

SUNTRUST BANKS INC
Form 10-Q
August 07, 2007
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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 June 30, 2007

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)

(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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

Yes

No

At July 31, 2007, 349,294,880 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 generally accepted accounting principles 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 months ended June 30, 2007 are not necessarily indicative of the results that may be expected for the full year 2007.

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

	Three Months Ended		Six Months Ended	
	June 30		June 30	
(In thousands, except per share data)	2007	2006	2007	2006
Interest Income				
Interest and fees on loans	\$1,977,571	\$1,910,834	\$3,970,788	\$3,676,719
Interest and fees on loans held for sale	200,403	163,693	374,131	341,575
Interest and dividends on securities available for sale				
Taxable interest	137,324	263,761	214,703	514,600
Tax-exempt interest	10,701	9,639	21,433	19,078
Dividends ¹	30,388	31,090	61,664	63,337
Interest on funds sold and securities purchased under agreements to resell	13,235	15,199	26,124	27,161
Interest on deposits in other banks	345	318	750	2,736
Trading account interest	173,903	28,553	402,334	56,594
Total interest income	2,543,870	2,423,087	5,071,927	4,701,800
Interest Expense				
Interest on deposits	931,241	844,278	1,887,134	1,549,888
Interest on funds purchased and securities sold under agreements to repurchase	126,614	133,565	267,346	245,773
Interest on other short-term borrowings	32,658	18,033	58,675	43,214
Interest on long-term debt	258,073	258,468	498,929	515,141
Total interest expense	1,348,586	1,254,344	2,712,084	2,354,016
Net Interest Income	1,195,284	1,168,743	2,359,843	2,347,784
Provision for loan losses	104,680	51,759	161,121	85,162
Net interest income after provision for loan losses	1,090,604	1,116,984	2,198,722	2,262,622
Noninterest Income				
Service charges on deposit accounts	196,844	191,645	385,879	377,830
Trust and investment management income	164,620	175,811	338,938	343,900
Retail investment services	71,785	58,441	135,328	113,430
Other charges and fees	118,358	113,948	236,495	226,330
Investment banking income	61,999	60,481	112,156	112,296
Trading account profits and commissions	16,437	46,182	106,638	83,057
Card fees	68,580	61,941	132,775	118,544
Mortgage production related income	64,322	56,579	55,667	119,616
Mortgage servicing related income	45,527	31,401	80,930	76,111
Gain on sale upon merger of Lighthouse Partners	-	-	32,340	-
Other noninterest income	109,738	73,082	179,950	149,799
Net securities gains	236,412	5,858	236,432	5,962
Total noninterest income	1,154,622	875,369	2,033,528	1,726,875
Noninterest Expense				
Employee compensation	608,834	572,984	1,161,203	1,129,514
Employee benefits	101,779	116,089	248,410	264,524
Outside processing and software	100,730	98,447	200,406	193,339
Net occupancy expense	84,650	81,710	170,907	162,754
Equipment expense	53,823	48,107	103,232	97,555
Marketing and customer development	43,326	49,378	89,031	92,024

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Amortization of intangible assets	24,904	25,885	48,446	53,130
Other noninterest expense	233,148	221,493	465,556	447,744
Total noninterest expense	1,251,194	1,214,093	2,487,191	2,440,584
Income before provision for income taxes	994,032	778,260	1,745,059	1,548,913
Provision for income taxes	312,601	234,258	542,332	473,384
Net income	681,431	544,002	1,202,727	1,075,529
Preferred stock dividends	7,519	-	14,882	-
Net Income Available to Common Shareholders	\$673,912	\$544,002	\$1,187,845	\$1,075,529
Net income per average common share				
Diluted	\$1.89	\$1.49	\$3.33	\$2.96
Basic	1.91	1.51	3.37	2.98
Average common shares - diluted	356,008	364,391	356,608	363,917
Average common shares - basic	351,987	361,267	352,713	360,604
¹ Includes dividends on common stock of The Coca-Cola Company	\$14,852	\$14,962	\$31,234	\$29,925
<i>See notes to Consolidated Financial Statements (unaudited).</i>				

