SUNTRUST BANKS INC

FORM 8-K
(Current report filing)

Filed 03/09/11 for the Period Ending 03/09/11

Address	303 PEACHTREE ST N E ATLANTA, GA 30308
Telephone	4045887711
CIK	0000750556
Symbol	STI
SIC Code	6021 - National Commercial Banks
Industry	Regional Banks
Sector	Financial
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) March 9, 2011

SunTrust Banks, Inc.

(Exact name of registrant as specified in its charter)

Georgia	**001-08918**	**58-1575035**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

303 Peachtree St., N.E., Atlanta, Georgia	**30308**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code **(404) 588-7711**

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01 Regulation FD Disclosure.

SunTrust Banks, Inc. (the “Registrant”, “SunTrust”, or the “Company”) is scheduled to make a presentation at the 2011 Citigroup Financial Services Conference in New York City on Wednesday, March 9, 2010, at 11:15 a.m. (EST). William H. Rogers, Jr., President and Chief Operating Officer, will make SunTrust's presentation. A copy of the slide package to be used at these conferences is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference herein. Such slide package will also be available on the Company’s web site at www.suntrust.com. Information contained on the Company’s website expressly is not incorporated by reference into this Current Report on Form 8-K.

The information in the preceding paragraph, as well as Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”), or otherwise subject to the liabilities of that section. It may only be incorporated by reference into another filing under the Exchange Act or Securities Act of 1933 if such subsequent filing specifically references Section 7.01 of this Current Report on Form 8-K. All information in the slide package speaks as of the date thereof and the Registrant does not assume any obligation to update said information in the future. In addition, the Registrant disclaims any inference regarding the materiality of such information which otherwise may arise as a result of its furnishing such information under Item 7.01 of this report on Form 8-K.

Item 8.01 Other Events.

The Registrant makes the following statements regarding the first quarter of 2011 in the slide package for the above-referenced presentation:

(1) it expects modest net interest margin expansion, due to lower deposit costs and efforts to enhance loan spreads;
(2) it expects average loans and deposits to be relatively stable compared to the prior quarter;
(3) it expects an approximate low double digit percentage decline in core fees compared to the prior quarter due to market sensitive revenue, including (a) investment banking fees down from a record in the fourth quarter of 2010, in part due to the first quarter being seasonally lower, and (b) mortgage production declining primarily due to the impact of rising rates on origination volumes;
(4) first quarter 2011 quarter-to-date securities portfolio repositioning has generated gains similar to recent quarters;
(5) it expects noninterest expense to decline compared to the prior quarter despite a first quarter 2011 seasonal uptick in employee benefits costs;
(6) it expects net charge-offs to be stable to modestly down compared to the prior quarter; and
(7) it expects an ALLL reduction to be similar to that in the prior quarter, subject to normal quarter-end evaluation.

The expectations described above are preliminary in nature and are based upon currently available information, and the line items described can be highly volatile. Accordingly, no assurance can be given that any of the foregoing items of the Registrant's financial results for the completed quarter will be consistent with the trends or expectations described above.

Important Cautionary Statement About Forward-Looking Statements
Each of the foregoing statements is a forward-looking statement. Forward-looking statements are based upon the current beliefs and expectations of management and on information currently available to management. Our statements speak as of the date hereof, and we do not assume any obligation to update these statements or to update the reasons why actual results could differ from those contained in such statements in light of new information or future events.

Forward-looking statements are subject to significant risks and uncertainties. Investors are cautioned against placing undue reliance on such statements. Actual results may differ materially from those set forth in the forward-looking statements. Factors that could cause actual results to differ materially from those described in the forward-looking statements can be found in Item 1A of Part I of our 10-K and in other periodic reports that we file with the SEC. Those factors include: difficult market conditions have adversely affected our industry; concerns over market volatility continue; recently enacted legislation, legislation enacted in the future, and certain proposed federal programs subject us to increased regulation and may adversely affect us; we have not yet received permission to

repay TARP funds; the Dodd-Frank Act makes fundamental changes to the regulation of the financial services industry, some of which may adversely affect our business; SunTrust Bank may be subject to higher deposit insurance assessments; we are subject to capital adequacy and liquidity guidelines and, if we fail to meet these guidelines, our financial condition would be adversely affected; emergency measures designed to stabilize the U.S. banking system are beginning to wind down; we are subject to credit risk; our ALLL may not be adequate to cover our eventual losses; we will realize future losses if the proceeds we receive upon liquidation of nonperforming assets are less than the carrying value of such assets; weakness in the economy and in the real estate market, including specific weakness within our geographic footprint, has adversely affected us and may continue to adversely affect us; weakness in the real estate market, including the secondary residential mortgage loan markets, has adversely affected us and may continue to adversely affect us; we are subject to certain risks from originating, selling, and holding mortgages, including the risk that we may be required to repurchase mortgage loans or indemnify mortgage loan purchasers as a result of breaches of representations and warranties, borrower fraud, or certain borrower defaults, which could harm our liquidity, results of operations, and financial condition; we are subject to risks related to delays in the foreclosure process; we may continue to suffer increased losses in our loan portfolio despite enhancement of our underwriting policies; as a financial services company, adverse changes in general business or economic conditions could have a material adverse effect on our financial condition and results of operations; changes in market interest rates or capital markets could adversely affect our revenue and expense, the value of assets and obligations, and the availability and cost of capital or liquidity; the fiscal and monetary policies of the federal government and its agencies could have a material adverse effect on our earnings; depressed market values for our stock may require us to write down goodwill; clients could pursue alternatives to bank deposits, causing us to lose a relatively inexpensive source of funding; consumers may decide not to use banks to complete their financial transactions, which could affect net income; we have businesses other than banking which subject us to a variety of risks; hurricanes and other natural or man-made disasters may adversely affect loan portfolios and operations and increase the cost of doing business; negative public opinion could damage our reputation and adversely impact business and revenues; the soundness of other financial institutions could adversely affect us; we rely on other companies to provide key components of our business infrastructure; we rely on our systems, employees, and certain counterparties, and certain failures could materially adversely affect our operations; we depend on the accuracy and completeness of information about clients and counterparties; regulation by federal and state agencies could adversely affect the business, revenue, and profit margins; competition in the financial services industry is intense and could result in losing business or margin declines; maintaining or increasing market share depends on market acceptance and regulatory approval of new products and services; we may not pay dividends on your common stock; our ability to receive dividends from our subsidiaries could affect our liquidity and ability to pay dividends; disruptions in our ability to access global capital markets may negatively affect our capital resources and liquidity; any reduction in our credit rating could increase the cost of our funding from the capital markets; we have in the past and may in the future pursue acquisitions, which could affect costs and from which we may not be able to realize anticipated benefits; we are subject to certain litigation, and our expenses related to this litigation may adversely affect our results; we depend on the expertise of key personnel, and if these individuals leave or change their roles without effective replacements, operations may suffer; we may not be able to hire or retain additional qualified personnel and recruiting and compensation costs may increase as a result of turnover, both of which may increase costs and reduce profitability and may adversely impact our ability to implement our business strategy; our accounting policies and processes are critical to how we report our financial condition and results of operations, and require management to make estimates about matters that are uncertain; changes in our accounting policies or in accounting standards could materially affect how we report our financial results and condition; our stock price can be volatile; our disclosure controls and procedures may not prevent or detect all errors or acts of fraud; our financial instruments carried at fair value expose us to certain market risks; our revenues derived from our investment securities may be volatile and subject to a variety of risks; and we may enter into transactions with off-balance sheet affiliates or our subsidiaries.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 Slide package to be presented on March 9, 2011 (furnished with the Commission as a part of this Current Report on Form 8-K).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUNTRUST BANKS, INC.
(Registrant)

