterling. This risk is economically hedged by entering into cross currency swaps, which receive either euros or pound sterling and pay U.S. dollars. Interest expense on the Consolidated Statements of Income/(Loss) reflects only the contractual interest rate on the debt based on the average spot exchange rate during the applicable period, while fair value changes on the derivatives and valuation adjustments on the debt under SFAS No. 52 are both recorded within trading account profits and commissions.

The Company enters into CDS to hedge credit risk associated with certain loans held within its Corporate and Investment Banking and Wealth and Investment Management lines of business.

Trading activity, in the tables above, primarily include interest rate swaps, equity derivatives, CDS, futures, options and foreign currency contracts. These derivatives are entered into in a dealer capacity to facilitate client transactions or are utilized as a risk management tool by the Company as an end user in certain macro-hedging strategies. The macro-hedging strategies are focused on managing the Company s overall interest rate risk exposure that is not otherwise hedged by derivatives under SFAS No. 133 or in connection with specific hedges and, therefore, the Company does not specifically associate individual derivatives with specific assets or liabilities.

Note 13 Reinsurance Arrangements and Guarantees

Reinsurance

The Company provides mortgage reinsurance on certain mortgage loans through contracts with several primary mortgage insurance companies. Under these contracts, the Company provides aggregate excess loss coverage in a mezzanine layer in exchange for a portion of the pool s mortgage insurance premium. As of June 30, 2009, approximately $17.0 billion of mortgage loans were covered by such mortgage reinsurance contracts. The reinsurance contracts are intended to place limits on the Company s maximum exposure to losses by defining the loss amounts ceded to the Company as well as by establishing trust accounts for each contract. The trust accounts, which are comprised of funds contributed by the Company plus premiums earned under the reinsurance contracts, are maintained to fund claims made under the reinsurance contracts. If claims exceed funds held in the trust accounts, the Company does not intend to make additional contributions beyond future premiums earned under the existing contracts.

At June 30, 2009, the total loss exposure ceded to the Company was approximately $661.0 million; however, the maximum amount of loss exposure based on funds held in each separate trust account, including net premiums due to the trust accounts, was limited to $278.4 million. Of this amount, $274.0 million of losses have been reserved for as of June 30, 2009, reducing the Company s net remaining loss exposure to $4.4 million. Future reported losses may exceed $4.4 million since future premium income will increase the amount of funds held in the trust; however, future cash losses, net of premium income, are not expected to exceed $4.4 million. The amount of future premium income is limited to the population of loans currently outstanding since additional loans are not being added to the reinsurance contracts; future premium income could be further curtailed to the extent the Company agrees to relinquish control of individual trusts to the mortgage insurance companies. Premium income, which totaled $25.9 million and $32.1 million for the six month periods ended June 30, 2009 and June 30, 2008, respectively, are reported as part of noninterest income. The related provision for losses, which total $94.6 million and $32.0 million for the six month periods ended June 30, 2009 and June 30, 2008, respectively, is reported as part of noninterest expense.

As noted above, the reserve for estimated losses incurred under its reinsurance contracts totaled $274.0 million at June 30, 2009. The Company s evaluation of the required reserve amount includes an estimate of claims to be paid by the trust related to loans in default and an assessment of the sufficiency of future revenues, including premiums and investment income on funds held in the trusts, to cover future claims.

Guarantees

The Company has undertaken certain guarantee obligations in the ordinary course of business. In following the provisions of FIN 45, Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness

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Notes to Consolidated Financial Statements (Unaudited)-Continued

of Others, the Company must consider guarantees that have any of the following four characteristics: (i) contracts that contingently require the guarantor to make payments to a guaranteed party based on changes in an underlying factor that is related to an asset, a liability, or an equity security of the guaranteed party; (ii) contracts that contingently require the guarantor to make payments to a guaranteed party based on another entity s failure to perform under an obligating agreement; (iii) indemnification agreements that contingently require the indemnifying party to make payments to an indemnified party based on changes in an underlying factor that is related to an asset, a liability, or an equity security of the indemnified party; and (iv) indirect guarantees of the indebtedness of others. The issuance of a guarantee imposes an obligation for the Company to stand ready to perform, and should certain triggering events occur, it also imposes an obligation to make future payments. Payments may be in the form of cash, financial instruments, other assets, shares of stock, or provisions of the Company s services. The following is a discussion of the guarantees that the Company has issued as of June 30, 2009, which have characteristics as specified by FIN 45. In addition, the Company has entered into certain contracts that are similar to guarantees, but that are accounted for as derivatives (see Note 12, Derivative Financial Instruments, to the Consolidated Financial Statements).

Visa

The Company issues and acquires credit and debit card transactions through the Visa, U.S.A. Inc. card association or its affiliates (collectively Visa). On October 3, 2007, Visa completed a restructuring and issued shares of Class B Visa Inc. common stock (Class B shares) to its financial institution members, including 3.2 million shares to the Company, in contemplation of an initial public offering (IPO), which occurred in March 2008. For purposes of converting Class B shares to Class A shares of Visa Inc., a conversion factor is applied, which is subject to adjustment depending on the outcome of certain specifically defined litigation. The Class B shares are not transferable (other than to another member bank) until the later of the third anniversary of the IPO closing, or the date which certain specifically defined litigation has been resolved; therefore, the Company s Class B shares were classified in other assets and accounted for at their carryover basis of $0.

The Company is a defendant, along with Visa U.S.A. Inc. and MasterCard International (the Card Associations), as well as several other banks, in one of several antitrust lawsuits challenging the practices of the Card Associations (the Litigation). The Company has entered into judgment and loss sharing agreements with Visa and certain other banks in order to apportion financial responsibilities arising from any potential adverse judgment or negotiated settlements related to the Litigation. Additionally, in connection with the restructuring, a provision of the original Visa By-Laws, Section 2.05j, was restated in Visa s certificate of incorporation. Section 2.05j contains a general indemnification provision between a Visa member and Visa, and explicitly provides that after the closing of the restructuring, each member s indemnification obligation is limited to losses arising from its own conduct and the specifically defined Litigation. The maximum potential amount of future payments that the Company could be required to make under this indemnification provision cannot be determined as there is no limitation provided under the By-Laws and the amount of exposure is dependent on the outcome of the Litigation. During 2008, Visa funded $4.1 billion into an escrow account, established for the purpose of funding judgments in, or settlements of, the Litigation. Agreements associated with the Visa IPO have provisions that Visa will first use the funds in the escrow account to pay for future settlements of, or judgments in the Litigation. If the escrow account is insufficient to cover the Litigation losses, then Visa will issue additional Class A shares (loss shares). The proceeds from the sale of the loss shares would then be deposited in the escrow account. The issuance of the loss shares will cause a dilution of the Class B common stock as a result of an adjustment to lower the conversion factor of the Class B common stock to Class A common stock. Visa USA s members are responsible for any portion of the settlement or loss on the Litigation after the escrow account is depleted and the value of the Class B shares is fully-diluted. As a result of its indemnification obligations and percentage ownership of Class B shares, the Company estimated its net guarantee liability to be $43.5 million as of December 31, 2008. During the second quarter, the Company was notified by Visa of the scheduled recalculation of its membership proportion.

In May 2009, the Company sold its 3.2 million shares of Class B Visa Inc. common stock to another financial institution (the Counterparty) for $112.1 million and recognized a gain of $112.1 million. Additionally, the Company entered into a derivative with the Counterparty whereby the Counterparty will be compensated by the Company for any decline in the conversion factor as a result of the outcome of the Litigation. Conversely, the Company will be compensated by the Counterparty for any increase in the conversion factor. Accordingly, the Company recorded a derivative liability at its estimated fair value for $50.5 million. The Counterparty, as a result of its ownership of the Class B common stock, will be impacted by dilutive adjustments to the conversion factor of the Class B common stock caused by the Litigation losses. Since the Company transferred risk associated with the Litigation losses to a different responsible party, the Company recorded an offset to its net guarantee liability. A high degree of subjectivity was used in estimating the fair value of the derivative liability, and the ultimate cost to the Company could be significantly higher or lower than the $50.5 million recorded as of June 30, 2009.

Notes to Consolidated Financial Statements (Unaudited)-Continued

Letters of Credit

Letters of credit are conditional commitments issued by the Company generally to guarantee the performance of a client to a third party in borrowing arrangements, such as commercial paper, bond financing, and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to clients and may be reduced by selling participations to third parties. The Company issues letters of credit that are classified as financial standby, performance standby, or commercial letters of credit. Commercial letters of credit are specifically excluded from the disclosure and recognition requirements of FIN 45.

As of June 30, 2009 and December 31, 2008, the maximum potential amount of the Company s obligation was $9.7 billion and $13.8 billion, respectively, for financial and performance standby letters of credit. The Company has recorded $92.8 million and $141.9 million in other liabilities for unearned fees related to these letters of credit as of June 30, 2009 and December 31, 2008, respectively. The Company s outstanding letters of credit generally have a term of less than one year but may extend longer than one year. If a letter of credit is drawn upon, the Company may seek recourse through the client s underlying obligation. If the client s line of credit is also in default, the Company may take possession of the collateral securing the line of credit, where applicable. The Company monitors its credit exposure under standby letters of credit in the same manner as it monitors other extensions of credit in accordance with credit policies. Some standby letters of credit are designed to be drawn upon and others are drawn upon only under circumstances of dispute or default in the underlying transaction to which the bank is not a party. In all cases, the bank holds the right to reimbursement from the applicant and may or may not also hold collateral to secure that right. An internal assessment of the probability of default and loss severity in the event of default is assessed consistent with the methodologies used for all commercial borrowers and the management of risk regarding letters of credit leverages the risk rating process to focus higher visibility on the higher risk and higher dollar letters of credit.

Loan Sales

SunTrust Mortgage, Inc. (STM), a consolidated subsidiary of SunTrust, originates and purchases consumer residential mortgage loans, a portion of which are sold to outside investors in the normal course of business. When mortgage loans or MSRs are sold, representations and warranties regarding certain attributes of the loans sold are made to the third party purchaser. These representations and warranties may extend through the life of the mortgage loan, generally 25 to 30 years. Subsequent to the sale, if inadvertent underwriting deficiencies or documentation defects are discovered in individual mortgage loans, STM will be obligated to repurchase the respective mortgage loan or MSRs and absorb the loss if such deficiencies or defects cannot be cured by STM within the specified period following discovery. STM s risk of repurchasing loans is largely driven by borrower payment performance under the terms of the mortgage loans.

