SUNTRUST BANKS INC

FORM 8-K
(Current report filing)

Filed 11/02/12 for the Period Ending 11/01/12

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) November 1, 2012

SunTrust Banks, Inc.

(Exact name of registrant as specified in its charter)

Georgia	**001-08918**	**58-1575035**

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" or "SunTrust") will present at the BancAnalysts Association of Boston conference in Boston on Friday, November 2, 2012 at 7:30 a.m. (Eastern Time). Aleem Gillani, Corporate Executive Vice President and Chief Financial Officer, will make SunTrust's presentation. A copy of the presentation materials to be used by the Registrant during these meetings is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference herein. Such materials will also be available on the Registrant's web site at www.suntrust.com.

Information contained on the Registrant's website 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 Item 7.01 of this Current Report on Form 8-K. All information in the presentation materials speak 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 9.01 Financial Statements and Exhibits.

(d)	Exhibits
99.1	Presentation materials dated November 22012 (furnished with the Commission as a part of this 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)
November 1, 2012.	By:	/s/ David A. Wisniewski
		David A. Wisniewski, Senior Vice President,
		Deputy General Counsel and Assistant Secretary

BancAnalysts Association of Boston Conference

Aleem Gillani, Chief Financial Officer, SunTrust Banks, Inc.

November 2, 2012

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 2011 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 may contain forward-looking statements. 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," "potential" or "potentially," "probably," "projects," "outlook" or similar expressions or future conditional verbs such as "may," "will," "should," "would," and "could." Such statements are based upon the current beliefs and expectations of management and on information currently available to management. Such 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 II of our 10-K and in other periodic reports that we file with the SEC. Those factors include: we may not achieve targeted level of expense reductions and efficiency goals; if in the future we incur additional loan losses, then we will need to record additional mortgage repurchase provision expense; if in the future we receive greater levels of mortgage repurchase requests than expected, then we may will need to record additional mortgage repurchase provision expense; difficult market conditions have adversely affected our industry; concerns over market volatility continue; the Dodd-Frank Act makes fundamental changes in the regulation of the financial services industry, some of which may adversely affect our business; 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 related to originating and selling mortgages. 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; 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, our 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 strategies; 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.

Parallel Paths to Progress

Strengthened the Balance Sheet and Improved Risk Profile

Positioned for Better Core Performance

1. Reflects decreases from 4Q 08 in higher-risk mortgage products including prime 2nds, residential construction, and Alt-A, in addition to higher-risk home equity including high LTV lines (includes Florida lines > 80% LTV and other lines > 90% LTV), brokered home equity, and home equity loans. Data includes performing and nonperforming loans

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Underlying Business Drivers Trending Favorably