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

	As of	
	June 30 2007	December 31 2006
(Dollars in thousands)		
Assets		
Cash and due from banks	\$4,254,430	\$4,235,889
Interest-bearing deposits in other banks	25,991	21,810
Funds sold and securities purchased under agreements to resell	1,143,995	1,050,046
Trading assets	13,044,972	2,777,629
Securities available for sale ¹	14,725,957	25,101,715
Loans held for sale (loans at fair value: \$6,494,602 at June 30, 2007)	12,474,932	11,790,122
Loans	118,787,722	121,454,333
Allowance for loan and lease losses	(1,050,362)	(1,044,521)
Net loans	117,737,360	120,409,812
Premises and equipment	1,930,551	1,977,412
Goodwill	6,897,050	6,889,860
Other intangible assets	1,290,460	1,181,984
Customers' acceptance liability	27,879	15,878
Other assets	6,760,795	6,709,452
Total assets	\$180,314,372	\$182,161,609
Liabilities and Shareholders' Equity		
Noninterest-bearing consumer and commercial deposits	\$22,725,654	\$22,887,176
Interest-bearing consumer and commercial deposits	75,096,318	76,888,712
Total consumer and commercial deposits	97,821,972	99,775,888
Brokered deposits (CDs at fair value: \$282,889 as of June 30, 2007; \$97,370 as of December 31, 2006)	16,659,978	18,150,059
Foreign deposits	8,408,752	6,095,682
Total deposits	122,890,702	124,021,629
Funds purchased	3,405,459	4,867,591
Securities sold under agreements to repurchase	6,081,096	6,950,426
Other short-term borrowings	2,083,518	2,062,636
Long-term debt (debt at fair value: \$6,757,188 as of June 30, 2007)	20,604,933	18,992,905
Acceptances outstanding	27,879	15,878
Trading liabilities	2,156,279	1,634,097
Other liabilities	5,695,653	5,802,841
Total liabilities	162,945,519	164,348,003
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	6,589,387	6,627,196
Retained earnings	10,739,449	10,541,152
Treasury stock, at cost, and other	(1,751,449)	(1,151,269)
Accumulated other comprehensive income	920,888	925,949
Total shareholders' equity	17,368,853	17,813,606

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Total liabilities and shareholders' equity	\$180,314,372	\$182,161,609
Common shares outstanding	349,052,800	354,902,566
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	21,525,598	15,675,832

¹ Includes net unrealized gains on securities available for sale
See notes to Consolidated Financial Statements (unaudited).

\$2,035,623 \$2,103,362

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

(Dollars and shares in thousands)	Preferred Stock	Common Shares Outstanding	Common Stock	Additional Paid in Capital	Retained Earnings	Treasury Stock and Other¹	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2006	\$-	361,984	\$370,578	\$6,761,684	\$9,310,978	(\$493,936)	\$938,091	\$16,887,395
Net income	-	-	-	-	1,075,529	-	-	1,075,529
Other comprehensive income:								
Change in unrealized gains (losses) on derivatives, net of taxes	-	-	-	-	-	-	6,317	6,317
Change in unrealized gains (losses) on securities, net of taxes	-	-	-	-	-	-	(168,712)	(168,712)
Change in accumulated other comprehensive income related to employee benefit plans	-	-	-	-	-	-	824	824
Total comprehensive income	-	-	-	-	-	-	-	913,958
Common stock dividends, \$1.22 per share	-	-	-	-	(443,352)	-	-	(443,352)
Exercise of stock options and stock compensation element expense	-	1,657	-	7,834	-	102,894	-	110,728
Acquisition of treasury stock	-	(1,535)	-	-	-	-	-	-