STM maintains a liability for estimated losses on mortgage loans and MSRs that may be repurchased. In accordance with FIN 45, this liability is initially based on the estimated fair value of the Company s contingency at the time loans or MSRs are sold and the contingent liability is created. Subsequently, STM estimates losses that have been incurred in accordance with SFAS No. 5 and increases the liability if estimated incurred losses exceed the liability established in accordance with FIN 45. As of June 30, 2009 and December 31, 2008, the liability for losses related to repurchases totaled $98.2 million and $100.5 million, respectively.

Contingent Consideration

The Company has contingent payment obligations related to certain business combination transactions. Payments are calculated using certain post-acquisition performance criteria. Arrangements entered into prior to the effective date of SFAS 141(R), are not recorded as liabilities. Arrangements entered subsequent to the effective date of SFAS 141(R) are recorded as liabilities. The potential obligation associated with these arrangements was approximately $16.1 million and $31.8 million as of June 30, 2009 and December 31, 2008, respectively, of which $3.8 million and $0 million was recorded as liabilities as of June 30, 2009 and December 31, 2008. If required, these contingent payments will be payable at various times over the next five years.

Public Deposits

The Company holds public deposits of various states in which it does business. Individual state laws require banks to collateralize public deposits, typically as a percentage of their public deposit balance in excess of Federal Deposit Insurance Corporation (FDIC) insurance and may also require a cross-guarantee among all banks holding public deposits of the individual state. The amount of collateral required varies by state and may also vary by institution within each state, depending on the individual state s risk assessment of depository institutions. Certain of the states in which the Company holds public deposits use a pooled collateral method, whereby in the event of default of a bank holding public deposits, the collateral of the defaulting bank is liquidated to the extent necessary to recover the loss of public deposits of the defaulting bank. To the extent the collateral is insufficient, the remaining public deposit balances of the defaulting bank are recovered through an assessment, from the other banks holding public deposits in that state. The maximum potential amount of future payments the Company could be required to make is dependent on a variety of factors, including the amount of public funds held by banks in the states

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Notes to Consolidated Financial Statements (Unaudited)-Continued

in which the Company also holds public deposits and the amount of collateral coverage associated with any defaulting bank. Individual states appear to be monitoring risk relative to the current economic environment and evaluating collateral requirements and therefore, the likelihood that the Company would have to perform under this guarantee is dependent on whether any banks holding public funds default as well as the adequacy of collateral coverage.

Other

In the normal course of business, the Company enters into indemnification agreements and provides standard representations and warranties in connection with numerous transactions. These transactions include those arising from securitization activities, underwriting agreements, merger and acquisition agreements, loan sales, contractual commitments, payment processing sponsorship agreements, and various other business transactions or arrangements. The extent of the Company s obligations under these indemnification agreements depends upon the occurrence of future events; therefore, the Company s potential future liability under these arrangements is not determinable.

SunTrust Investment Services, Inc. (STIS) and SunTrust Robinson Humphrey, Inc. (STRH), broker-dealer affiliates of SunTrust, use a common third party clearing broker to clear and execute their customers securities transactions and to hold customer accounts. Under their respective agreements, STIS and STRH agree to indemnify the clearing broker for losses that result from a customer s failure to fulfill its contractual obligations. As the clearing broker s rights to charge STIS and STRH have no maximum amount, the Company believes that the maximum potential obligation cannot be estimated. However, to mitigate exposure, the affiliate may seek recourse from the customer through cash or securities held in the defaulting customers account. For the three and six month periods ended June 30, 2009 and June 30, 2008, STIS and STRH experienced minimal net losses as a result of the indemnity. The clearing agreements expire in May 2010 for both STIS and STRH.

SunTrust Community Capital, LLC (SunTrust Community Capital), a SunTrust subsidiary, previously obtained state and federal tax credits through the construction and development of affordable housing properties and continues to obtain state and federal tax credits through investments as a limited partner in affordable housing developments. SunTrust Community Capital or its subsidiaries are limited and/or general partners in various partnerships established for the properties. If the partnerships generate tax credits, those credits may be sold to outside investors. As of June 30, 2009, SunTrust Community Capital has completed six tax credit sales containing guarantee provisions stating that SunTrust Community Capital will make payment to the outside investors if the tax credits become ineligible. SunTrust Community Capital also guarantees that the general partner under the transaction will perform on the delivery of the credits. The guarantees are expected to expire within a ten year period from inception. As of June 30, 2009, the maximum potential amount that SunTrust Community Capital could be obligated to pay under these guarantees is $38.6 million; however, SunTrust Community Capital can seek recourse against the general partner. Additionally, SunTrust Community Capital can seek reimbursement from cash flow and residual values of the underlying affordable housing properties provided that the properties retain value. As of June 30, 2009 and December 31, 2008, $10.2 million and $11.5 million, respectively, were accrued representing the remainder of tax credits to be delivered, and were recorded in other liabilities on the Consolidated Balance Sheets.

Note 14 - Concentrations of Credit Risk

Credit risk represents the maximum accounting loss that would be recognized at the reporting date if borrowers failed to perform as contracted and any collateral or security proved to be of no value. Concentrations of credit risk (whether on- or off-balance sheet) arising from financial instruments can exist in relation to individual borrowers or groups of borrowers, certain types of collateral, certain types of industries, certain loan products, or certain regions of the country.

Credit risk associated with these concentrations could arise when a significant amount of loans, related by similar characteristics, are simultaneously impacted by changes in economic or other conditions that cause their probability of repayment to be adversely affected. The Company does not have a significant concentration of risk to any individual client except for the U.S. government and its agencies. The major concentrations of credit risk for the Company arise by collateral type in relation to loans and credit commitments. The only significant concentration that exists is in loans secured by residential real estate. At June 30, 2009, the Company owned $48.3 billion in residential mortgage loans and home equity lines, representing 39.3% of total loans, and an additional $16.2 billion in commitments to extend credit on home equity loans and $12.0 billion in mortgage loan commitments. At December 31, 2008, the Company had $48.5 billion in residential mortgage loans and home equity lines, representing 38.2% of total loans, and an additional $18.3 billion in commitments to extend credit on home equity loans and $17.0 billion in mortgage loan commitments. The Company originates and retains certain residential mortgage loan products that include features such as interest only loans, high loan to value loans, and low initial interest rate loans. As of June 30, 2009, the Company owned $16.1 billion of interest only loans, primarily with a 10 year interest only period. Approximately $2.2 billion of those loans had combined original loan to value ratios in excess of 80%

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Notes to Consolidated Financial Statements (Unaudited)-Continued

with no mortgage insurance. Additionally, the Company owned approximately $2.6 billion of amortizing loans with combined loan to value ratios in excess of 80% with no mortgage insurance. The Company attempts to mitigate and control the risk in each loan type through private mortgage insurance and underwriting guidelines and practices. A geographic concentration arises because the Company operates primarily in the Southeastern and Mid-Atlantic regions of the United States.

SunTrust engages in limited international banking activities. The Company s total cross-border outstanding loans were $739.0 million and $945.8 million as of June 30, 2009 and December 31, 2008, respectively.

Note 15 - Fair Value Election and Measurement

In accordance with SFAS No. 159, the Company has elected to record specific financial assets and financial liabilities at fair value. These instruments include all, or a portion, of the following: fixed rate debt, brokered deposits, loans, loans held for sale, and trading loans. The following is a description of each financial asset and liability class as of June 30, 2009 for which fair value has been elected, including the specific reasons for electing fair value and the strategies for managing the financial assets and liabilities on a fair value basis.

Fixed Rate Debt

The debt that the Company initially elected to carry at fair value was all of its fixed rate debt that had previously been designated in qualifying fair value hedges using receive-fixed interest rate swaps, pursuant to the provisions of SFAS No. 133. The Company has also elected fair value for specific fixed rate debt issued subsequent to 2006 in which the Company concurrently entered into derivative financial instruments that economically converted the interest rate on the debt from fixed to floating. As of December 31, 2008, the fair value of all such elected fixed rate debt was comprised of $3.7 billion of fixed rate FHLB advances and $3.5 billion of publicly-issued debt. The Company elected to record this debt at fair value in order to align the accounting for the debt with the accounting for the derivatives without having to account for the debt under hedge accounting, thus avoiding the complex and time consuming fair value hedge accounting requirements of SFAS No. 133. This move to fair value introduced earnings volatility due to changes in the Company s credit spread that was not required to be measured under the SFAS No. 133 hedge designation. A significant portion of the debt, along with certain of the interest rate swaps previously designated as hedges under SFAS No. 133, continues to remain outstanding; however, in February 2009, the Company repaid all of the FHLB advances outstanding and closed out its exposures on the interest rate swaps. Approximately $150.3 million of FHLB stock was redeemed in conjunction with the repayment of the advances. Total fair value debt at June 30, 2009 was $3.4 billion.

Brokered Deposits

Prior to adopting SFAS No. 159, the Company had adopted the provisions of SFAS No. 155 and elected to carry certain certificates of deposit at fair value. These debt instruments include embedded derivatives that are generally based on underlying equity securities or equity indices, but may be based on other underlyings that are generally not clearly and closely related to the host debt instrument. The Company elected to carry these instruments at fair value in order to remove the mixed attribute accounting model required by SFAS No. 133. The provisions of that statement require bifurcation of a single instrument into a debt component, which would be carried at amortized cost, and a derivative component, which would be carried at fair value, with such bifurcation being based on the fair value of the derivative component and an allocation of any remaining proceeds to the host debt instrument. Since the adoption of SFAS No. 155, but prior to 2009, the Company had elected to carry substantially all newly-issued certificates of deposit at fair value. In cases where the embedded derivative would not require bifurcation under SFAS No. 133, the instrument may be carried at fair value under SFAS No. 159 to allow the Company to economically hedge the embedded features. In 2009, given the continued dislocation in the credit markets, the Company evaluates on an instrument by instrument basis whether a new issuance will be carried at fair value.