Date: March 9, 2011.

By: /s/ David A. Wisniewski
David A. Wisniewski,
Associate General Counsel
and Group Vice President

Exhibit 99.1

SunTrust Banks, Inc.

Citigroup Financial Services Conference

March 9, 2011

William H. Rogers, Jr.

President and Chief Operating Officer

Important Cautionary Statement About Forward-Looking Statements

The following should be read in conjunction with the financial statements, notes and other information contained in the Company ' s 2010 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K.

This presentation includes non-GAAP financial measures to describe SunTrust ' s performance. The reconciliations of those measures to GAAP measures are provided within or in the appendix of this presentation. In this presentation, net interest income and net interest margin are presented on a fully taxable-equivalent (" FTE") basis, and ratios are presented on an annualized basis. The FTE basis adjusts for the tax-favored status of income from certain loans and investments. The Company believes this measure to be the preferred industry measurement of net interest income and provides relevant comparison between taxable and non-taxable amounts.

This presentation contains forward-looking statements. Statements regarding our expectations about first quarter 2011 levels of loan balances, deposits, net interest margin expansion, noninterest income (including investment banking income and mortgage production income, and securities gains), noninterest expense, net charge-offs, ALLL and NPLs are forward-looking statements. Also, any statement that does not describe historical or current facts, is a forward-looking statement. These statements often include the words " believes," " expects," " anticipates," " estimates," " intends," " plans," " goals," " targets," " initiatives," " potentially," " probably," " projects," " outlook " or similar expressions or future conditional verbs such as " may," " will," " should," " would," and " could." Forward-looking statements are based upon the current beliefs and expectations of management and on information currently available to management. Our statements speak as of the date hereof, and we do not assume any obligation to update these statements or to update the reasons why actual results could differ from those contained in such statements in light of new information or future events.

Forward-looking statements are subject to significant risks and uncertainties. Investors are cautioned against placing undue reliance on such statements. Actual results may differ materially from those set forth in the forward-looking statements. Factors that could cause actual results to differ materially from those described in the forward-looking statements can be found in Item 1A of Part I of our 10-K and in other periodic reports that we file with the SEC.

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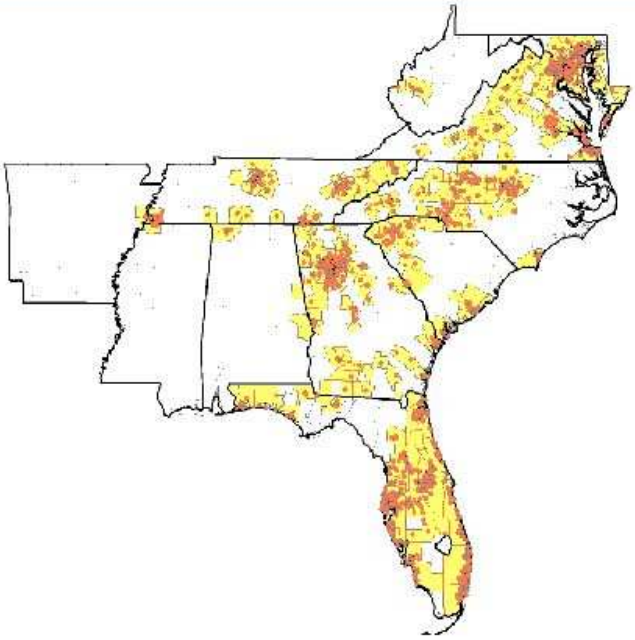
our stock price can be volatile; our disclosure controls and procedures may not prevent or detect all errors or acts of fraud; our financial instruments carried at fair value expose us to certain market risks; our revenues derived from our investment securities may be volatile and subject to a variety of risks; and we may enter into transactions with off-balance sheet affiliates or our subsidiaries.

SunTrust has an attractive footprint and a diverse business mix

Franchise Overview

A Leading Bank with an Attractive Footprint

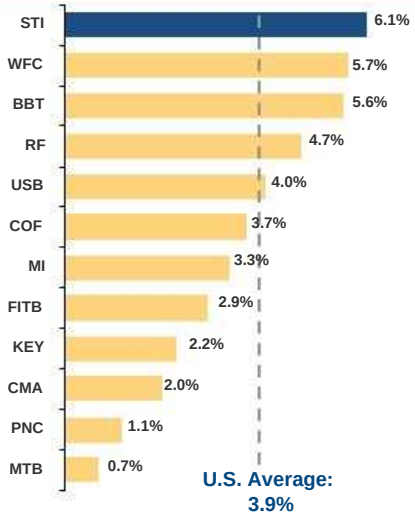
Branch Network



SunTrust has a top 3 deposit market share in 21 of its top 25 MSAs [1]

- Top 25 represents 85% of total MSA deposits
- Top 25 average deposit market share is 14%

Projected Population Growth [2]



Selected Statistics and (U.S. Rank) [3]

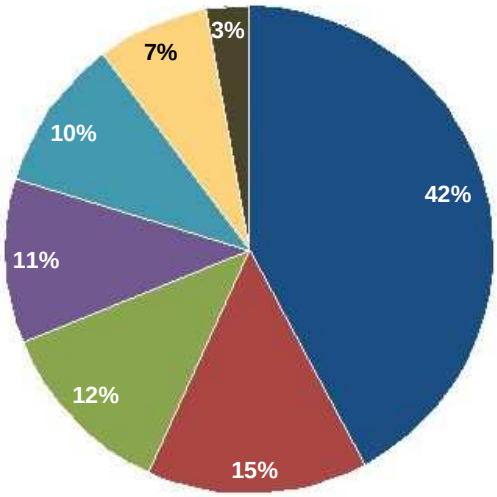
Assets	$172.9B	(8th)
Deposits	$123.0B	(8th)
Branches	1,668	(8th)
ATMs	2,918	(7th)

1. Source: SNL Financial, as of 6/30/2010 based on MSAs.
2. Source: SNL Financial---five-year population growth, 2010-2015, MSA + counties not in any MSA, at 3/1/2011.
3. Source: SNL Financial, as of 12/31/10. Based upon traditional bank holding companies headquartered in the United States.