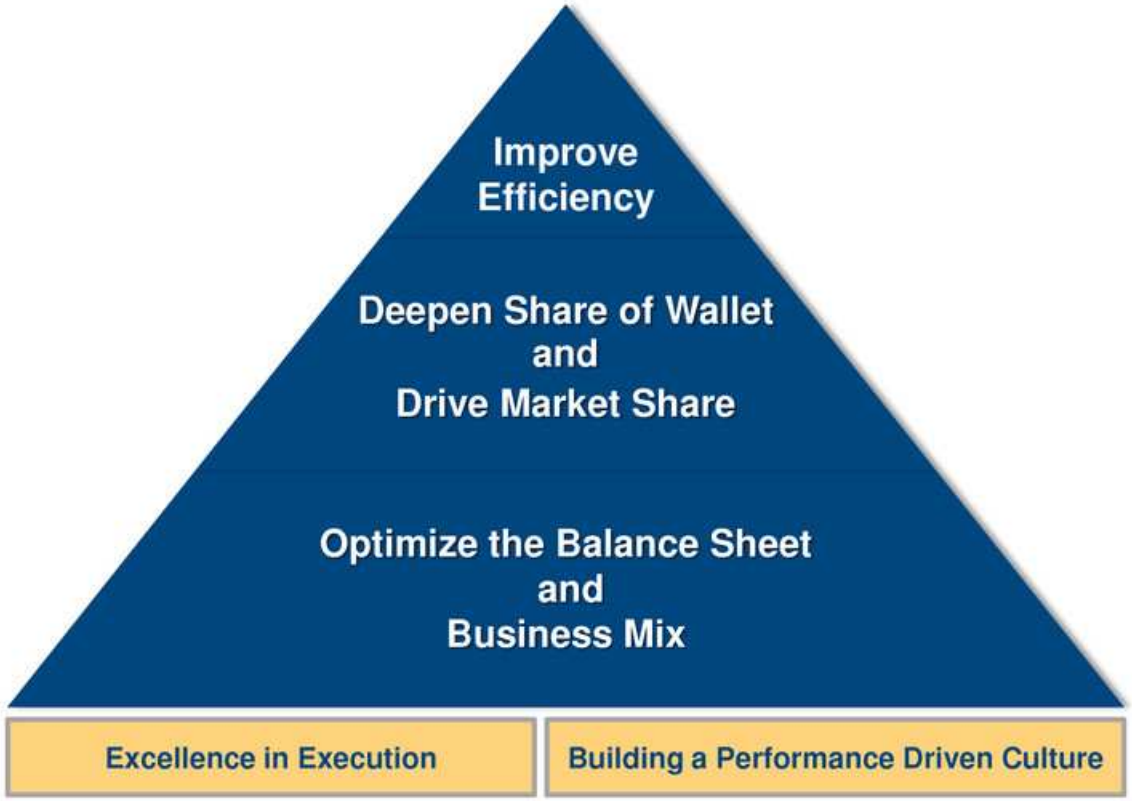
Performing Loans up $10B, or 8%, Driven by Targeted Categories[1]	C&I ↑ 12%	Consumer ↑ 22%	Higher-risk[2] ↓ 17%
Deposits up $2B, or 2%; Growth from Low Cost Accounts[1]	DDA ↑ 19%	Savings ↑ 12%	CDs ↓ 17%
Revenue Up Despite Challenging Environment	Core Revenue[3] ↑ 8%	Mortgage Production Volume ↑ 48%[4]	Record CIB Revenue
Focus on Expense Management	Core Expenses[3] ↑ 2%	$300MM Annualized PPG Savings Achieved	
Credit and Capital Metrics Continue To Improve[5]	NPLs ↓ 47%	Tier 1 Common Ratio 9.8%	

1. Balance sheet growth statistics reflect 3Q 12 average balances vs. 3Q 11, except higher-risk loans which reflect 3Q 2012 period-end vs. 3Q 11 period-end
2. Additional detail on higher-risk loans provided on slide 3
3. Based on September 30, 2012 YTD results as compared to September 30, 2011 YTD. "Core" excludes items that are less likely to be recurring and those that are cyclically high. Reported revenue and expense were up 27% and 5%, respectively. Please refer to the appendix for adjustment detail
4. Based on September 30, 2012 YTD results vs. September 30, 2011 YTD
5. Change in credit metrics reflect 3Q 12 vs. 3Q 11. Tier 1 Common Ratio estimated

The Current Operating Environment

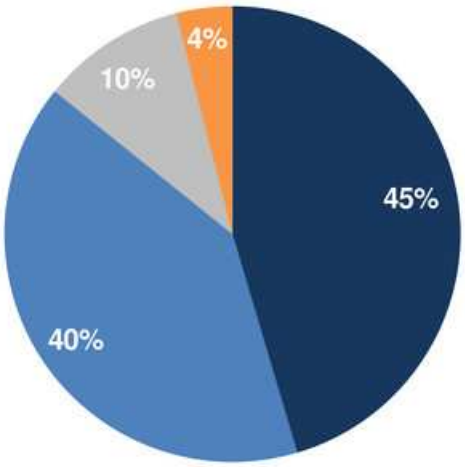
Challenges	Opportunities
Prolonged Low Interest Rate Environment Resulting in Asset Yield Compression	Further Reduction of Cyclically-high Costs and Loan Loss Provision
Uneven Loan Demand Due to General Uncertainty	Expense Reduction Efforts
Recovering, But Not Robust, Economy	Strong Mortgage Production
	Lower Deposit Rates Paid

Corporate Strategic Priorities



Diversified Business Structure

YTD Revenue Distribution[1]



