

SUNTRUST BANKS INC
Form 10-Q
May 08, 2008
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2008

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)	

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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 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. (Check one):

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

At April 30, 2008, 351,094,884 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 months ended March 31, 2008 are not necessarily indicative of the results that may be expected for the full year 2008.

Table of Contents**Item 1. FINANCIAL STATEMENTS (UNAUDITED)****SunTrust Banks, Inc.****Consolidated Statements of Income**

(Dollars in thousands except per share data) (Unaudited)	For the Three Months Ended March 31	
	2008	2007
Interest Income		
Interest and fees on loans	\$1,854,646	\$1,993,217
Interest and fees on loans held for sale	99,009	173,728
Interest and dividends on securities available for sale		
Taxable interest	152,903	77,379
Tax-exempt interest	11,303	10,732
Dividends ¹	33,925	31,276
Interest on funds sold and securities purchased under agreements to resell	8,947	12,889
Interest on deposits in other banks	247	405
Trading account interest	97,352	228,431
Total interest income	2,258,332	2,528,057
Interest Expense		
Interest on deposits	747,820	955,893
Interest on funds purchased and securities sold under agreements to repurchase	56,949	140,732
Interest on trading liabilities	6,050	4,287
Interest on other short-term borrowings	22,776	21,730
Interest on long-term debt	284,870	240,856
Total interest expense	1,118,465	1,363,498
Net Interest Income	1,139,867	1,164,559
Provision for loan losses	560,022	56,441
Net interest income after provision for loan losses	579,845	1,108,118
Noninterest Income		
Service charges on deposit accounts	211,839	189,035
Trust and investment management income	161,102	174,318
Retail investment services	72,300	63,543
Other charges and fees	127,231	118,137
Net gain on sale or merger of Lighthouse interests	89,390	32,340
Gain on Visa IPO	86,305	-
Mortgage production related income/(loss)	85,549	(8,655)
Mortgage servicing related income	29,098	35,403
Card fees	73,761	64,195
Investment banking income	55,420	50,157
Trading account profits and commissions	28,218	90,201
Net gain on sale/leaseback of premises	37,039	-
Other noninterest income	60,836	70,212
Securities gains/(losses), net	(60,586)	20
Total noninterest income	1,057,502	878,906

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Noninterest Expense		
Employee compensation	584,790	552,369
Employee benefits	130,293	146,631
Outside processing and software	109,165	99,676
Net occupancy expense	86,441	86,257
Marketing and customer development	55,703	45,705
Equipment expense	52,395	49,409
Amortization of intangible assets	20,715	23,542
Net loss on extinguishment of debt	11,723	-
Visa litigation	(39,124)	-
Other noninterest expense	243,043	232,408
Total noninterest expense	1,255,144	1,235,997
Income before provision for income taxes	382,203	751,027
Provision for income taxes	91,648	229,731
Net income	290,555	521,296
Preferred stock dividends	6,977	7,363
Net Income Available to Common Shareholders	\$283,578	\$513,933
Per common share information		
Diluted earnings	\$0.81	\$1.44
Basic earnings	0.82	1.45
Dividends declared	0.77	0.73
Average common shares - diluted	348,072	357,214
Average common shares - basic	346,581	353,448
¹ Includes dividends on common stock of The Coca-Cola Company	\$16,560	\$16,382

See Notes to Consolidated Financial Statements (unaudited).

Table of Contents**SunTrust Banks, Inc.****Consolidated Balance Sheets**

(Dollars in thousands) (Unaudited)	As of	
	March 31 2008	December 31 2007
Assets		
Cash and due from banks	\$3,994,267	\$4,270,917
Interest-bearing deposits in other banks	21,283	24,355
Funds sold and securities purchased under agreements to resell	1,247,495	1,347,329
Cash and cash equivalents	5,263,045	5,642,601
Trading assets	10,932,251	10,518,379
Securities available for sale ¹	15,882,088	16,264,107
Loans held for sale (loans at fair value: \$5,097,410 as of March 31, 2008; \$6,325,160 as of December 31, 2007)	6,977,289	8,851,695
Loans (loans at fair value: \$282,760 as of March 31, 2008; \$220,784 as of December 31, 2007)	123,713,195	122,318,994
Allowance for loan and lease losses	(1,545,340)	(1,282,504)
Net loans	122,167,855	121,036,490
Premises and equipment	1,506,777	1,595,691
Goodwill	6,923,033	6,921,493
Other intangible assets	1,430,268	1,362,995
Customers acceptance liability	17,050	22,418
Other real estate owned	244,906	183,753
Other assets (IRLCs and mortgage derivatives at fair value: \$181,796 as of March 31, 2008; \$69,405 as of December 31, 2007)	7,642,385	7,174,311
Total assets	\$178,986,947	\$179,573,933
Liabilities and Shareholders Equity		
Noninterest-bearing consumer and commercial deposits	\$22,325,750	\$21,083,234
Interest-bearing consumer and commercial deposits	81,106,694	80,786,791
Total consumer and commercial deposits	103,432,444	101,870,025
Brokered deposits (CDs at fair value: \$317,578 as of March 31, 2008; \$234,345 as of December 31, 2007)	11,034,332	11,715,024
Foreign deposits	1,712,504	4,257,601
Total deposits	116,179,280	117,842,650
Funds purchased	3,795,641	3,431,185
Securities sold under agreements to repurchase	5,446,204	5,748,277
Other short-term borrowings	3,061,003	3,021,358
Long-term debt (debt at fair value: \$7,784,744 as of March 31, 2008; \$7,446,980 as of December 31, 2007)	23,602,919	22,956,508
Acceptances outstanding	17,050	22,418
Trading liabilities	2,356,037	2,160,385
Other liabilities (IRLCs and mortgage derivatives at fair value: \$135,385 as of March 31, 2008; \$56,189 as of December 31, 2007)	6,097,365	6,338,634
Total liabilities	160,555,499	161,521,415