Diversified Business Mix

Well-diversified Business Mix

2010 Revenue - $8.7B



Retail Banking

Extensive network of traditional and in-store branches. Deposit, lending, and card products offered to consumers and small businesses

Diversified Commercial Banking

Full line of lending, capital markets, financial risk management, commercial card, and treasury and payment solutions

Corporate and Investment Banking

Complete offering of investment banking and traditional banking services. National practice with industry sector focus

Mortgage

Prime-based, national platform for residential mortgages. Top 10 U.S. originator and servicer [1]

Wealth & Investment Management

Provider of wealth and investment management products and services to individual and institutional accounts. $195B AUA [2]

Corporate Treasury & Other

$27B high quality securities portfolio [2]

Commercial Real Estate

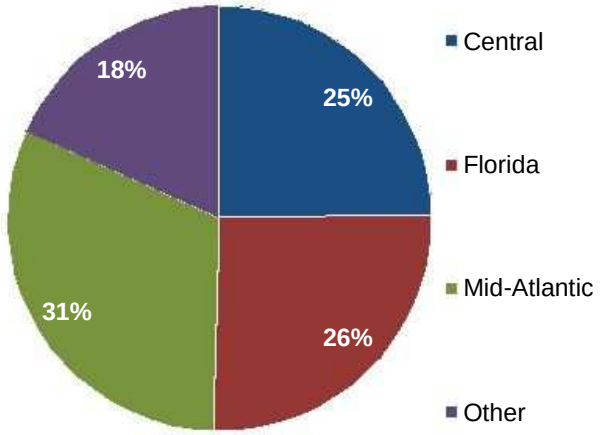
Broad range of financial solutions to CRE developers and investors

1. Source: Inside Mortgage Finance.
2. As of December 31, 2010.

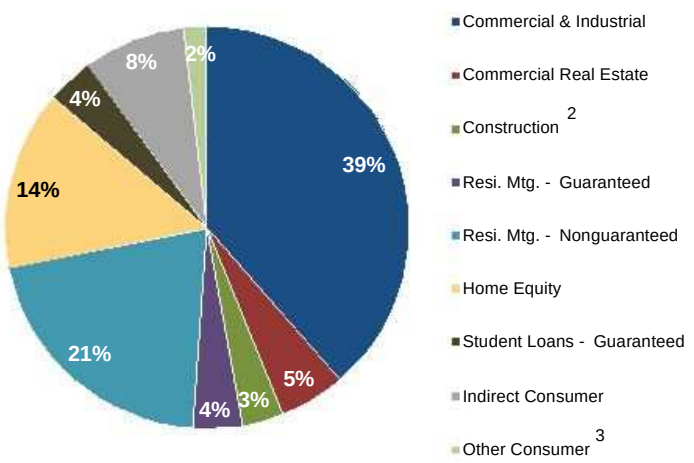
Diversified Loan Portfolio

Loan Portfolio is Well-diversified by Geography and Product Type

Distribution by Geography [1]



Distribution by Loan Category



Total Portfolio as of 12/31/10: $116.0 billion

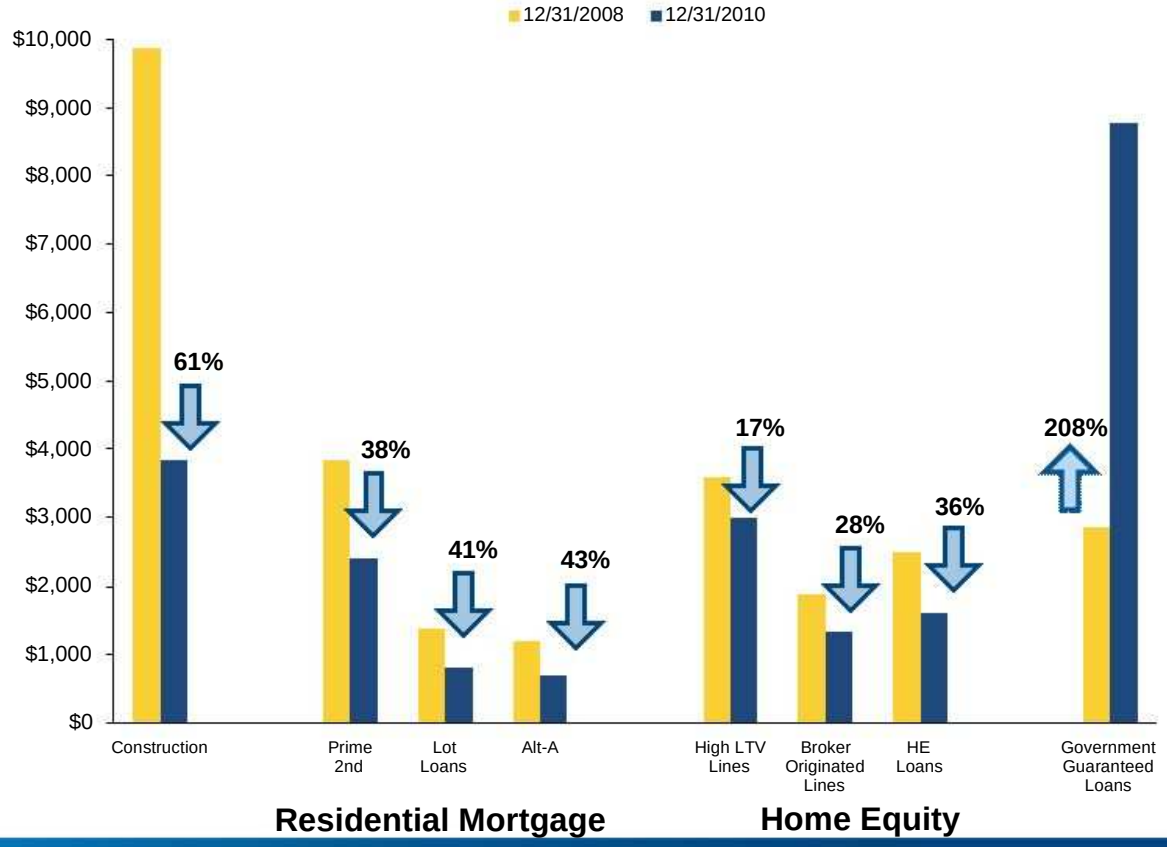
1. Central region includes AL, AR, GA, MS, and TN. Florida region includes Florida only. Mid-Atlantic includes DC, MD, NC, SC, and VA. Other includes all other states. Balances exclude private-label student loans with third-party insurance and student loans and residential mortgages guaranteed by government agencies.
2. Includes residential and commercial construction.
3. Includes Other Direct and Credit Cards.