■ Consumer and PWM ■ Wholesale
■ Mortgage ■ Corporate Other

Consumer Banking and Private Wealth Management

- "Monetize" loyalty via meeting more client needs
- Drive further efficiencies–YTD expenses down 3%
- Expand Consumer lending presence–YTD production up 15%
- Generate growth in targeted segments/businesses

Wholesale Banking

- Continue to generate above average growth–YTD net income up 95%
- Expand CIB in targeted industry and product areas–record YTD performance
- Deepen existing relationships and expand pace of acquisition for smaller commercial clients
- Capitalize on CRE opportunity via focused asset classes and selected markets

Mortgage Banking

- Continue to capitalize upon favorable market conditions– YTD production up 48%
- Maintain focus on areas that will drive long-term success - channel optimization and purchase market
- Continued resolution of legacy issues

1. Excludes all securities gains
Note: May not sum to 100% due to rounding

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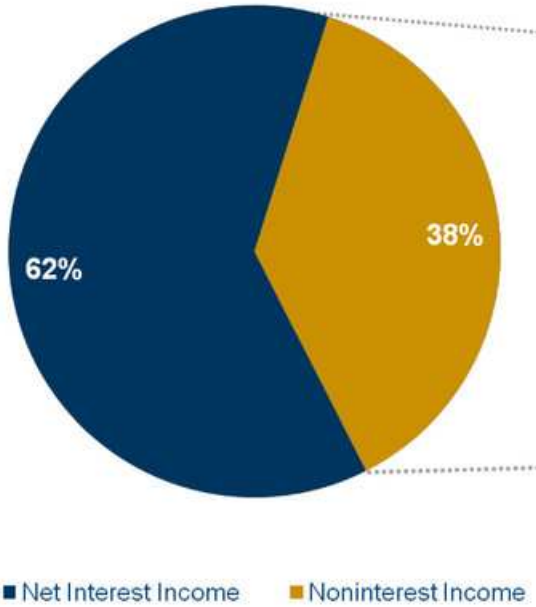
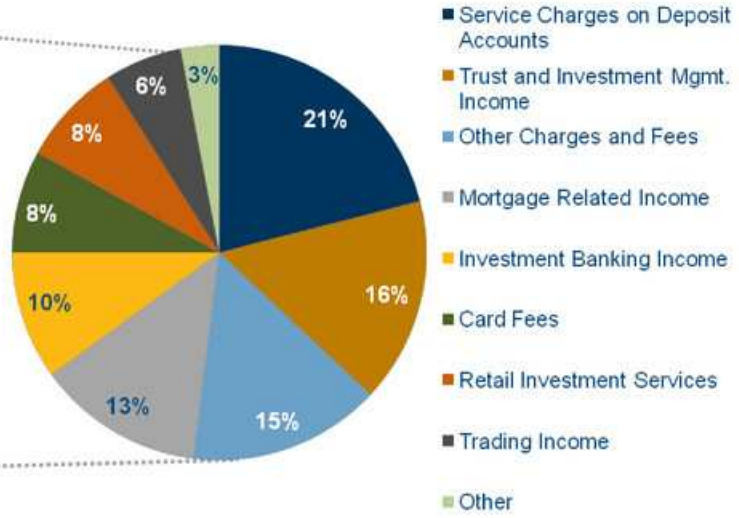
Diverse Revenue Streams

YTD 2012 Revenue (FTE)[1]



YTD 2012 Noninterest Income[1]



1. Excludes all securities gains

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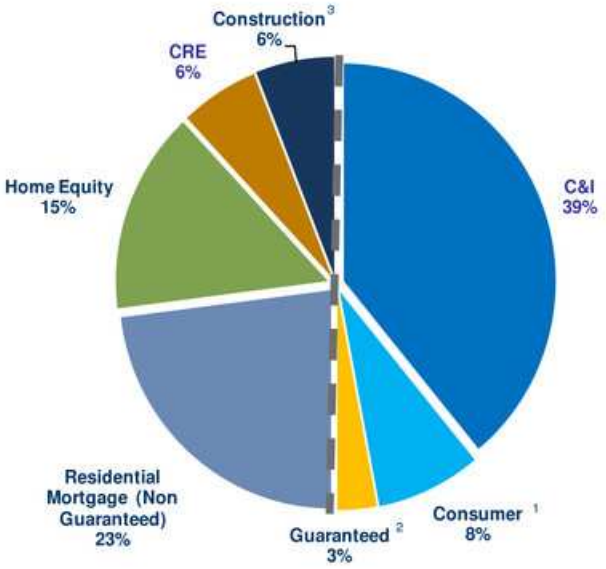
Loan Portfolio is More Diverse and Lower Risk