Loans and Loans Held for Sale

The Company elects to record at fair value certain newly-originated mortgage loans held for sale based upon defined product criteria. SunTrust chooses to fair value these mortgage loans held for sale in order to eliminate the complexities and inherent difficulties of achieving hedge accounting and to better align reported results with the underlying economic changes in value of the loans and related hedging instruments. This election impacts the timing and recognition of origination fees and costs. Specifically, origination fees and costs, which had been appropriately deferred under SFAS No. 91 and recognized as part

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of the gain/loss on sale of the loan, are now recognized in earnings at the time of origination. The mark to market adjustments related to loans held for sale and the associated economic hedges is captured in mortgage production income.

Trading Loans

The Company often maintains a portfolio of loans that it trades in the secondary market. Pursuant to the provisions of SFAS No. 159, the Company elected to carry certain trading loans at fair value in order to reflect the active management of these positions. Subsequent to the initial adoption, additional loans were purchased and recorded at fair value as part of the Company s normal loan trading activities. As of June 30, 2009, approximately $238.2 million of trading loans were outstanding.

Valuation Methodologies and Fair Value Hierarchy

The primary financial instruments that the Company carries at fair value include securities, derivative instruments, fixed rate debt, loans, and loans held for sale. Classification in the fair value hierarchy of financial instruments is based on the criteria set forth in SFAS No. 157. Financial instruments that have significantly limited or unobservable trading activity (i.e., inactive markets), such that the estimates of fair value include significant unobservable inputs, are classified as level 3 instruments. The values were generally based on proprietary models or non-binding broker price indications that estimated the credit and liquidity risk.

The classification of an instrument as level 3 versus level 2 involves judgment based on a variety of subjective factors. A market is considered inactive based on whether significant decreases in the volume and level of activity for the asset or liability have been observed. In determining whether a market is inactive, the Company evaluates such factors as the number of recent transactions in either the primary or secondary markets, whether price quotations are current, the variability of price quotations, the significance of bid/ask spreads, declines in (or the absence of) new issuances and the availability of public information. Inactive markets necessitate the use of additional judgment when valuing financial instruments, such as pricing matrices, cash flow modeling and the selection of an appropriate discount rate. The assumptions used to estimate the value of an instrument where the market was inactive were based on the Company s assessment of the assumptions a market participant would use to value the instrument in an orderly transaction and included considerations of illiquidity in the current market environment. Where the Company determined that a significant decrease in the volume and level of activity had occurred, the Company was then required to evaluate whether significant adjustments were required to market data to arrive at an exit price in accordance with SFAS No. 157.

Level 3 Instruments

SunTrust used significant unobservable inputs to fair value certain financial and non-financial instruments as of June 30, 2009 and December 31, 2008. The general lack of market liquidity necessitates the use of unobservable inputs in certain cases, as the observability of actual trades and assumptions used by market participants that would otherwise be available to the Company to use as a basis for estimating the fair values of these instruments has diminished. It is reasonably likely that current inactive markets will continue as a result of a variety of external factors, including, but not limited to, economic conditions.

The Company s level 3 securities available for sale include instruments totaling approximately $1.3 billion at June 30, 2009, including FHLB and Federal Reserve Bank stock, as well as certain municipal bond securities, some of which are only redeemable with the issuer at par and cannot be traded in the market. As such, no significant observable market data for these instruments is available. These nonmarketable securities total approximately $840.5 million at June 30, 2009.

Level 3 trading assets total approximately $3.0 billion at June 30, 2009, which includes the Coke derivative valued at approximately $121.2 million at June 30, 2009. The remaining level 3 securities, both trading assets and available for sale securities are predominantly CP, interests retained from Company-sponsored securitizations of residential mortgage loans, investments in structured investment vehicles (SIVs), and MBS and ABS collateralized by a variety of underlying assets including residential mortgages, corporate obligations, and commercial real estate for which little or no market activity exists or where the value of the underlying collateral is not readily observable in the market. The Company has increased its exposure to bank trust preferred ABS, student loan ABS, and municipal securities as a result of its offer to purchase certain ARS as a result of failed auctions.

ARS purchased since the auction rate market began failing in February 2008 have been considered level 3 securities due to the significant decrease in the volume and level of activity in these markets, which has necessitated the use of significant

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unobservable inputs into the Company s valuations. ARS are classified as securities available for sale or trading securities. Under a functioning ARS market, ARS could be remarketed with interest rate caps to investors targeting short-term investment securities that repriced generally every 7 to 28 days. Unlike other short-term instruments, these ARS do not benefit from back-up liquidity lines or letters of credit, and, therefore, as auctions began to fail, investors were left with securities that were more akin to longer-term, 20-30 year, illiquid bonds. The combination of materially increased tenors, capped interest rates and general market illiquidity has had a significant impact on the risk profiles of these securities and has resulted in the use of valuation techniques and models that rely on significant inputs that are largely unobservable.

Investments in various ABS such as residual and other retained interests from securitizations, SIVs and MBS, which are classified as securities available for sale or trading securities, are valued based on internal models that incorporate assumptions, such as prepayment speeds and estimated credit losses, which are not observable in the current markets. Generally, the Company attempts to obtain pricing for its securities from a third party pricing provider or third party brokers who have experience in valuing certain investments. This pricing may be used as either direct support for the Company s valuation or used to validate outputs from its own proprietary models. Although third party price indications have been available for the majority of the securities, the significant decrease in the volume and level of trading activity makes it difficult to support the observability of these quotations. Therefore, the Company evaluates third party pricing to determine the reasonableness of the information relative to changes in market data based on any recent trades it executed, market information received from outside market participants and analysts, and/or changes in the underlying collateral performance. When actual trades are not available to corroborate pricing information received, the Company will use industry standard or proprietary models to estimate fair value and will consider assumptions such as relevant market indices that correlate to the underlying collateral, prepayment speeds, default rates, loss severity rates, and discount rates.

As discussed in Note 7, Certain Transfers of Financial Assets, Mortgage Servicing Rights and Variable Interest Entities, to the Consolidated Financial Statements, the Company began to purchase CP from Three Pillars, which is a multi-seller commercial paper conduit with which the Company has certain levels of involvement. This CP has been classified as level 3. The downgrade of Three Pillars CP to A-2/P-1 during the three months ended June 30, 2009 caused the volume and level of activity for its CP to significantly decrease. Because of this significant decrease, the observability for identical or similar transactions in the market also significantly decreased.

Level 3 loans are primarily non-agency residential mortgage loans held for investment or loans held for sale for which there is little to no observable trading activity of similar instruments in either the new issuance or secondary loan markets as either whole loans or as securities. Prior to the non-agency residential loan market disruption, which began during the third quarter of 2007 and continues, the Company was able to obtain certain observable pricing from either the new issuance or secondary loan market. However, as the markets deteriorated and certain loans were not actively trading as either whole loans or as securities, the Company began employing alternative valuation methodologies to determine the fair value of the loans. Even if limited market data is available, the characteristics of the underlying loan collateral are critical to arriving at an appropriate fair value in the current markets, such that any similarities that may otherwise be drawn are questionable. The alternative valuation methodologies include modeling of the underlying cash flows based on relevant market factors, such as prepayment spreads, default rates and loss severity. Additional liquidity adjustments were recorded, when necessary, to accurately reflect the price the Company believes it would receive if the loans were sold in current market conditions. During the second quarter, the Company transferred approximately $272.1 million of level 3 loans from loans held for sale to loans held for investment, as the loans were determined to be unmarketable. Although classified as held for investment, these loans continue to be reported at fair value in accordance with SFAS No. 159 using significant unobservable inputs.

Additionally, level 3 loans include some of the loans acquired through the acquisition of GB&T. The loans the Company elected to account for at fair value are primarily nonperforming commercial real estate loans, which do not trade in an active secondary market. As these loans are classified as nonperforming, cash proceeds from the sale of the underlying collateral is the expected source of repayment for a majority of these loans. Accordingly, the fair value of these loans is derived from internal estimates, incorporating market data when available, of the value of the underlying collateral.

The Company records MSRs at fair value on both a recurring and non-recurring basis. The fair values of MSRs are determined by projecting cash flows, which are then discounted to estimate an expected fair value. The fair values of MSRs are impacted by a variety of factors, including prepayment assumptions, discount rates, delinquency rates, contractually specified servicing fees, and underlying portfolio characteristics. The underlying assumptions and estimated values are corroborated by values received from independent third parties based on their review of the servicing portfolio. Because these inputs are not transparent in market trades, MSRs are considered to be level 3 assets in the valuation hierarchy.

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Notes to Consolidated Financial Statements (Unaudited)-Continued

Most derivative instruments (see Note 12, Derivative Financial Instruments to the Consolidated Financial Statements) are level 1 or level 2 instruments. Beginning in the first quarter of 2008, the Company classified IRLCs on residential mortgage loans held for sale, which are derivatives under SFAS No. 133, on a gross basis within other assets or other liabilities. The fair value of these commitments, while based on interest rates observable in the market, is highly dependent on the ultimate closing of the loans. These pull-through rates are based on the Company s historical data and reflect the Company s best estimate of the likelihood that a commitment will ultimately result in a closed loan. As a result of the adoption of Staff Accounting Bulletin (SAB) No. 109, beginning in the first quarter of 2008, servicing value was also included in the fair value of IRLCs. As such, IRLCs are classified within level 3.

In addition, the equity forward agreements the Company entered into related to its Coke stock are level 3 instruments, due to the unobservability of a significant assumption used to value these instruments. Because the value is primarily driven by the embedded equity collars on the Coke shares, a Black-Scholes model is the appropriate valuation model. Most of the assumptions are directly observable from the market, such as the per share market price of Coke, interest rates, and the Coke dividend. Volatility is a significant assumption and is impacted both by the unusually large size of the trade and the long tenor until settlement. Because the derivatives carry initial terms of approximately six and a half and seven years and are on a significant number of Coke shares, the observable and active options market on Coke does not provide for any identical or similar instruments. As such, the Company receives estimated market values from a market participant who is knowledgeable about Coke equity derivatives and is active in the market. Based on inquiries of the market participant as to their procedures, as well as the Company s own valuation assessment procedures, the Company has satisfied itself that the market participant is using methodologies and assumptions that other market participants would use in arriving at the fair value of the Agreements. At June 30, 2009 and December 31, 2008, the Agreements fair value represented an asset position for the Company of approximately $121.2 million and $249.5 million, respectively.