We have reduced our risk profile and improved our core performance

Higher Risk Portfolio Segments Significantly Reduced

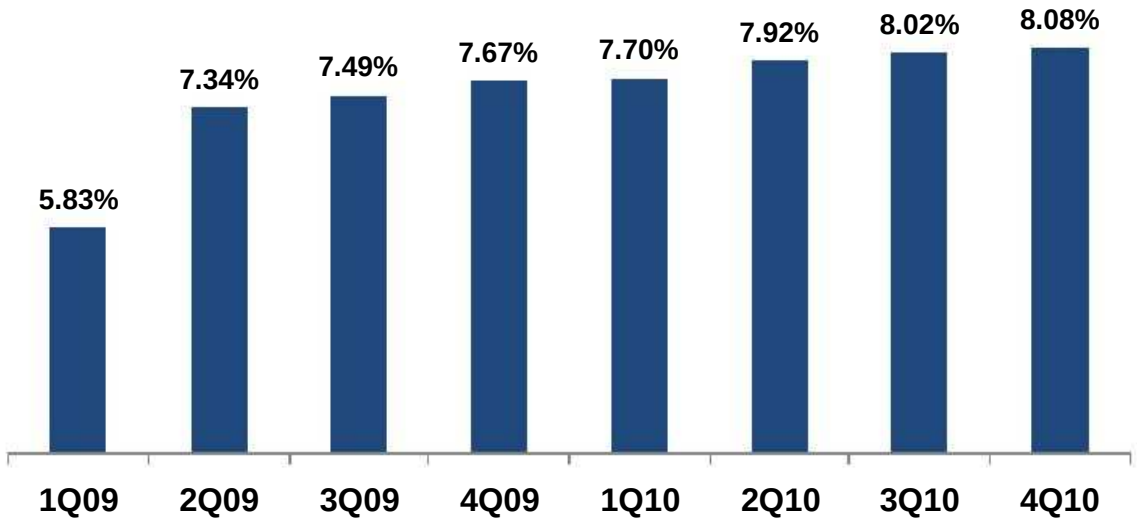
Higher Risk Segment Loan Balances Reduced Nearly 45%; Government Guaranteed Loans Increased

($ in millions)



Tier 1 Common Ratio

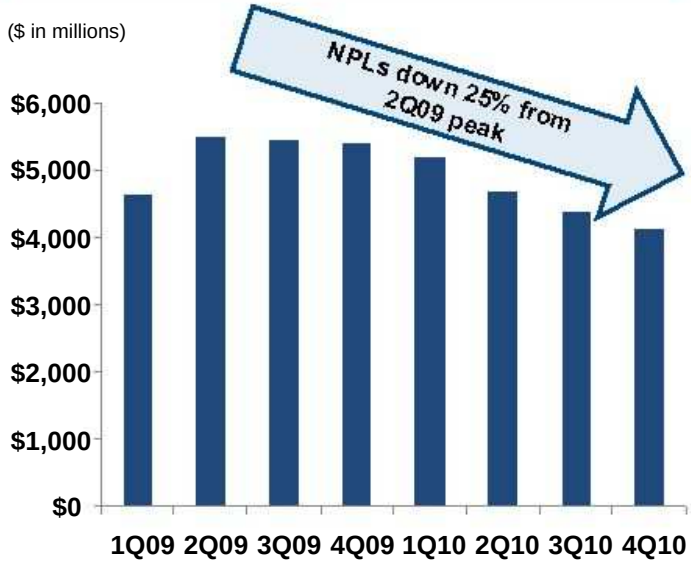
Capital Position Enhanced and Increasing