Changing Composition–Decreases in Real Estate and Increases in C&I, Guaranteed, and Consumer

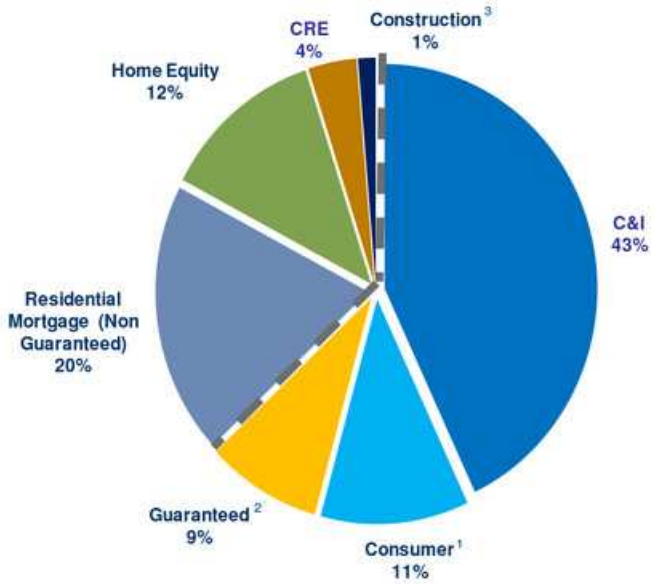
Loan Portfolio Composition – 12/31/09

Total Loans: $114B



Loan Portfolio Composition – 9/30/12

Total Loans: $122B



1. Consumer includes direct consumer loans (other than student guaranteed), consumer indirect loans and consumer credit cards
2. Guaranteed includes guaranteed student loans and guaranteed residential mortgages
3. Construction includes both commercial and residential construction

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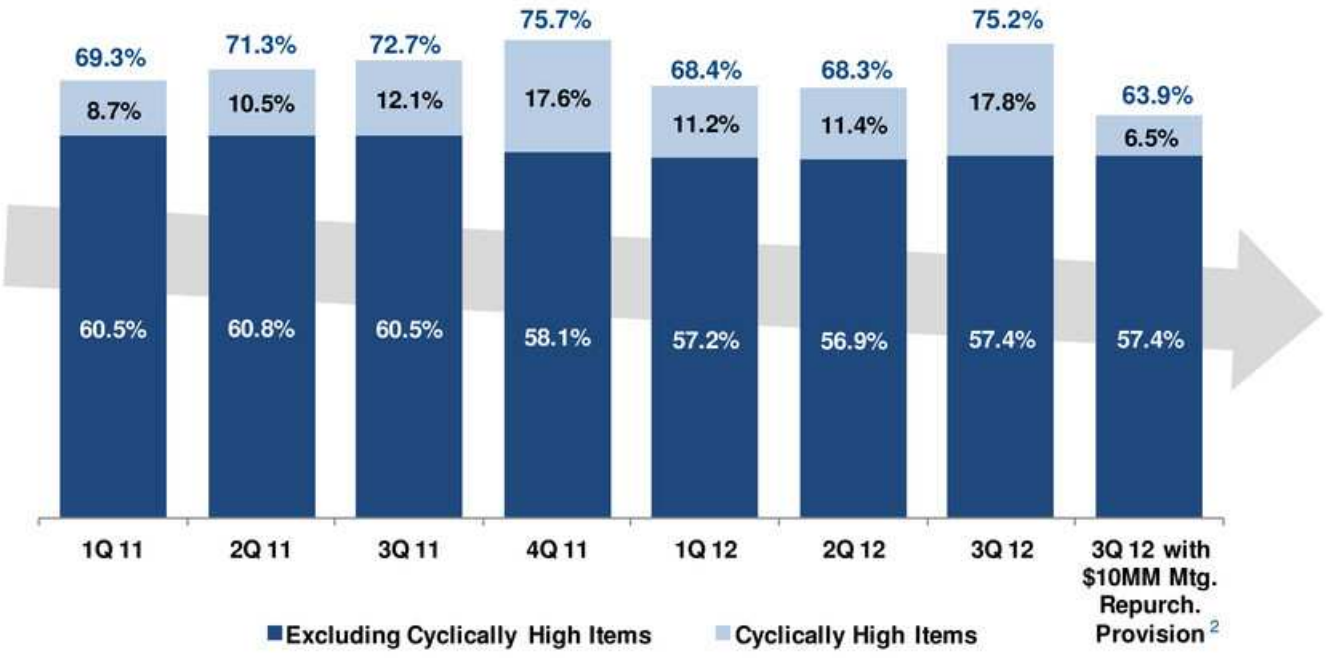
Core Efficiency Ratio Improvement[1]