During the second quarter of 2009, in connection with its sale of Visa Class B shares, the Company entered into a derivative contract whereby the ultimate cash payments received or paid, if any, under the contract are based on the ultimate resolution of litigation involving Visa. The value of the derivative was estimated based on the Company s expectations regarding the ultimate resolution of that litigation, which involved a high degree of judgment and subjectivity, thereby, the value of the derivative liability was classified as a level 3 instrument. See Note 13, Reinsurance Arrangements and Guarantees , to the Consolidated Financial Statements for further discussion.

As disclosed in the tabular level 3 rollforwards, during the six months ended June 30, 2009, the Company transferred certain available for sale securities into level 3 due to the illiquidity of these securities and lack of market observable information to value these securities. In addition, the Company transferred certain trading securities and long-term debt out of level 3. Available for sale securities that were transferred into level 3 consist of municipal bonds for which no observable trading activity exists. The U.S. Treasury and federal agency trading securities that were transferred out of level 3 were Small Business Administration securities for which the volume and level of observable trading activity had significantly decreased in prior quarters, but for which the Company began to observe limited increases in such activity during the three months ended March 31, 2009 and significant increases in such activity during the three months ended June 30, 2009. This level of activity provided the Company with sufficient market evidence of pricing, such that the Company did not have to make any significant adjustments to observed pricing, nor was the Company s pricing based on unobservable data. The Company also elected to transfer its fixed rate debt out of level 3 during the three months ended June 30, 2009. The volume and level of activity for transactions in the Company s debt in the secondary markets had begun to increase in the three months ended March 31, 2009 and significantly increased during the three months ended June 30, 2009. As such, the Company was able to use pricing from observable trades to corroborate pricing received from third-party pricing services and market-makers. Transfers into level 3 are generally assumed to be as of the beginning of the quarter in which the transfer occurred, while transfers out of level 3 are generally assumed to occur as of the end of the quarter. None of the transfers into or out of level 3 were the result of using alternative valuation approaches to estimate fair values.

Certain level 3 assets include non-financial assets such as affordable housing properties, private equity investments, and intangible assets that are measured on a non-recurring basis based on third party price indications or the estimated expected remaining cash flows to be received from these assets discounted at a market rate that is commensurate with their risk profile.

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Credit Risk

The credit risk associated with the underlying cash flows of an instrument carried at fair value was a consideration in estimating the fair value of certain financial instruments. Credit risk was considered in the valuation through a variety of inputs, as applicable, including the actual default and loss severity of the collateral, the instrument s spread in relation to U.S. Treasury rates, the capital structure of the security and level of subordination, and/or the rating on a security/obligor as defined by nationally recognized rating agencies. The assumptions used to estimate credit risk applied relevant information that a market participant would likely use in valuing an instrument.

For loan products that the Company has elected to carry at fair value, the Company has considered the component of the fair value changes due to instrument-specific credit risk, which is intended to be an approximation of the fair value change attributable to changes in borrower-specific credit risk. For the three and six months ended June 30, 2009, SunTrust recognized a gain on loans accounted for at fair value of approximately $10.0 million and a gain of approximately $1.3 million, respectively, due to changes in fair value attributable to borrower-specific credit risk. For the three and six months ended June 30, 2008, SunTrust recognized a loss on loans accounted for at fair value of approximately $1.6 million and $16.8 million, respectively, due to changes in fair value attributable to borrower-specific credit risk. In addition to borrower-specific credit risk, there are other, more significant variables that will drive changes in the fair value of the loans, including interest rates changes and general conditions in the principal markets for the loans.

For the publicly-traded fixed rate debt carried at fair value, the Company estimated credit spreads above U.S. Treasury rates, based on credit spreads from actual or estimated trading levels of the debt. Based on U.S. Treasury rates, the Company recognized a loss of approximately $102.1 million and $5.1 million, respectively, for the three and six months ended June 30, 2009, and a loss of approximately $61.1 million and a gain of approximately $151.4 million, for the three and six months ended June 30, 2008, respectively, due to changes in its own credit spread on its public debt as well as its brokered deposits.

The following tables present assets and liabilities measured at fair value on a recurring basis and the change in fair value for those specific financial instruments in which fair value has been elected. The tables do not reflect the change in fair value attributable to the related economic hedges the Company used to mitigate the market-related risks associated with the financial instruments. The changes in the fair value of economic hedges were also recorded in trading account profits and commissions or mortgage production or servicing related income, as appropriate, and are designed to partially offset the change in fair value of the financial instruments referenced in the tables below. The Company s economic hedging activities are deployed at both the instrument and portfolio level.

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Notes to Consolidated Financial Statements (Unaudited)-Continued

(Dollars in thousands)	Assets/Liabilities	Fair Value Measurements at June 30, 2009, Using Quoted Prices In Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Trading assets				
U.S. Treasury and federal agencies	**$1,012,644**	**$195,722**	**$816,922**	**$-**
U.S. states and political subdivisions	**94,498**	**-**	**87,097**	**7,401**
Corporate debt securities	**450,681**	**-**	**450,681**	**-**
Commercial paper	**2,436,291**	**-**	**23,883**	**2,412,408**
Residential mortgage-backed securities-agency	**119,873**	**-**	**119,873**	**-**
Residential mortgage-backed securities-private	**21,140**	**-**	**-**	**21,140**
Collateralized debt obligations	**232,067**	**-**	**-**	**232,067**
Other debt securities	**41,127**	**-**	**17,574**	**23,553**
Equity securities	**174,674**	**2,403**	**8,921**	**163,350**
Derivative contracts	**3,047,454**	**106,307**	**2,819,983**	**121,164**
Other	**108,748**	**-**	**94,657**	**14,091**
Total trading assets	**7,739,197**	**304,432**	**4,439,591**	**2,995,174**
Securities available for sale				
U.S. Treasury and federal agencies	**579,910**	**191,249**	**388,661**	**-**
U.S. states and political subdivisions	**1,004,192**	**-**	**867,550**	**136,642**
Residential mortgage-backed securities-agency	**14,386,416**	**-**	**14,386,416**	**-**
Residential mortgage-backed securities-private	**439,920**	**-**	**-**	**439,920**
Other debt securities	**619,157**	**-**	**555,792**	**63,365**
Common stock of The Coca-Cola Company	**1,439,700**	**1,439,700**	**-**	**-**
Other equity securities	**995,996**	**161**	**291,011**	**704,824**
Total securities available for sale	**19,465,291**	**1,631,110**	**16,489,430**	**1,344,751**
Loans held for sale	**6,604,312**	**-**	**6,446,331**	**157,981**
Loans	**494,669**	**-**	**-**	**494,669**
Other intangible assets [2]	**641,939**	**-**	**-**	**641,939**
Other assets [1]	**195,726**	**5,195**	**145,153**	**45,378**
Liabilities				
Brokered deposits	**1,093,017**	**-**	**1,093,017**	**-**
Trading liabilities	**2,348,851**	**338,915**	**2,009,936**	**-**
Long-term debt	**3,365,649**	**-**	**3,365,649**	**-**
Other liabilities [1]	**222,129**	**-**	**157,471**	**64,658**

[1] This amount includes IRLCs and derivative financial instruments entered into by the Household Lending line of business to hedge its interest rate risk along with a derivative associated with the Company s sale of Visa shares during the quarter ended June 30, 2009.

[2] This amount includes MSRs carried at fair value.

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Notes to Consolidated Financial Statements (Unaudited)-Continued

(Dollars in thousands)	Fair Value Gain/(Loss) for the Three Months Ended June 30, 2009, for Items Measured at Fair Value Pursuant to Election of the Fair Value Option				Fair Value Gain/(Loss) for the Six Months Ended June 30, 2009, for Items Measured at Fair Value Pursuant to Election of the Fair Value Option			
	Trading Account Profits and Commissions	Mortgage Production Related Income [2]	Mortgage Servicing Related Income	Total Changes in Fair Values Included in Current-Period Earnings[1]	Trading Account Profits and Commissions	Mortgage Production Related Income [2]	Mortgage Servicing Related Income	Total Changes in Fair Values Included in Current-Period Earnings[1]
Assets								
Trading assets	**$3,403**	**$-**	**$-**	**$3,403**	**$3,248**	**$-**	**$-**	**$3,248**
Loans held for sale	**-**	**139,944**	**-**	**139,944**	**-**	**427,141**	**-**	**427,141**
Loans	**1,376**	**2,388**	**-**	**3,764**	**3,235**	**(2,741)**	**-**	**494**
Other intangible assets	**-**	**2,890**	**100,208**	**103,098**	**-**	**7,461**	**74,410**	**81,871**
Liabilities								
Brokered deposits	**2,467**	**-**	**-**	**2,467**	**19,919**	**-**	**-**	**19,919**
Long-term debt	**(13,249)**	**-**	**-**	**(13,249)**	**155,417**	**-**	**-**	**155,417**

[1] Changes in fair value for the three and six month periods ended June 30, 2009, exclude accrued interest for the periods then ended. Interest income or interest expense on trading assets, loans, loans held for sale, brokered deposits and long-term debt that have been elected to be carried at fair value under the provisions of SFAS No. 159 or SFAS No. 155 are recorded in interest income or interest expense in the Consolidated Statements of Income/(Loss) based on their contractual coupons. Certain trading assets do not have a contractually stated coupon and, for these securities, the Company records interest income based on the effective yield calculated upon acquisition of those securities.

[2] For the three and six month periods ended June 30, 2009, income related to loans held for sale, net includes $230.5 million and $372.3 million, respectively, related to MSRs recognized upon the sale of loans reported at fair value. For the three and six months ended June 30, 2009, income related to other intangible assets includes $2.9 million and $7.5 million, respectively, of MSRs recognized upon the sale of loans reported at the lower of cost or market value. These MSRs are included in the table since the Company elected to report MSRs recognized in 2009 using the fair value method. Previously, MSRs were reported under the amortized cost method.