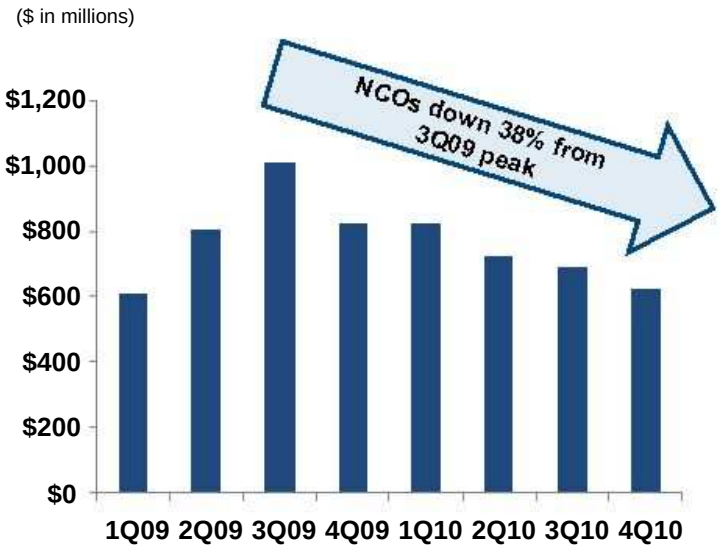
Credit Metrics

Credit Metrics Remain Elevated but Are Exhibiting Favorable Trends

Nonperforming Loans

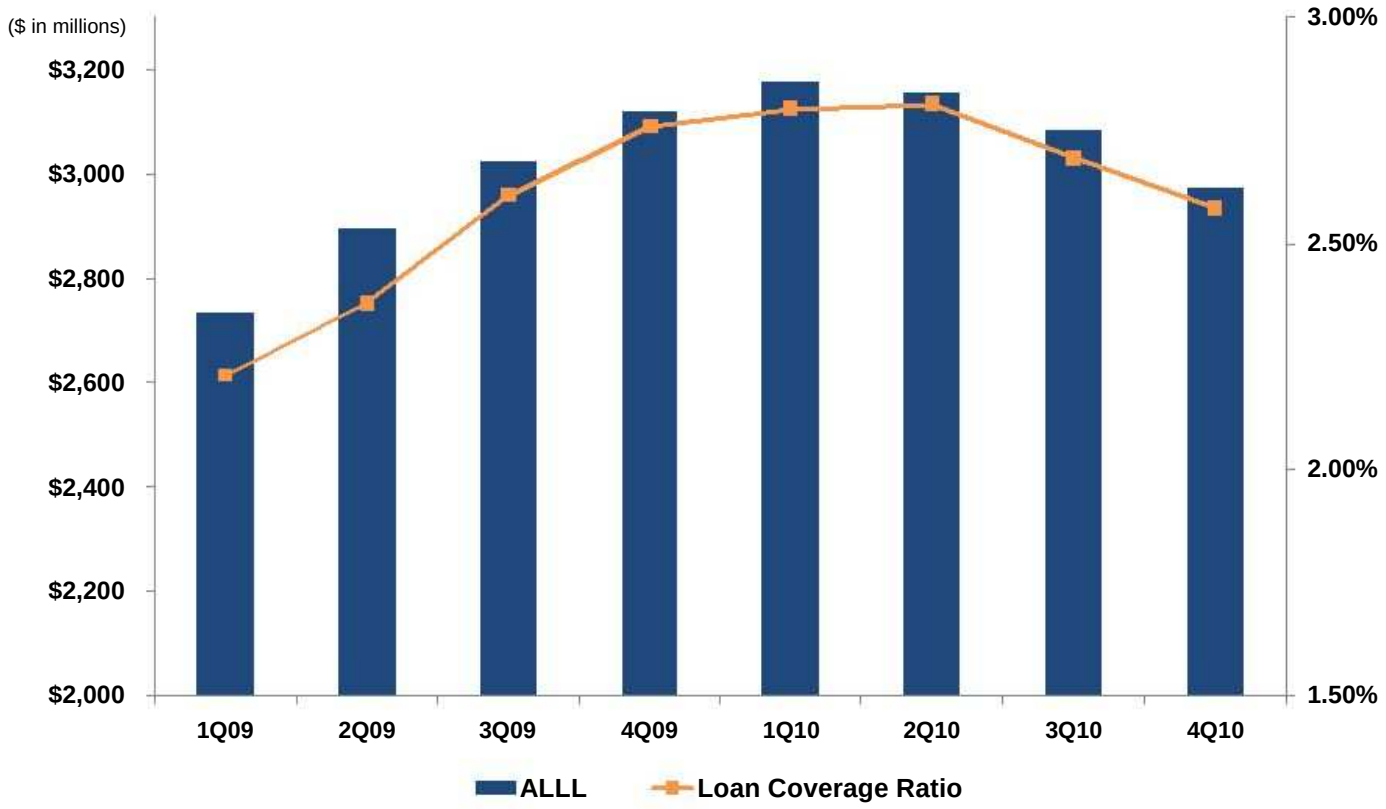


Net Charge-offs



Allowance for Loan and Lease Losses

Allowance Increased Through 1Q10; Modest Decline in 2H10 Due to Improved Credit Trends

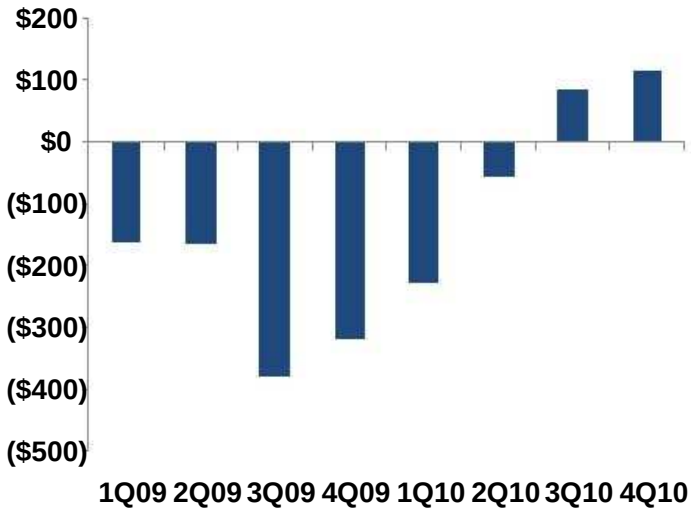


Profitability Trends

Earnings Improvement from Lower Provision for Credit Losses and Higher PPNR

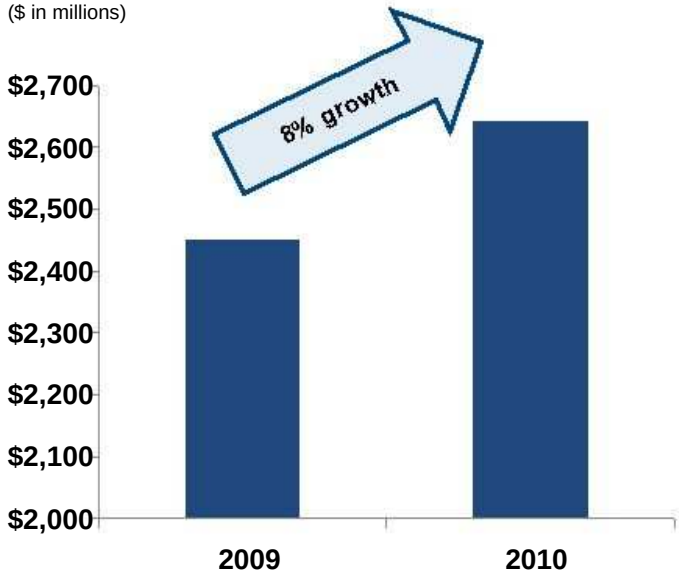
Net Income / (Loss) to Common Shareholders [1]

($ in millions)



Pre-provision Net Revenue (Adjusted Basis) [2]

