

SUNTRUST BANKS INC
Form 10-Q
November 05, 2010
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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 September 30, 2010

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 (State or other jurisdiction)	58-1575035 (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)

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(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 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).

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
Non-accelerated filer

Accelerated filer
Smaller reporting company

(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

At October 28, 2010, 499,959,163 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 U.S. GAAP 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 nine months ended September 30, 2010 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2010.

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GLOSSARY OF DEFINED TERMS

- A&D** Acquisition and development.
- ABS** Asset-backed securities.
- ALCO** Asset/Liability Management Committee.
- ALLL** Allowance for loan and lease losses.
- Alt-A** Alternative A-paper.
- AOCI** Accumulated other comprehensive income.
- AFS** Available for sale.
- ARM** Adjustable rate mortgage.
- ARS** Auction rate securities.
- ASC** FASB Accounting Standard Codification.
- ASU** Accounting Standards Update.
- ATE** Additional termination event.
- ATM** Automated teller machine.
- Bank** SunTrust Bank.
- BCBS** Basel Committee on Banking Supervision.
- Board** The SunTrust Banks, Inc. Board of Directors.
- CDO** Collateralized debt obligations.
- CD** Certificate of deposit.
- CDS** Credit default swaps.
- CIB** Corporate and Investment Banking.
- Class B shares** Visa Inc. Class B common stock.
- CLO** Collateralized loan obligation.
- CMBS** Commercial mortgage-backed securities.
- Coke** The Coca-Cola Company.

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Company SunTrust Banks, Inc. and subsidiaries.

CP Commercial paper.

CPP Capital Purchase Program.

CRE Commercial real estate.

CSA Credit support annex.

CUSIP Committee on Uniform Security Identification Procedures.

DBRS Dun and Bradstreet, Inc.

Dodd-Frank Reform Act The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

EESA The Emergency Economic Stabilization Act of 2008.

EPS Earnings per share.

FASB Financial Accounting Standards Board.

FDIC The Federal Deposit Insurance Corporation.

Federal Reserve The Board of Governors of the Federal Reserve System.

Fed funds Federal funds.

FFELP Federal Family Education Loan Program.

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FFIEC Federal Financial Institutions Examination Council.

FHA Federal Housing Administration.

FHFA Federal Housing Finance Agency.

FHLB Federal Home Loan Bank.

FICO Fair Isaac Corporation.

FINRA Financial Industry Regulatory Authority.

Fitch Fitch Ratings, Ltd.

FTE Fully taxable-equivalent.

FVO Fair value option.

GenSpring GenSpring Family Offices LLC.

GB&T GB&T Bancshares, Inc.

GSE Government-sponsored enterprise.

HUD Department of Housing and Urban Development.

IIS Institutional Investment Solutions.

Inlign Inlign Wealth Management, LLC.

IPO Initial public offering.

IRLC Interest rate lock commitment.

IRS Internal Revenue Service.

ISDA International Swaps and Derivatives Association, Inc.

LCR Liquidity Coverage Ratio.

LHFI Loans held for investment.

LHFI-FV Loans held for investment carried at fair value.

LHFS Loans held for sale.

LIBOR London InterBank Offered Rate.

LOCOM Lower of cost or market.

LTI Long-term incentive.

LTSC Long-term standby commitment.

LTV Loan to value.

MBS Mortgage-backed securities.

MD&A Management's Discussion and Analysis of Financial Condition and Results of Operations.

MMMF Money market mutual fund.

Moody's Moody's Investors Service.

MSR Mortgage servicing right.

MVE Market value of equity.

NOW Negotiable order of withdrawal account.

NPL Nonperforming loan.

NSF Non-sufficient funds.

NSFR Net Stable Funding Ratio.

OCI Other comprehensive income.

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OREO Other real estate owned.

OTC Over-the-counter.

OTTI Other-than-temporary impairment.

Parent Company SunTrust Banks, Inc.

PWM Private Wealth Management.

QSPE Qualifying special purpose entity.

RidgeWorth RidgeWorth Capital Management, Inc.

RMBS Residential mortgage-backed securities.

S&P Standard & Poor's.

SBA Small Business Administration.

SCAP Supervisory Capital Assessment Program.

SEC U.S. Securities and Exchange Commission.