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Notes to Consolidated Financial Statements (Unaudited)-Continued

(Dollars in thousands)	Assets/Liabilities	Fair Value Measurements at December 31, 2008, Using Quoted Prices In Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Trading assets				
U.S. Treasury and federal agencies	$3,127,636	$142,906	$2,339,470	$645,260
U.S. states and political subdivisions	159,135	-	151,809	7,326
Corporate debt securities	585,809	-	579,159	6,650
Commercial paper	399,611	-	399,611	-
Residential mortgage-backed securities-agencies	58,565	-	58,565	-
Residential mortgage-backed securities-private	37,970	-	-	37,970
Collateralized debt obligations	261,528	-	-	261,528
Other debt securities	813,176	-	790,231	22,945
Equity securities	116,788	6,415	8,409	101,964
Derivative contracts	4,701,783	-	4,452,236	249,547
Other	134,269	-	76,074	58,195
Total trading assets	10,396,270	149,321	8,855,564	1,391,385
Securities available for sale				
U.S. Treasury and federal agencies	486,153	127,123	359,030	-
U.S. states and political subdivisions	1,037,429	-	958,167	79,262
Non-U.S. government debt securities	-	-	-	-
Residential mortgage-backed securities - agencies	14,550,104	-	14,550,104	-
Residential mortgage-backed securities - private	522,151	-	-	522,151
Other debt securities	294,185	-	265,772	28,413
Common stock of The Coca-Cola Company	1,358,100	1,358,100	-	-
Other equity securities	1,448,415	141	588,495	859,779
Total securities available for sale	19,696,537	1,485,364	16,721,568	1,489,605
Loans held for sale	2,424,432	-	1,936,987	487,445
Loans	270,342	-	-	270,342
Other assets [1]	109,600	775	35,231	73,594
Liabilities				
Brokered deposits	587,486	-	587,486	-
Trading liabilities	3,240,784	440,436	2,800,348	-
Other short-term borrowings	399,611	-	399,611	-
Long-term debt	7,155,684	-	3,659,423	3,496,261
Other liabilities [1]	72,911	-	71,738	1,173

[1] This amount includes IRLCs and derivative financial instruments entered into by the Household Lending line of business to hedge its interest rate risk.

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Notes to Consolidated Financial Statements (Unaudited)-Continued

(Dollars in thousands)	Fair Value Gain/(Loss) for the Three Months Ended June 30, 2008, for Items Measured at Fair Value Pursuant to Election of the Fair Value Option			Fair Value Gain/(Loss) for the Six Months Ended June 30, 2008, for Items Measured at Fair Value Pursuant to Election of the Fair Value Option		
Assets	Trading Account Profits and Commissions	Mortgage Production Related Income	Total Changes in Fair Values Included in Current-Period Earnings[1]	Trading Account Profits and Commissions	Mortgage Production Related Income	Total Changes in Fair Values Included in Current-Period Earnings[1]
Trading assets	$4,392	$-	$4,392	$834	$-	$834
Loans held for sale	-	44,886 [2]	44,886	-	117,985 [2]	117,985
Loans	-	(4,620)	(4,620)	-	(13,704)	(13,704)
Liabilities						
Brokered deposits	15,832	-	15,832	12,242	-	12,242
Long-term debt	177,304	-	177,304	163,754	-	163,754

[1] Changes in fair value for the three and six months ended June 30, 2008 exclude accrued interest for the period then ended. Interest income or interest expense on trading assets, loans, loans held for sale, brokered deposits and long-term debt that have been elected to be carried at fair value under the provisions of SFAS No. 159 or SFAS No. 155 are recorded in interest income or interest expense in the Consolidated Statements of Income/(Loss) based on their contractual coupons. Certain trading assets do not have a contractually stated coupon and, for these securities, the Company records interest income based on the effective yield calculated upon acquisition of those securities.

[2] For the three and six months ended June 30, 2008, these amounts include $139.8 million and $287.5 million, respectively, related to MSR assets recognized upon the sale of the loans. These amounts exclude $6.2 million and $10.7 million for the three and six months ended June 30, 2008, respectively, of MSRs recognized upon sale of loans reported at the lower of cost or market value. These MSRs are excluded from the table because neither the loans nor the related MSRs were reported at fair value on a recurring basis.

The following table presents the change in carrying value of those assets measured at fair value on a non-recurring basis, for which impairment was recognized in the current period. The table does not reflect the change in fair value attributable to any related economic hedges the Company may have used to mitigate the interest rate risk associated with loans held for sale and MSRs, nor does it include information related to the goodwill impairment charge recorded during the six months ended June 30, 2009 which is discussed in Note 6, Goodwill and Other Intangible Assets , to the Consolidated Financial Statements. The Company s economic hedging activities for loans held for sale are deployed at the portfolio level.

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Notes to Consolidated Financial Statements (Unaudited)-Continued

(Dollars in thousands)	Net Carrying Value	Fair Value Measurement at June 30, 2009, Using: Quoted Prices In Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Valuation Allowance
Loans Held for Sale [1]	**$1,091,763**	**$-**	**$965,974**	**$125,789**	**($60,502)**
MSRs [2]	**68,094**	**-**	**-**	**68,094**	**(17,671)**
OREO [3]	**588,922**	**-**	**588,922**	**-**	**(67,570)**
Affordable Housing [3]	**7,486**	**-**	**-**	**7,486**	**-**
Loans [4]	**56,466**	**-**	**56,466**	**-**	**(7,869)**
Other Assets [5]	**85,317**	**-**	**-**	**85,317**	**-**

[1] These balances are measured at the lower of cost or market in accordance with SFAS No. 65 and SOP 01-6.

[2] These balances are measured at fair value on a non-recurring basis in accordance with SFAS No. 140, as amended. MSRs are stratified for the purpose of impairment testing with impaired amounts presented herein.

[3] These balances are measured at fair value on a non-recurring basis in accordance with SFAS No. 144. Affordable housing was impacted by a $0.9 million impairment charge recorded during the six months ended June 30, 2009.

[4] These balances are measured at fair value on a non-recurring basis using the fair value of the underlying collateral as described in SFAS No. 114.

[5] These balances are measured at fair value on a non-recurring basis in accordance with APB No. 18 and SFAS No. 144. These assets include equity partner investments, structured leasing products and other repossessed assets. These assets were impacted by $34.0 million in impairment charges recorded during the six months ended June 30, 2009.

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Notes to Consolidated Financial Statements (Unaudited)-Continued

		Fair Value Measurement at December 31, 2008, Using			
(Dollars in thousands)	Net Carrying Value	Quoted Prices In Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Valuation Allowance
Loans Held for Sale [1]	$839,758	-	$738,068	$101,690	($68,154)
MSRs [2]	794,783	-	-	794,783	(370,000)
OREO [3]	500,481	-	500,481	-	(54,450)
Affordable Housing [3]	471,156	-	-	471,156	-
Loans [4]	178,692	-	178,692	-	(34,105)
Other Assets [5]	45,724	-	-	45,724	-
Other Intangible Assets [6]	17,298	-	-	17,298	-

[1] These balances are measured at the lower of cost or market in accordance with SFAS No. 65 and SOP 01-6.

[2] These balances are measured at fair value on a non-recurring basis in accordance with SFAS No. 140, as amended. MSRs are stratified for the purpose of impairment testing with impaired amounts presented herein.

[3] These balances are measured at fair value on a non-recurring basis in accordance with SFAS No. 144. Affordable housing was impacted by a $19.9 million impairment charge recorded during the year ended December 31, 2008.

[4] These balances are measured at fair value on a non-recurring basis using the fair value of the underlying collateral as described in SFAS No. 114 and were impacted by a $34.1 million impairment charge recorded during the year ended December 31, 2008.

[5] These balances are measured at fair value on a non-recurring basis in accordance with APB No. 18 and were impacted by a $27.2 million impairment charge recorded during the year ended December 31, 2008.

[6] These balances are measured at fair value on a non-recurring basis in accordance with SFAS No. 142 and SFAS No. 144 and were impacted by a $45.0 million impairment charge recorded during the second quarter of 2008.

The following tables show a reconciliation of the beginning and ending balances for fair valued assets and liabilities measured on a recurring basis using significant unobservable inputs (other than MSRs which are disclosed in Note 6, Goodwill and Other Intangible Assets , to the Consolidated Financial Statements):

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Notes to Consolidated Financial Statements (Unaudited)-Continued