Improved Core Earnings Power Driving Lower Efficiency Ratio; Normalization of Cyclically High Items Also Expected to Drive Future Declines



1. Calculated on a tangible basis and excluding certain items that are material and potentially nonrecurring. The GAAP efficiency ratios were 67.8%, 70.2%, 71.0%, 81.4%, 69.5%, 68.8%, and 44.9% in 1Q 11, 2Q 11, 3Q 11, 4Q 11, 1Q 12, 2Q 12, and 3Q 12, respectively. Please refer to the appendix for the GAAP reconciliations
2. Reflects the potential normalized level for the mortgage repurchase provision. Please refer to the appendix for additional detail

Note: Totals may not foot due to rounding

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Detail on Credit-related Expenses and Operating Losses

($ millions)

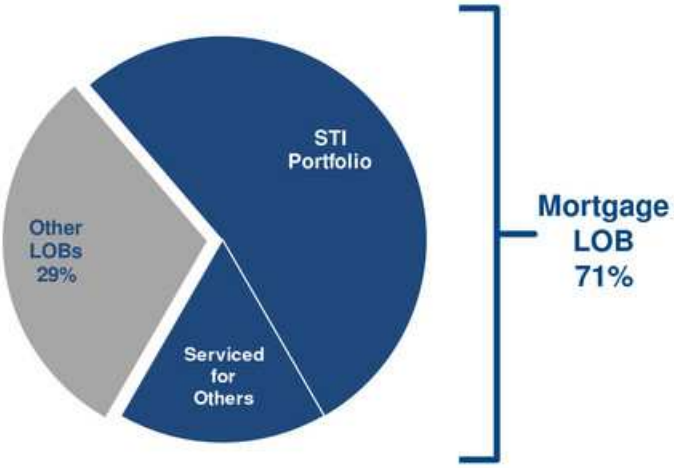
Credit Expenses	Front end expenses related to the underwriting and origination of loans
Collections Expenses	Expenses (taxes, insurance, legal, maintenance, foreclosure, and liquidation) on loans in portfolio or serviced for others that are delinquent but not yet in ORE
Other Real Estate	Driven by write downs on bank owned property, gains/losses on disposition, and appraisals and property management
Operating Losses	Driven by legal rulings, compensatory fees, specific operating losses and fraud

1. YTD annualized, as of September 30, 2012
Note: Totals may not foot due to rounding

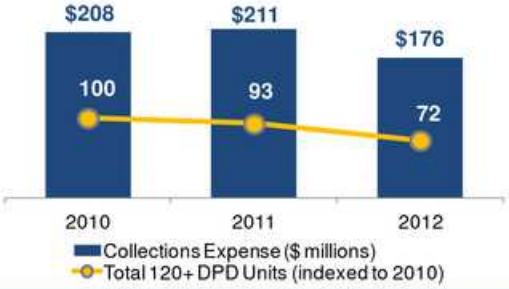
Collections Expense

($ millions)

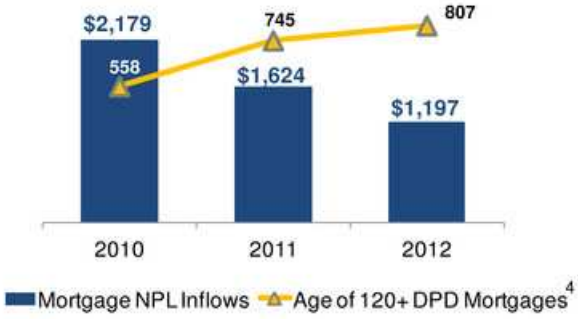
Expense Primarily Relates to the Mortgage LOB[1]