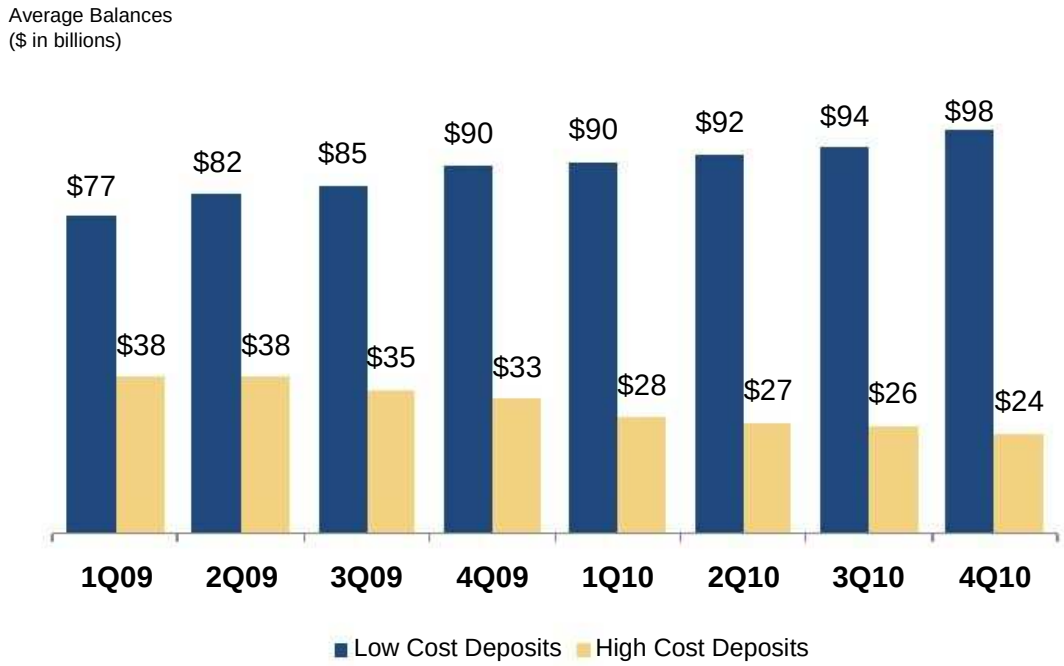
($ in millions)



1. 1Q09 excludes the impact of the $751 million Goodwill impairment.
2. Excludes non-core items such as Goodwill impairment and securities gains. See Appendix for reconciliation to GAAP figures.

Improved Deposit Mix

Strong Growth in Low Cost Deposits has Enabled Reductions in High Cost Deposits



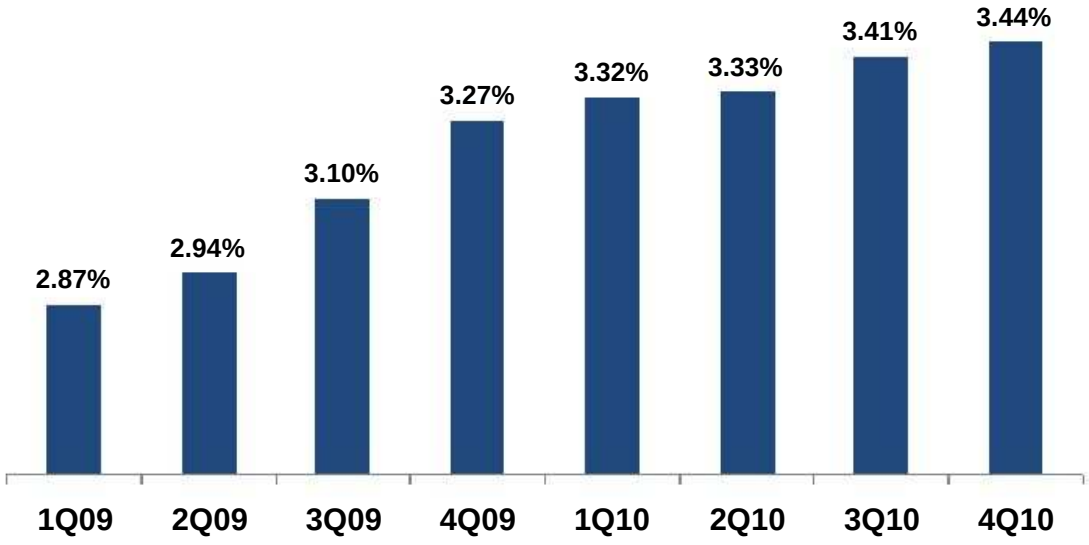
2-year CAGR [1]	
Low Cost Deposits	16%
High Cost Deposits	-24%

Note : Low Cost Deposits includes Noninterest Bearing, NOW Accounts, Money Market Accounts, and Savings Accounts. High Cost includes Consumer Time, Other Time, Brokered Deposits, and Foreign Deposits.

1. Reflects 4Q10 average balance as compared to 4Q08 average balance.

Net Interest Margin

Seven Consecutive Quarters of NIM Expansion



Selected 2010 Accomplishments

Substantial Progress Made in 2010; Strong Momentum Entering 2011

One Team

- Continued to invest in teammate and leader development
  - More than 1 million hours of training in 2010
- Realized increased teammate engagement scores across the Company [1]
- Improved cross-sell penetration across many lines of business
- Implemented shared goals across the enterprise

Client First

- Conducted 1,000 client calls per day to better understand client loyalty drivers and gather feedback on our service levels
- Ranked #1 bank for Customer Experience [2]
- Achieved #1 industry ranking for client loyalty in Commercial and Private Wealth Management [3]
- Achieved #1 ranking for consumers' confidence in their bank [3]
- Received 18 Greenwich Excellence Awards for outstanding client service (12 for Small Business Banking, 6 for Middle Market Banking)
- Ranked #1 in Customer Satisfaction for Small Business Banking and #2 for Primary Loan Servicing [4]

Focused on Profitable Growth

- Achieved record revenue in the Corporate & Investment Banking line of business
- Increased total loan yield by 12 basis point from 2010 to 2009, despite declining rate environment
- Grew brokerage managed account revenue by 28% from 2009
- Exceeded Lipper 3-year average for 75% of RidgeWorth long-term funds
- Reduced long-term debt, brokered deposits, and foreign deposits by a combined $6.4 billion, or 28%, from 2009

1. Based upon internal surveys conducted by Gallup.
2. By Forrester Research.
3. Based upon independent survey results by Gallup.
4. By J.D. Power and Associates.