Seix Seix Investment Advisors, Inc.

SEO Senior executive officers.

SIV Structured investment vehicle.

SPE Special purpose entity.

STIIA SunTrust Institutional Investment Advisors LLC.

STIS SunTrust Investment Services, Inc.

STM SunTrust Mortgage, Inc.

STRH SunTrust Robinson Humphrey, Inc.

SunTrust SunTrust Banks, Inc. and subsidiaries.

SunTrust Community Capital SunTrust Community Capital, LLC.

TARP Troubled Asset Relief Program.

TDR Troubled debt restructuring.

The Agreements Equity forward agreements.

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Three Pillars Three Pillars Funding, LLC.

TRS Total return swaps.

Twin Rivers Twin Rivers Insurance Company.

U.S. United States.

U.S. GAAP Generally Accepted Accounting Principles in the United States.

U.S. Treasury The United States Department of the Treasury.

UTB Unrecognized tax benefit.

VA Veterans Administration.

VAR Value at risk.

VI Variable interest.

VIE Variable interest entity.

Visa The Visa, U.S.A. Inc. card association or its affiliates, collectively.

VRDO Variable rate demand obligation.

W&IM Wealth and Investment Management.

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(Dollars and shares in thousands, except per share data) (Unaudited)	For the Three Months Ended		For the Nine Months Ended	
	September 30 2010	2009	September 30 2010	2009
Interest Income				
Interest and fees on loans	\$1,328,917	\$1,370,318	\$3,963,380	\$4,180,248
Interest and fees on loans held for sale	35,451	57,286	101,774	191,524
Interest and dividends on securities available for sale				
Taxable interest	188,866	177,712	532,231	527,573
Tax-exempt interest	7,092	9,660	24,526	30,377
Dividends ¹	19,178	18,620	57,107	54,848
Interest on funds sold and securities purchased under agreements to resell	205	395	730	1,890
Interest on deposits in other banks	6	33	35	209
Trading account interest	23,284	23,498	67,295	93,462
Total interest income	1,602,999	1,657,522	4,747,078	5,080,131
Interest Expense				
Interest on deposits	213,984	334,992	672,228	1,157,768
Interest on funds purchased and securities sold under agreements to repurchase	1,622	1,460	4,234	6,634
Interest on trading liabilities	8,345	4,658	22,621	15,735
Interest on other short-term borrowings	3,254	2,970	9,469	11,718
Interest on long-term debt	138,264	175,984	451,429	599,063
Total interest expense	365,469	520,064	1,159,981	1,790,918
Net interest income	1,237,530	1,137,458	3,587,097	3,289,213
Provision for credit losses	614,931	1,133,929	2,138,604	3,090,208
Net interest income after provision for credit losses	622,599	3,529	1,448,493	199,005
Noninterest Income				
Service charges on deposit accounts	183,915	219,071	587,582	635,689
Card fees	95,867	82,370	277,107	238,535
Other charges and fees	136,881	133,433	399,360	385,553
Trust and investment management income	124,063	118,874	373,372	351,891
Retail investment services	52,104	51,361	147,470	163,474
Mortgage production related income	133,293	28,143	85,902	444,001
Mortgage servicing related income	131,869	60,193	289,917	283,203
Investment banking income	96,216	75,343	210,007	211,915
Trading account profits/(losses) and commissions	(21,568)	(86,866)	79,902	(9,593)
Gain from ownership in Visa	-	-	-	112,102
Other noninterest income	44,964	46,437	118,630	126,024
Net securities gains/(losses) ²	69,341	46,692	127,855	25,170
Total noninterest income	1,046,945	775,051	2,697,104	2,967,964
Noninterest Expense				
Employee compensation	596,881	541,347	1,728,799	1,683,597
Employee benefits	112,020	124,690	354,378	422,201

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Outside processing and software	156,992	146,850	463,459	430,570
Net occupancy expense	91,606	90,445	272,674	265,082
Regulatory assessments	67,224	45,473	196,588	241,621
Credit and collection services	68,960	69,128	208,300	183,315
Other real estate expense	77,359	88,317	209,831	181,725
Equipment expense	44,859	41,616	127,738	128,948
Marketing and customer development	43,233	38,157	121,318	103,146