(Dollars in thousands)	Beginning balance April 1, 2009	Included in earnings	Other comprehensive income	Purchases, sales, issuances, settlements, maturities paydowns, net	Transfers to/from other balance sheet line items	Level 3 transfers, net	Fair value June 30, 2009	Change in unrealized gains/ (losses) included in earnings for the three months ended June 30, 2009 related to financial assets still held at June 30, 2009
	Fair Value Measurements Using Significant Unobservable Inputs							
Assets								
Trading assets								
U.S. Treasury and federal agencies	**592,922**	**(2,798)** [1]	**-**	**(129,239)**	**-**	**(460,885)**	**-**	**-** [1]
U.S. states and political subdivisions	**7,401**	**-** [1,5]	**-**	**-**	**-**	**-**	**7,401**	**-** [1]
Corporate debt securities	**6,650**	**2,800** [1]	**-**	**(9,450)**	**-**	**-**	**-**	**-** [1]
Commercial paper	**-**	**-** [1]	**-**	**2,412,408**	**-**	**-**	**2,412,408**	**-** [1]
Residential mortgage-backed securities - private	**26,221**	**2,493** [1]	**-**	**(7,574)**	**-**	**-**	**21,140**	**(488)** [1]
Collateralized debt obligations	**246,423**	**4,805** [1, 5]	**-**	**(19,161)**	**-**	**-**	**232,067**	**4,601** [1]
Other debt securities	**23,722**	**231** [1, 5]	**-**	**(400)**	**-**	**-**	**23,553**	**-** [1]
Equity securities	**170,694**	**3,247** [1, 5]	**-**	**(10,591)**	**-**	**-**	**163,350**	**1,856** [1]
Derivative contracts	**259,529**	**4,136** [1]	**(142,501)** [6]	**-**	**-**	**-**	**121,164**	**-** [1]
Other	**42,660**	**(1,726)** [1]	**-**	**(2,030)**	**-**	**(24,813)**	**14,091**	**(336)** [1]
Total trading assets	**1,376,222**	**13,188** [1, 5]	**(142,501)**	**2,233,963**	**-**	**(485,698)**	**2,995,174**	**5,633** [1]
Securities available for sale								
U.S. states and political subdivisions	**140,527**	**80** [2, 5]	**(920)**	**(3,045)**	**-**	**-**	**136,642**	**-** [2]
Residential mortgage-backed securities - private	**474,885**	**(5,527)** [2]	**6,905**	**(36,343)**	**-**	**-**	**439,920**	**(5,527)** [2]
Other debt securities	**63,487**	**198** [2, 5]	**946**	**(1,266)**	**-**	**-**	**63,365**	**-** [2]
Other equity securities	**704,847**	**(212)** [2]	**(261)**	**450**	**-**	**-**	**704,824**	**(212)** [2]
Total securities available for sale	**1,383,746**	**(5,461)** [2, 5]	**6,670**	**(40,204)**	**-**	**-**	**1,344,751**	**(5,739)** [2]
Loans held for sale	**452,890**	**656** [3]	**-**	**(27,516)**	**(274,189)**	**6,140**	**157,981**	**(1,362)** [3]
Loans	**242,193**	**4,488** [4]	**-**	**(17,686)**	**269,215**	**(3,541)**	**494,669**	**(791)** [4]
Other assets/liabilities, net	**106,227**	**66,238** [3]	**-**	**(50,461)**	**(141,284)**	**-**	**(19,280)**	**(19,280)** [3]
Liabilities								
Long-term debt	**(3,352,400)**	**(13,249)** [1]	**-**	**-**	**-**	**3,365,649**	**-**	**(13,249)** [1]

	Beginning balance January 1, 2009	Included in earnings	Other comprehensive income	Purchases, sales,	Transfers to/from other	Level 3 transfers, net	Fair value June 30, 2009	Change in unrealized gains/ (losses) included in earnings

					issuances, settlements, maturities paydowns, net	balance sheet line items			for the six months ended June 30, 2009 related to financial assets still held at June 30, 2009	
Assets										
Trading assets										
U.S. Treasury and federal agencies	**645,260**	**(4,863)**	1	**-**	**(181,153)**	**-**	**(459,244)**	**-**	**-**	1
U.S. states and political subdivisions	**7,326**	**(325)**	1, 5	**-**	**400**	**-**	**-**	**7,401**	**(324)**	1
Corporate debt securities	**6,650**	**2,800**	1	**-**	**(9,450)**	**-**	**-**	**-**	**-**	1
Commercial paper	**-**	**-**	1	**-**	**2,412,408**	**-**	**-**	**2,412,408**	**-**	1
Residential mortgage-backed securities - private	**37,970**	**(60)**	1	**-**	**(16,770)**	**-**	**-**	**21,140**	**(6,530)**	1
Collateralized debt obligations	**261,528**	**(16,854)**	1, 5	**-**	**(12,607)**	**-**	**-**	**232,067**	**(8,583)**	1
Other debt securities	**22,945**	**(12)**	1, 5	**-**	**620**	**-**	**-**	**23,553**	**(293)**	1
Equity securities	**101,964**	**4,540**	1, 5	**-**	**56,846**	**-**	**-**	**163,350**	**1,856**	1
Derivative contracts	**249,547**	**4,136**	1	**(132,519)**[6]	**-**	**-**	**-**	**121,164**	**-**	1
Other	**58,195**	**(15,673)**	1	**-**	**(1,976)**	**-**	**(26,455)**	**14,091**	**2,706**	1
Total trading assets	**1,391,385**	**(26,311)**	1, 5	**(132,519)**	**2,248,318**	**-**	**(485,699)**	**2,995,174**	**(11,168)**	1
Securities available for sale										
U.S. states and political subdivisions	**79,262**	**5,525**	2, 5	**(3,111)**	**51,830**	**-**	**3,136**	**136,642**	**-**	2
Residential mortgage-backed securities - private	**522,151**	**(6,248)**	2	**(15,084)**	**(60,899)**	**-**	**-**	**439,920**	**(6,248)**	2
Other debt securities	**28,413**	**248**	2, 5	**946**	**33,758**	**-**	**-**	**63,365**	**-**	2
Other equity securities	**859,779**	**(212)**	2	**(4,351)**	**(150,392)**	**-**	**-**	**704,824**	**(212)**	2
Total securities available for sale	**1,489,605**	**(687)**	2, 5	**(21,600)**	**(125,703)**	**-**	**3,136**	**1,344,751**	**(6,460)**	2
Loans held for sale	**487,445**	**(3,469)**	3	**-**	**(62,843)**	**(275,288)**	**12,136**	**157,981**	**(10,074)**	3
Loans	**270,342**	**1,218**	4	**-**	**(32,594)**	**268,989**	**(13,286)**	**494,669**	**(5,225)**	4
Other assets/liabilities, net	**72,421**	**343,860**	3	**-**	**(50,461)**	**(385,100)**	**-**	**(19,280)**	**(19,280)**	3
Liabilities										
Long-term debt	**(3,496,261)**	**130,612**	1	**-**	**-**	**-**	**3,365,649**	**-**	**130,612**	1

[1] Amounts included in earnings are recorded in trading account profits and commissions.

[2] Amounts included in earnings are recorded in net securities gains/(losses).

[3] Amounts included in earnings are recorded in mortgage production related income.

[4] Amounts are generally included in mortgage production related income except $1.4 million and $3.2 million for the three and six month periods ended June 30, 2009, respectively, related to loans acquired in the GB&T acquisition. The mark on these loans is included in trading account profits and commissions.

[5] Amounts included in earnings do not include losses accrued as a result of the auction rate securities settlement discussed in Note 16, Contingencies, to the Consolidated Financial Statements.

[6] Amount recorded in other comprehensive income is the effective portion of the cash flow hedges related to the Company s forward sale of its shares of the Coca-Cola Company stock as discussed in Note 12, Derivative Financial Instruments, to the Consolidated Financial Statements.

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Notes to Consolidated Financial Statements (Unaudited)-Continued

(Dollars in thousands)	Fair Value Measurements Using Significant Unobservable Inputs Trading Assets	Securities Available for Sale	Loans Held for Sale	Loans
Beginning balance April 1, 2008	1,750,590	1,190,106	513,853	282,760
Total gains/(losses) (realized/unrealized):				
Included in earnings	(341) [1]	(699) [2]	(3,566) [3]	(4,620) [3]
Included in other comprehensive income	-	(1,247)	-	-
Purchases and issuances	-	17,214	-	112,026
Settlements	-	(40,845)	-	-
Sales	(635,954)	(116,555)	(3,738)	-
Paydowns and maturities	(234,143)	(61,381)	(37,369)	(15,318)
Loan foreclosures transferred to other real estate owned	-	-	-	(22,504)
Transfers into Level 3, net	-	-	6,823	-
Ending balance June 30, 2008	880,152	986,593	476,003	352,344
Beginning balance January 1, 2008	2,950,145	869,707	481,327	220,784
Total gains/(losses) (realized/unrealized):				
Included in earnings	(248,857) [1]	(64,774) [2]	(17,363) [3]	(14,019) [3]
Included in other comprehensive income	-	30,858	-	-
Purchases and issuances	43,950	17,214	-	112,026
Settlements	-	(40,845)	-	-
Sales	(1,160,037)	(116,555)	(3,738)	-
Paydowns and maturities	(731,844)	(106,558)	(69,164)	(23,849)
Transfers from loans held for sale to loans held in portfolio	-	-	(79,906)	79,906
Loan foreclosures transferred to other real estate owned	-	-	-	(22,504)
Transfers into Level 3, net	26,795	397,546	164,847	-
Ending balance June 30, 2008	$880,152	$986,593	$476,003	$352,344
The amount of total gains/(losses) for the three months ended June 30, 2008 included in earnings attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2008	($36,623) [1]	($7,414) [2]	($4,023) [3]	($4,620) [3]
The amount of total gains/(losses) for the six months ended June 30, 2008 included in earnings attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2008	($179,141) [1]	($32,836) [2]	($17,453) [3]	($14,019) [3]

[1] Amounts included in earnings are recorded in trading account profits and commissions.
[2] Amounts included in earnings are recorded in net securities gains/(losses).
[3] Amounts included in earnings are recorded in mortgage production related income.

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Notes to Consolidated Financial Statements (Unaudited)-Continued

The following tables show a reconciliation of the beginning and ending balances during 2008 for fair valued other assets/(liabilities), which are IRLCs on residential mortgage loans held for sale, measured using significant unobservable inputs:

(Dollars in thousands)	Other Assets/ (Liabilities), net
Beginning balance April 1, 2008	$26,350
Included in earnings: [1]	
Issuances (inception value)	117,647
Fair value changes	(58,910)
Expirations	(30,616)
Settlements of IRLCs and transfers into closed loans	(45,500)
Ending balance June 30, 2008 [2]	$8,971
Beginning balance January 1, 2008	($19,603)
Included in earnings: [1]	
Issuances (inception value)	241,595
Fair value changes	(86,690)
Expirations	(56,767)
Settlements of IRLCs and transfers into closed loans	(69,564)
Ending balance June 30, 2008 [2]	$8,971

[1] Amounts included in earnings are recorded in mortgage production related income.

[2] The amount of total gains/(losses) for the period included in earnings attributable to the change in unrealized gains or losses relating to IRLCs still held at June 30, 2008.

The following tables present the difference between the aggregate fair value and the aggregate unpaid principal balance of certain trading assets, loans, loans held for sale, brokered deposits and long-term debt instruments for which the fair value option has been elected. For loans and loans held for sale for which the fair value option has been elected, the tables also include the difference between aggregate fair value and the aggregate unpaid principal balance of loans that are 90 days or more past due, as well as loans in nonaccrual status.