Mission and Values

SunTrust's Mission is Supported by a Core Set of Principles

Our mission is to help people and institutions prosper

We accomplish this by focusing on three principles:

One Team	Client First	Focused on Profitable Growth

We know that highly engaged teammates drive client loyalty, which leads to primary relationship growth

Teammate Engagement → **Client Loyalty** → **Growth in Primary Relationships**

Our strategic priorities are intended to drive further improvements in our financial performance

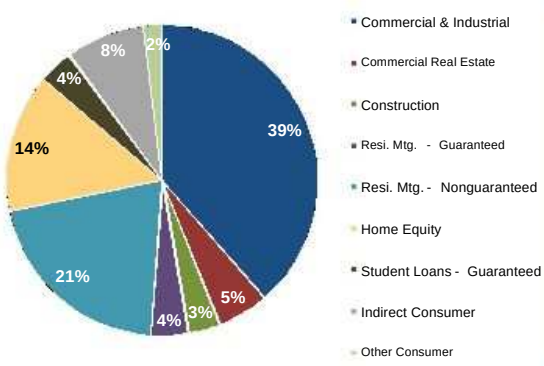
Growth Strategies

- **Diversify the Balance Sheet**
- **Optimize Business Mix**
- **Improve Expense Efficiency**
- **Grow Market Share**

Diversify the Balance Sheet & Optimize Business Mix

Targeted Areas for Growth are Intended to Diversify the Loan Portfolio and Enhance Fee Income

Loan Portfolio Composition –12/31/10



Targeted Growth Areas: High-opportunity businesses, segments, and products where we are well-positioned to grow non-real estate loans and fee income

Targeted Growth Areas

Commercial Lending / Fee Businesses

- Asset-Based Lending
- Small Business Administration lending
- Commercial ($5-100MM revenue)
- Middle Market ($100-750MM revenue)
- Corporate & Investment Banking ($750MM+ revenue)

Consumer Lending / Fee Businesses

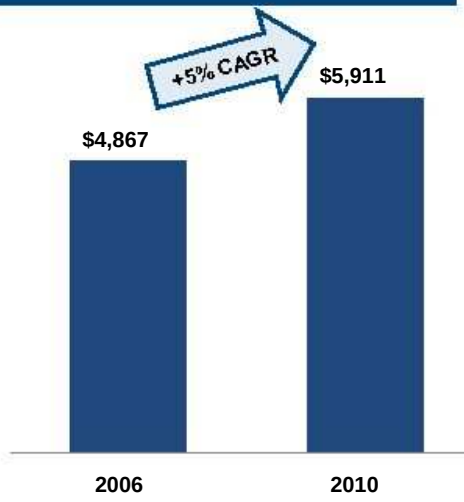
- Mass Affluent client segment
- Private Wealth Management
- Credit Card
- Auto lending (direct and indirect)

Improve Expense Efficiency

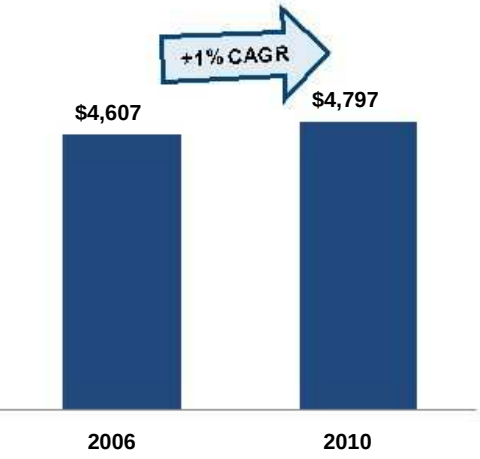
Expense Savings Enabled Continued Investment in the Business while Keeping Core Expenses Flat

($ in millions)

Total Noninterest Expenses



Expenses Excl. Adjustments and Cyclical Items [1]



Opportunities to Improve Efficiency Ratio

- Continued improvements in revenue generation
- Balanced approach to investments and expense discipline
- Abatement of cyclical expenses

Impact on Efficiency Ratio [2]

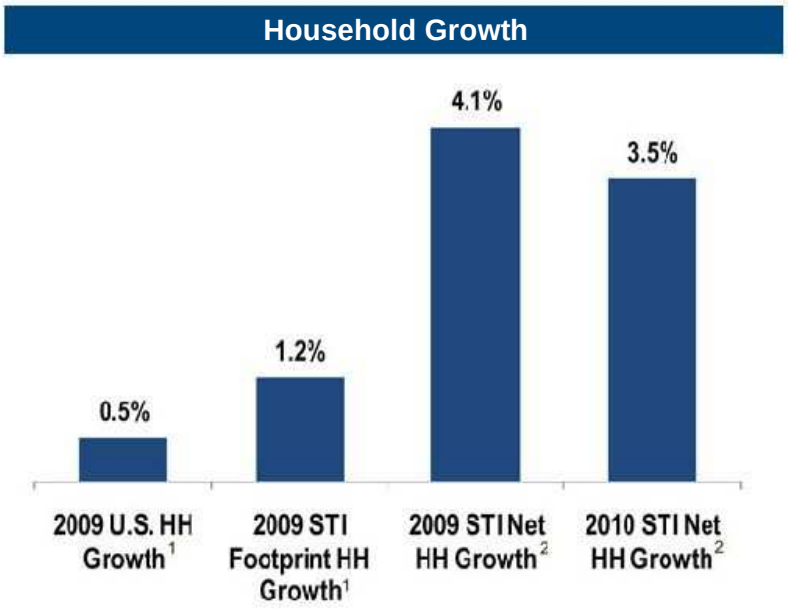
	2006	2010
Credit Expenses	1.8%	7.9%
Regulatory Assessments	0.3%	3.0%

1. Appendix includes reconciliation of non-GAAP numbers and details of adjustments and cyclical expenses.
2. Reflects the respective expense item divided by Total Revenue, FTE. Additional information on the calculation is included in the appendix.

Grow Market Share

Efforts to Grow Market Share are Yielding Results

- Since the "Live Solid. Bank Solid." brand campaign began, SunTrust has improved performance against the competition on deposit and household growth
- According to a Gallup poll, SunTrust clients showed the highest level of satisfaction with efforts to inform them about overdraft changes
- Competitive studies indicate the service in SunTrust branches and call centers is the highest in the industry – beating large and regional banks in service scores



1. Source: 2008 & 2009 Nielsen Claritas Demographic Update.
2. Retail Banking checking households.

Updates on Current Topics

1Q 2011 Expectations [1]

Favorable Trends Overall with Cyclical Impact to Fee Income

Net Interest Margin

- Continued modest NIM expansion, due to favorable trends in deposit mix and costs, as well as efforts to enhance loan spreads
- Average loans and deposits relatively stable from the prior quarter

Noninterest Income

- Core fee income decline of an approximate low double digit percentage from 4Q10, due to market-sensitive revenue, including:
  - Investment Banking down from record 4Q10, as 1Q revenue is typically seasonally slower
  - Mortgage Production decline from 4Q10, due to the impact of rising rates on origination volume
- 1Q11 quarter-to-date securities portfolio repositioning has generated gains similar to recent quarters

