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## SunTrust Bank, Inc. Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first call comes from Brian Foran – Goldman Sachs.

#### Brian Foran – Goldman Sachs

I'm trying to think about your ability to earn your way through this cycle, and I think about it in two ways; first just implicitly the reserve to MPA ratio at 50% and second pre provision earnings in the \$700 million to \$800 million range this quarter versus MPA formation in four and when I say MPA formation, MPA growth plus charge offs in the quarter. I know everyone thinks about that a little different, but in both cases it would seem like 50% is a very important metric, i.e. the severities on problem loans are less than 50%, you're kind of okay because you can just earn your way through this and it will be painful, and if severities are more than 50% then it would be more problematic. So can you give us some data points around what you're seeing in actual dispositions, loan sales, some metrics to get comfortable that severities on the MPA book and the new MPA's that are forming are below 50% and therefore, you can earn your way through this and is that a fair way to think about it?

#### James Wells

First of all as I believe we've talked about in previous quarters, we tried to show our charge off capability and how we're carrying our non performers and how closely those non performers are written down and our ability to continue to sell when we get hold of the properties at the values that we write down to.

A majority of our loans that go on to non performing are secured by real estate either on the commercial side or primarily houses and coming out of construction loans, or they're single family mortgages, so they're well secured. And as you take a look, we provided you with I think a lot of detail on our charge off rates and our carrying rates in those mortgages.

We're primarily secured and with that primary security we don't see charge off rates on the portfolios approaching the 50% rate. So I think your thought process around how much earnings potential we need to have to get through the charge offs is not a bad through process. I think our secured nature of almost all of the assets in the portfolio mitigates much of what your concern would be.

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