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Preferred stock, no par value (liquidation preference of \$100,000 per share)	500,000	500,000
Common stock, \$1.00 par value	370,578	370,578
Additional paid in capital	6,682,828	6,707,293
Retained earnings	10,661,250	10,646,640
Treasury stock, at cost, and other	(1,692,117)	(1,779,142)
Accumulated other comprehensive income, net of tax	1,908,909	1,607,149
Total shareholders' equity	18,431,448	18,052,518
Total liabilities and shareholders' equity	\$178,986,947	\$179,573,933
Common shares outstanding	349,832,264	348,411,163
Common shares authorized	750,000,000	750,000,000
Preferred shares outstanding	5,000	5,000
Preferred shares authorized	50,000,000	50,000,000
Treasury shares of common stock	20,746,134	22,167,235
¹ Includes net unrealized gains on securities available for sale	\$2,835,823	\$2,724,643

See Notes to Consolidated Financial Statements (unaudited).

Table of Contents**SunTrust Banks, Inc.****Consolidated Statements of Shareholders' Equity**

(Dollars and shares in thousands) (Unaudited)	Preferred Stock	Common Shares Outstanding	Common Stock	Additional Paid in Capital	Retained Earnings	Treasury Stock and Other ¹	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2007	\$500,000	354,903	\$370,578	\$6,627,196	\$10,541,152	(\$1,151,269)	\$925,949	\$17,813,606
Net income	-	-	-	-	521,296	-	-	521,296
Other comprehensive income:								
Change in unrealized gains (losses) on derivatives, net of taxes	-	-	-	-	-	-	3,928	3,928
Change in unrealized gains (losses) on securities, net of taxes	-	-	-	-	-	-	(622)	(622)
Change in accumulated other comprehensive income related to employee benefit plans	-	-	-	-	-	-	28,890	28,890
Total comprehensive income								553,492
Common stock dividends, \$0.73 per share	-	-	-	-	(259,797)	-	-	(259,797)
Preferred stock dividends, \$1,472.50 per share	-	-	-	-	(7,363)	-	-	(7,363)
Exercise of stock options and stock compensation element expense	-	1,178	-	(2,887)	-	86,968	-	84,081
Acquisition of treasury stock	-	(616)	-	50,897	-	(50,897)	-	-
Performance and restricted stock activity	-	772	-	10,962	(2,378)	(11,651)	-	(3,067)
Amortization of compensation element of performance and restricted stock	-	-	-	-	-	5,853	-	5,853
Issuance of stock for employee benefit plans	-	262	-	2,566	-	19,413	-	21,979
Adoption of SFAS No. 159	-	-	-	-	(388,604)	-	147,374	(241,230)
Adoption of SFAS No. 157	-	-	-	-	(10,943)	-	-	(10,943)
Adoption of FIN 48	-	-	-	-	(41,844)	-	-	(41,844)
Adoption of FSP FAS 13-2	-	-	-	-	(26,273)	-	-	(26,273)
Pension plan changes and resulting remeasurement	-	-	-	-	-	-	79,707	79,707
Other activity	-	6	-	(74)	-	411	-	337
Balance, March 31, 2007	\$500,000	356,505	\$370,578	\$6,688,660	\$10,325,246	(\$1,101,172)	\$1,185,226	\$17,968,538
Balance, January 1, 2008	\$500,000	348,411	\$370,578	\$6,707,293	\$10,646,640	(\$1,779,142)	\$1,607,149	\$18,052,518
Net income	-	-	-	-	290,555	-	-	290,555
Other comprehensive income:								
Change in unrealized gains (losses) on derivatives, net of taxes	-	-	-	-	-	-	195,653	195,653
Change in unrealized gains (losses) on securities, net of taxes	-	-	-	-	-	-	101,795	101,795
Change in accumulated other comprehensive income related to employee benefit plans	-	-	-	-	-	-	4,312	4,312