Collections Expense is Largely Driven by Number of Delinquent Mortgages[2]



Fewer NPL Inflows[3] and Prolonged Foreclosure Proceedings = Aging of the Foreclosure Pipeline



1. Reflects September 2012 YTD expenses
2. Expense and 120+ DPD units represent STI portfolio and loans serviced for others. Number of units as of September 30, 2012. Expenses reflect YTD, annualized
3. 2012 NPL inflows reflect YTD, annualized
4. Reflects average age of STI owned mortgages that are at least 120+ DPD

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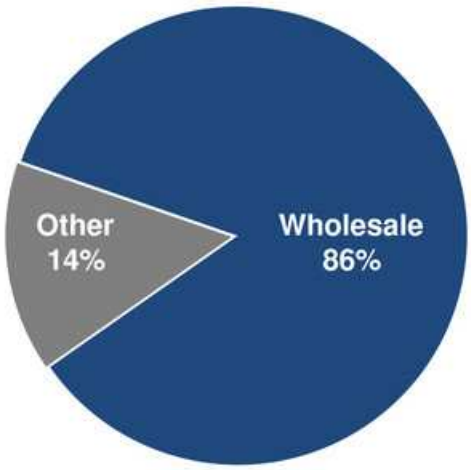
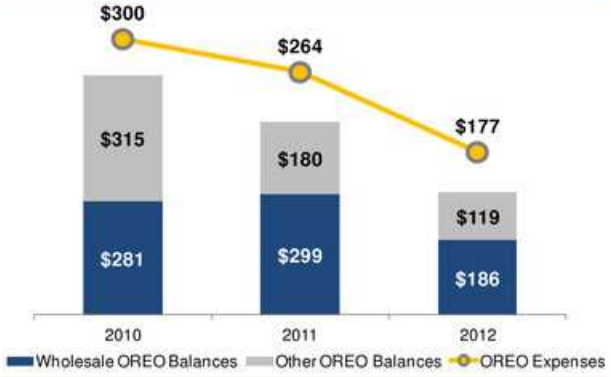
OREO Expense

($ millions)

2012 Expense Primarily Relates to the Wholesale LOB[1]



Expense Has Begun to Fall Along with the Wholesale OREO Balance[2]



Wholesale NPL Outflows Exceeding Inflows[3]

1. Expenses for the nine months ended September 30, 2012
2. Expenses reflect 2012 YTD, annualized, while balances are as of September 30, 2012
3. NPL inflows and outflows reflect September 2012 YTD data annualized