Noninterest Expense

- Decline vs. 4Q10, despite 1Q11 seasonal uptick in employee benefits costs

Provision

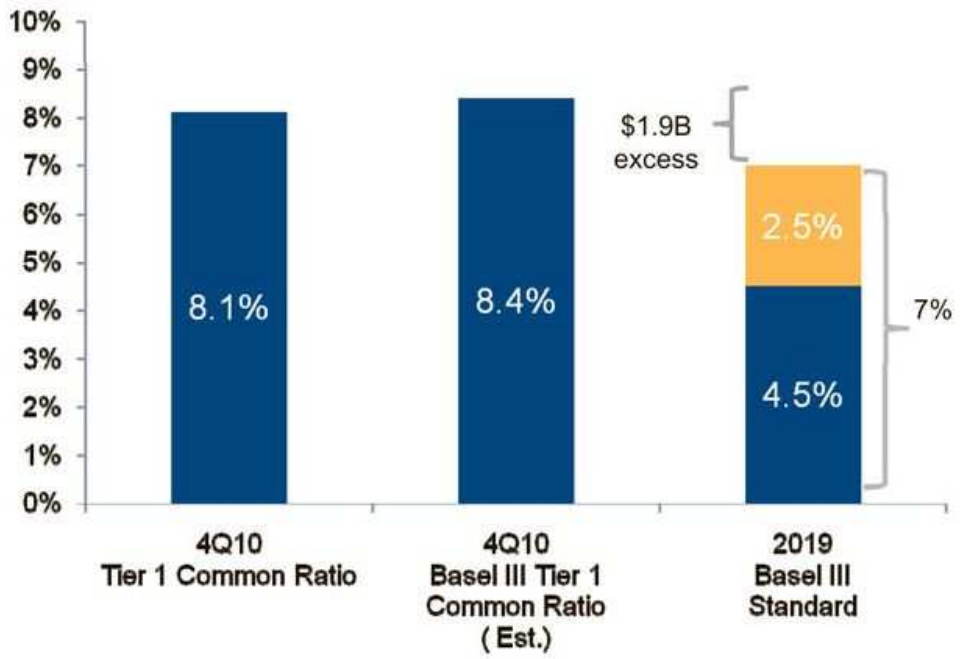
- Net charge-offs stable to modestly down vs. 4Q10
- ALLL reduction likely to be similar to 4Q10 release, subject to normal quarter-end evaluation

1. Based upon quarter-to-date information as of the end of February 2011.

Basel III Tier 1 Common (Estimated)

Tier 1 Common Ratio Exceeds 2019 Basel III Standard [1]

Basel III Tier 1 Common



TARP Repayment

- SunTrust's TARP repayment is currently being evaluated as part of the Comprehensive Capital Plan Review (CCPR)
- The Fed has indicated it expects its reviews to be completed toward the end of the month
- SunTrust will re-evaluate its TARP repayment options after completion of the CCPR

1. 2019 is the effective date for Basel III requirement. Includes the 4.5% minimum standard plus the 2.5% conservation buffer; does not include a countercyclical buffer.

Summary

- SunTrust has an attractive footprint and a diverse business mix
- We have reduced our risk profile and improved core performance
- Our strategic priorities are intended to drive further improvements in our financial performance
- SunTrust is well-positioned to manage through the economic recovery and to capitalize upon our opportunities

SunTrust Banks, Inc.

Citigroup Financial Services Conference

March 9, 2011

William H. Rogers, Jr.

President and Chief Operating Officer

Appendix

Reconciliation of Non-GAAP Measures – PPNR

($ in millions)

Reported PPNR	**2009**	**2010**	**2010 vs. 2009**
Net Interest Income, FTE	$4,589	$4,970	8.3%
Noninterest Income	3,710	3,729	0.5%
Total Revenue	8,299	8,699	4.8%
Noninterest Expense	6,562	5,911	-9.9%
Pre-provision Net Revenue	1,737	2,788	60.5%
Adjustments			
Noninterest Income:			
Securities Gains	98	191	
VISA Gain	112	-	
Stable River Gain	-	13	
Fair Market Value - Trading	(24)	26	
STI Debt Valuation - Trading	(153)	37	
Auction Rate Securities - Trading	9	(5)	
Fair Value Writedowns - Mortgage Production	(34)	(20)	
LOCOM MSR Recovery	199	-	
Total Noninterest Income Adjustments	207	242	
Nointerest Expense:			
Goodwill Impairment	751	-	
AHG Writedown	46	16	
Loss on Debt Extinguishment	39	71	
FDIC Special Assessment	78	-	
VISA Litigation Accrual	7	-	
VISA Contract Termination	-	8	
Total Noninterest Expense Adjustments	921	95	
Adjusted PPNR			
Net Interest Income, FTE	4,589	4,970	8.3%
Adjusted Noninterest Income	3,503	3,487	-0.5%
Adjusted Total Revenue	8,092	8,457	4.5%
Adjusted Noninterest Expense	5,641	5,816	3.1%
Adjusted Pre-provision Net Revenue	$2,451	$2,641	7.8%

Note: Adjusted revenue and expenses are provided as the removal of certain items that are material and potentially non-recurring is useful to investors and management in comparing institutions and in evaluating financial trends.

Reconciliation of Non-GAAP Measures – Expenses

($ in millions)	2006	2010	2010 vs. 2006 $MM	2010 vs. 2006 CAGR
Total Expenses	**$4,867**	**$5,911**	**$1,044**	**5.0%**
Adjustments				
AHG Writedown	-	16		
Loss on Debt Extinguishment	12	71		
VISA Contract Termination	-	8		
Total Adjustments	12	95		
Expenses Excl. Adjustments [1]	4,855	5,816	961	4.6%
Cyclical Items				
Regulatory Assessments	23	265		
Pension Expense	78	66		
Credit Expenses:				
Credit & Collection Services	102	279		
Other Real Estate	0	300		
Mortgage Reinsurance	-	26		
Operating Losses	45	83		
Total Cyclical Items	248	1,019		
Expenses Excl. Adjustments & Cyclial Items [2]	**$4,607**	**$4,797**	**$190**	**1.0%**
Contribution to Efficiency Ratio				
Total Revenue, FTE	$8,217	$8,699		
Credit Expenses	147	688		
Regulatory Assessments	23	265		
Credit Expenses / Total Revenue	1.8%	7.9%		
Regulatory Assessments / Total Revenue	0.3%	3.0%		

1. Adjusted expense is provided as the removal of certain items that are material and potentially non-recurring is useful to investors and management in comparing institutions and in evaluating expense trends.
2. Expense excluding adjustments and cyclical items is provided as it removes expenses that are recurring in nature, but higher in a recessionary cycle, and is useful to investors and management in assessing the impact of the recession on non-interest expenses and earnings. It also facilitates analysis of the effectiveness of management in controlling expense growth.