(Dollars in thousands)	Aggregate Fair Value June 30, 2009	Aggregate Unpaid Principal Balance under FVO June 30, 2009	Fair value over/(under) unpaid principal
Trading assets	**$240,646**	**$238,057**	**$2,589**
Loans	**434,366**	**502,204**	**(67,838)**
Past due loans of 90 days or more	**4,860**	**7,173**	**(2,313)**
Nonaccrual loans	**55,443**	**92,435**	**(36,992)**
Loans held for sale	**6,573,127**	**6,562,883**	**10,244**
Past due loans of 90 days or more	**1,817**	**2,496**	**(679)**
Nonaccrual loans	**29,368**	**49,824**	**(20,457)**
Brokered deposits	**1,093,017**	**1,180,962**	**(87,945)**
Long-term debt	**3,365,649**	**3,613,085**	**(247,436)**

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Notes to Consolidated Financial Statements (Unaudited)-Continued

(Dollars in thousands)	Aggregate Fair Value December 31, 2008	Aggregate Unpaid Principal Balance under FVO December 31, 2008	Fair value over/(under) unpaid principal
Trading assets	$852,300	$861,239	($8,939)
Loans	222,221	247,098	(24,877)
Past due loans of 90 days or more	2,018	2,906	(888)
Nonaccrual loans	46,103	81,618	(35,515)
Loans held for sale	2,392,286	2,408,392	(16,106)
Past due loans of 90 days or more	4,663	7,222	(2,559)
Nonaccrual loans	27,483	47,228	(19,745)
Brokered deposits	587,486	627,737	(40,251)
Long-term debt	7,155,684	6,963,085	192,599

Fair Value of Financial Instruments

The carrying amounts and fair values of the Company s financial instruments at June 30, 2009 and December 31, 2008 were as follows:

	2009			2008		
(Dollars in thousands)	**Carrying Amount**	**Fair Value**		Carrying Amount	Fair Value	
Financial assets						
Cash and cash equivalents	**$3,257,684**	**$3,257,684**	(a)	$6,637,402	$6,637,402	(a)
Trading assets	**7,739,197**	**7,739,197**	(b)	10,396,269	10,396,269	(b)
Securities available for sale	**19,465,291**	**19,465,291**	(b)	19,696,537	19,696,537	(b)
Loans held for sale	**8,031,114**	**8,040,796**	(c)	4,032,128	4,032,128	(c)
Total loans	**122,816,176**	**122,816,176**		126,998,443	126,998,443	
Interest/credit adjustment	**(2,896,000)**	**(6,170,488)**		(2,350,996)	(4,369,121)	
Subtotal	**119,920,176**	**116,645,688**	(d)	124,647,447	122,629,322	(d)
Market risk/liquidity adjustment	**-**	**(10,299,890)**		-	(11,731,290)	
Loans, net	**$119,920,176**	**$106,345,798**	(d)	$124,647,447	$110,898,032	(d)
Financial liabilities						
Consumer and commercial deposits	**$113,746,347**	**$114,184,657**	(e)	$105,275,707	$105,770,657	(e)
Brokered deposits	**4,519,752**	**4,563,471**	(f)	7,667,167	7,586,427	(f)
Foreign deposits	**535,372**	**535,372**	(f)	385,510	385,510	(f)
Short-term borrowings	**8,075,272**	**8,063,062**	(f)	9,479,750	9,479,750	(f)
Long-term debt	**18,842,460**	**17,628,293**	(f)	26,812,381	25,878,644	(f)
Trading liabilities	**2,348,851**	**2,348,851**	(b)	3,240,784	3,240,784	(b)

The following methods and assumptions were used by the Company in estimating the fair value of financial instruments. See Level 3 Instruments in this footnote for a more detailed discussion of the methods and assumptions used to value the Company s Level 3 instruments:

(a) Cash and cash equivalents are valued at their carrying amounts reported in the balance sheet, which are reasonable estimates of fair value due to the relatively short period to maturity of the instruments.

(b) Securities available for sale, trading assets, and trading liabilities are generally valued based on quoted market prices or, if quoted market prices are not available, on quoted market prices of similar instruments. In instances when significant valuation assumptions are not readily observable in the market, instruments are valued based on the best available data in order to approximate fair value. This data may be internally-developed and considers risk premiums that a market participant would require under then-current market conditions.

(c) Loans held for sale are generally valued based on observable current market prices or, if quoted market prices are not available, on quoted market prices of similar instruments. In instances when significant valuation assumptions are not readily observable in the market, instruments are valued based on the best available data in order to approximate fair value. This data may be internally-developed and considers risk premiums that a market participant would require under then-current market conditions.

Notes to Consolidated Financial Statements (Unaudited)-Continued

(d) Loan fair values are based on a hypothetical exit price, which does not represent the estimated intrinsic value of the loan if held for investment. The assumptions used are expected to approximate those that a market participant purchasing the loans would use to value the loans, including a market risk premium and liquidity discount. Estimating the fair value of the loan portfolio when loan sales and trading markets are illiquid, or for certain loan types, nonexistent, requires significant judgment. Therefore, the estimated fair value can vary significantly depending on a market participant s ultimate considerations and assumptions. The final value yields a market participant s expected return on investment that is indicative of the current distressed market conditions, but it does not take into consideration the Company s estimated value from continuing to hold these loans or its lack of willingness to transact at these estimated values.

The Company estimated fair value based on estimated future cash flows discounted, initially, at current origination rates for loans with similar terms and credit quality, which derived an estimated value of approximately 97% and 98% on the loan portfolio s net carrying value as of June 30, 2009 and December 31, 2008, respectively. The value derived from origination rates likely does not represent an exit price due to the current distressed market conditions; therefore, an incremental market risk and liquidity discount, was subtracted from the initial value to reflect the illiquid and distressed market conditions as of June 30, 2009 and December 31, 2008, respectively. The discounted value is a function of a market participant s required yield in the current environment and is not a reflection of the expected cumulative losses on the loans. Loan prepayments are used to adjust future cash flows based on historical experience and prepayment model forecasts. The carrying amount of accrued interest approximates its fair value. The value of long-term customer relationships is not permitted under U.S. GAAP to be included in the estimated fair value.

(e) Deposit liabilities with no defined maturity such as demand deposits, NOW/money market accounts, and savings accounts have a fair value equal to the amount payable on demand at the reporting date, i.e., their carrying amounts. Fair values for certificates of deposit are estimated using a discounted cash flow calculation that applies current interest rates to a schedule of aggregated expected maturities. The assumptions used in the discounted cash flow analysis are expected to approximate those that market participants would use in valuing deposits. The value of long-term relationships with depositors is not taken into account in estimating fair values.

(f) Fair values for foreign deposits, brokered deposits, short-term borrowings, and long-term debt are based on quoted market prices for similar instruments or estimated using discounted cash flow analysis and the Company s current incremental borrowing rates for similar types of instruments.

Note 16 Contingencies

The Company and its subsidiaries are parties to numerous claims and lawsuits arising in the course of their normal business activities, some of which involve claims for substantial amounts. The Company s experience has shown that the damages often alleged by plaintiffs or claimants are grossly overstated, unsubstantiated by legal theory, and bear no relation to the ultimate award that a court might grant. In addition, valid legal defenses, such as statutes of limitations, frequently result in judicial findings of no liability by the Company. Because of these factors, the Company cannot provide a meaningful estimate of the range of reasonably possible outcomes of claims in the aggregate or by individual claim. However, it is the opinion of management that liabilities arising from these claims in excess of the amounts currently accrued, if any, will not have a material impact to the Company s financial condition or results of operations.

In September 2008, STRH and STIS entered into an agreement in principle with the Financial Industry Regulatory Authority (FINRA) related to the sales and brokering of ARS by STRH and STIS regardless whether any claims have been asserted by the investor. This agreement is non-binding and is subject to the negotiation of a final settlement. At this time there is no final settlement with FINRA, and FINRA has resumed its investigation. Notwithstanding that fact, the Company announced in November 2008 that it would move forward with ARS purchases from essentially the same categories of investors who would have been covered by the original term sheet with FINRA. Additionally, the Company has elected to purchase ARS from certain other investors not addressed by the agreement. The total par amount of ARS the Company expects to purchase as of June 30, 2009 is approximately $729 million. As of June 30, 2009, the Company has repurchased approximately 72% of the securities it intends to repurchase. The fair value of ARS purchased pursuant to the pending settlement is approximately $196.0 million and $133.1 million in trading securities and $141.9 million and $48.2 million in available for sale securities, at June 30, 2009 and December 31, 2008, respectively. The Company has reserved for the remaining probable loss pursuant to the provisions of SFAS No. 5 that could be reasonably estimated to be approximately $51.4 million and $99.4 million at June 30, 2009 and December 31, 2008, respectively. The remaining loss amount represents the difference between the par amount and the estimated fair value of the remaining ARS that the Company believes it will likely purchase from investors. This amount may change by the movement in fair market value of the underlying investment

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and therefore, can be impacted by changes in the performances of the underlying obligor or collateral as well as general market conditions. The total gain relating to the ARS agreements recognized during the six months ended June 30, 2009 was approximately $6.1 million, compared to a loss recognized during the year ended December 31, 2008 of $177.3 million. These amounts are comprised of trading gains or losses on probable future purchases, trading losses on ARS classified as trading securities that were purchased from investors, securities gains on calls and redemptions of available for sale securities that were purchased from investors, and estimated fines levied against STRH and STIS by various federal and state agencies. Due to the pass-through nature of these security purchases, the economic loss has been included in the Corporate Other and Treasury segment.

Note 17 - Business Segment Reporting

The Company has four business segments used to measure business activities: Retail and Commercial, Corporate and Investment Banking, Household Lending, and Wealth and Investment Management with the remainder in Corporate Other and Treasury. Beginning in 2009, the segment reporting structure was adjusted in the following ways:

1. Consumer Lending was combined with Mortgage to create Household Lending. Consumer Lending, which includes student lending, indirect auto, and other specialty consumer lending units, was previously a part of Retail and Commercial. This change will enable the Company to provide a strategic framework for all consumer lending products and will also create operational efficiencies.

2. Commercial Real Estate is now a part of Retail and Commercial as Commercial and Commercial Real Estate clients have similar needs due to their comparable size and because the management structure is geographically based. Previously, Commercial Real Estate was combined with Corporate and Investment Banking in Wholesale Banking.

Retail and Commercial Banking serves consumers, businesses with up to $100 million in annual revenue, government/not-for-profit enterprises, and includes Commercial Real Estate which serves commercial and residential developers and investors. This business segment also provides services for the clients of our other businesses. Clients are serviced through an extensive network of traditional and in-store branches, ATMs, the internet and the telephone.

Corporate and Investment Banking serves clients in the large and middle corporate markets. The Corporate Banking Group generally serves clients with greater than $750 million in annual revenue and is focused on selected industry sectors: consumer and retail, diversified, energy, financial services, technology, and healthcare. The Middle Market Group generally serves clients with annual revenue ranging from $100 million to $750 million and is more geographically focused. Through SunTrust Robinson Humphrey, Corporate and Investment Banking provides an extensive range of investment banking products and services to its clients, including strategic advice, capital raising, and financial risk management. These investment banking products and services are also provided to Commercial and Wealth & Investment Management clients. In addition, Corporate and Investment Banking offers traditional lending, leasing, treasury management services, and institutional investment management to its clients.

Household Lending offers residential mortgages, home equity lines and loans, indirect auto, student, bank card and other consumer loan products. Loans are originated through the Company s extensive network of traditional and in-store retail branches, via the internet (www.suntrust.com), and by phone (1-800-SUNTRUST). Residential mortgage loans are also originated nationally through the Company s wholesale and correspondent channels. These products are either sold in the secondary market primarily with servicing rights retained or held in the Company s loan portfolio. The line of business services loans for itself, for other SunTrust lines of business, and for other investors, and operates a tax service subsidiary (ValuTree Real Estate Services, LLC).

Wealth and Investment Management provides a full array of wealth management products and professional services to both individual and institutional clients. Wealth and Investment Management s primary businesses include Private Wealth Management (PWM) (brokerage and individual wealth management), GenSpring Family Offices LLC (GenSpring), Institutional Investment Solutions (IIS), and RidgeWorth.

In addition, the Company reports Corporate Other and Treasury, which includes the investment securities portfolio, long-term debt, end user derivative instruments, short-term liquidity and funding activities, balance sheet risk management, and most real estate assets. Other components include Enterprise Information Services, which is the primary data processing and operations group; the Corporate Real Estate group, Marketing, SunTrust Online, Human Resources, Finance, Corporate Risk Management, Legal and Compliance, Branch Operations, Corporate Strategies, Procurement, and Executive Management. Finally, Corporate Other and Treasury also includes Trustee Management, which provides treasury management and deposit services to bankruptcy trustees.

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Because the business segment results are presented based on management accounting practices, the transition to the consolidated results, which are prepared under U.S. GAAP, creates certain differences which are reflected in Reconciling Items.

For business segment reporting purposes, the basis of presentation in the accompanying discussion includes the following:

Net interest income All net interest income is presented on a fully taxable-equivalent basis. The revenue gross-up has been applied to tax-exempt loans and investments to make them comparable to other taxable products. The segments have also been matched maturity funds transfer priced, generating credits or charges based on the economic value or cost created by the assets and liabilities of each segment. The mismatch between funds credits and funds charges at the segment level resides in Reconciling Items. The change in the matched maturity funds mismatch is generally attributable to the corporate balance sheet management strategies.

Provision for loan losses - Represents net charge-offs by segment. The difference between the segment net charge-offs and the consolidated provision for loan losses is reported in Reconciling Items.

Provision for income taxes - Calculated using a nominal income tax rate for each segment. This calculation includes the impact of various income adjustments, such as the reversal of the fully taxable-equivalent gross up on tax-exempt assets, tax adjustments, and credits that are unique to each business segment. The difference between the calculated provision for income taxes at the segment level and the consolidated provision for income taxes is reported in Reconciling Items.

The Company continues to augment its internal management reporting methodologies. Currently, the segment s financial performance is comprised of direct financial results as well as various allocations that for internal management reporting purposes provide an enhanced view of analyzing the segment s financial performance. The internal allocations include the following:

Operational Costs Expenses are charged to the segments based on various statistical volumes multiplied by activity based cost rates. As a result of the activity based costing process, planned residual expenses are also allocated to the segments. The recoveries for the majority of these costs are in the Corporate Other and Treasury segment.

Support and Overhead Costs Expenses not directly attributable to a specific segment are allocated based on various drivers (e.g., number of full-time equivalent employees and volume of loans and deposits). The recoveries for these allocations are in Corporate Other and Treasury.

Sales and Referral Credits Segments may compensate another segment for referring or selling certain products. The majority of the revenue resides in the segment where the product is ultimately managed.

The application and development of management reporting methodologies is a dynamic process and is subject to periodic enhancements. The implementation of these enhancements to the internal management reporting methodology may materially affect the results disclosed for each segment with no impact on consolidated results. Whenever significant changes to management reporting methodologies take place, the impact of these changes is quantified and prior period information is reclassified wherever practicable.

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	Three Months Ended June 30, 2009						
(Dollars in thousands)	Retail and Commercial	Corporate and Investment Banking	Household Lending	Wealth and Investment Management	Corporate Other and Treasury	Reconciling Items	Consolidated
Average total assets	$58,029,155	$32,253,683	$52,231,995	$8,983,274	$24,486,225	$496,138	$176,480,470
Average total liabilities	93,321,598	14,553,976	4,431,976	11,281,031	31,032,184	(65,994)	154,554,771
Average total equity	-	-	-	-	-	21,925,699	21,925,699
Net interest income	$582,824	$82,361	$203,287	$73,086	$93,860	$54,239	$1,089,657
Fully taxable-equivalent adjustment (FTE)	9,067	18,812	-	5	3,542	2	31,428
Net interest income (FTE)[1]	591,891	101,173	203,287	73,091	97,402	54,241	1,121,085
Provision for loan losses[2]	262,436	77,468	447,859	12,457	961	161,000	962,181
Net interest income after provision for loan losses	329,455	23,705	(244,572)	60,634	96,441	(106,759)	158,904
Noninterest income	342,297	204,318	304,411	184,585	52,532	(16,468)	1,071,675
Noninterest expense	722,952	130,156	359,595	208,969	122,863	(16,563)	1,527,972
Income/(loss) before provision/(benefit) for income taxes	(51,200)	97,867	(299,756)	36,250	26,110	(106,664)	(297,393)
Provision/(benefit) for income taxes[3]	(38,553)	35,297	(112,970)	13,767	23,349	(38,419)	(117,529)
Net income/(loss) including income attributable to noncontrolling interest	(12,647)	62,570	(186,786)	22,483	2,761	(68,245)	(179,864)
Net income attributable to noncontrolling interest	-	-	1,306	-	2,290	-	3,596
Net income/(loss)	($12,647)	$62,570	($188,092)	$22,483	$471	($68,245)	($183,460)

	Three Months Ended June 30, 2008						
	Retail and Commercial	Corporate and Investment Banking	Household Lending	Wealth and Investment Management	Corporate Other and Treasury	Reconciling Items	Consolidated
Average total assets	$58,764,863	$30,901,406	$56,541,867	$8,952,572	$20,106,646	$281,414	$175,548,768
Average total liabilities	87,375,132	14,832,184	3,004,923	10,112,261	42,158,806	(143,802)	157,339,504
Average total equity	-	-	-	-	-	18,209,264	18,209,264
Net interest income	$637,568	$58,177	$191,657	$80,436	$37,436	$151,442	$1,156,716
Fully taxable-equivalent adjustment (FTE)	8,524	15,236	-	9	4,489	(2)	28,256
Net interest income (FTE)[1]	646,092	73,413	191,657	80,445	41,925	151,440	1,184,972
Provision for loan losses[2]	108,891	319	212,626	2,547	(1,449)	125,093	448,027
Net interest income after provision for loan losses	537,201	73,094	(20,969)	77,898	43,374	26,347	736,945
Noninterest income	362,294	157,807	118,282	268,603	508,863	(2,839)	1,413,010
Noninterest expense	653,547	137,795	298,649	283,293	4,889	(2,831)	1,375,342
	245,948	93,106	(201,336)	63,208	547,348	26,339	774,613

Income/(loss) before provision/(benefit) for income taxes							
Provision/(benefit) for income taxes[3]	70,848	44,184	(80,738)	22,167	168,527	6,072	231,060
Net income/(loss) including income attributable to noncontrolling interest	175,100	48,922	(120,598)	41,041	378,821	20,267	543,553
Net income attributable to noncontrolling interest	1	-	479	462	2,250	(1)	3,191
Net income/(loss)	$175,099	$48,922	($121,077)	$40,579	$376,571	$20,268	$540,362

[1] Net interest income is fully taxable-equivalent and is presented on a matched maturity funds transfer price basis for the line of business.

[2] Provision for loan losses represents net charge-offs for the segments.

[3] Includes regular income tax provision/(benefit) and taxable-equivalent income adjustment reversal.

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	Six Months Ended June 30, 2009						
(Dollars in thousands)	Retail and Commercial	Corporate and Investment Banking	Household Lending	Wealth and Investment Management	Corporate Other and Treasury	Reconciling Items	Consolidated
Average total assets	$58,036,549	$33,522,322	$52,386,526	$8,947,561	$24,170,230	$606,086	$177,669,274
Average total liabilities	91,231,940	14,933,188	4,114,677	10,830,859	34,545,367	(132,339)	155,523,692
Average total equity	-	-	-	-	-	22,145,582	22,145,582
Net interest income	$1,133,874	$159,122	$406,194	$142,863	$184,015	$125,687	$2,151,755
Fully taxable-equivalent adjustment (FTE)	17,860	37,087	-	9	7,330	1	62,287
Net interest income (FTE)[1]	1,151,734	196,209	406,194	142,872	191,345	125,688	2,214,042
Provision for loan losses[2]	481,467	152,538	753,679	22,255	1,337	545,003	1,956,279
Net interest income after provision for loan losses	670,267	43,671	(347,485)	120,617	190,008	(419,315)	257,763
Noninterest income	671,384	363,629	640,362	357,672	180,434	(20,568)	2,192,913
Noninterest expense							