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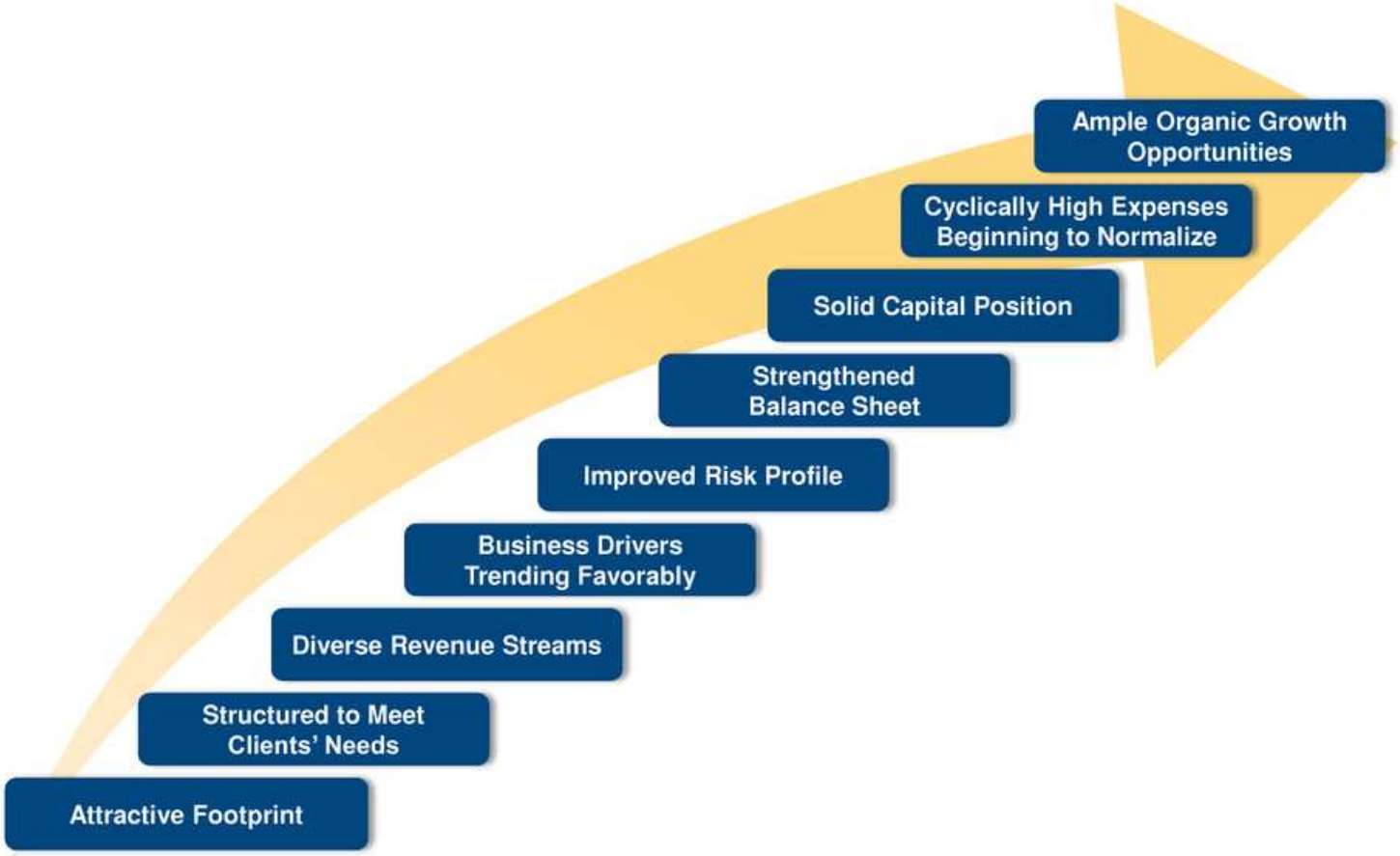
SunTrust is Well Positioned



Appendix

GAAP Reconciliations

($ millions)	1Q 11	2Q 11	3Q 11	4Q 11	1Q 12	2Q 12	3Q 12	YTD 2011	YTD 2012	% Growth
Reported (GAAP) Basis										
Total Revenue - FTE	$2,160	$2,198	$2,196	$2,047	$2,218	$2,246	$3,843	$6,554	$8,307	27%
Total Noninterest Expense	1,465	1,542	1,560	1,667	1,541	1,546	1,726	$4,567	$4,813	5%
Amortization of Intangibles	11	12	11	9	11	11	17			
Efficiency Ratio	67.8%	70.2%	71.0%	81.4%	69.5%	68.8%	44.9%			
Tangible Efficiency Ratio	67.3%	69.6%	70.5%	81.0%	69.0%	68.3%	44.5%			
Adjusted Basis [1]										
Reported Revenue	$2,160	$2,198	$2,196	$2,047	$2,218	$2,246	$3,843			
Adjustment Items:										
Securities Gains	64	32	2	19	18	14	1,941			
3Q 12 Student and Ginnie Mae Loan Sale (Losses)	-	-	-	-	-	-	(92)			
Fair Market Value Adjustments	14	(1)	(17)	(13)	2	1	2			
STI Debt Valuation	(20)	17	65	17	(16)	(1)	(41)			
SunTrust Index-linked CDs (SILC)	(11)	8	13	0	(6)	(1)	(6)			
Auction Rate Securities	16	4	(4)	0	(1)	-	4			
Fair Value Adjustments	(4)	(9)	4	(1)	(1)	6	5			
HARP 2.0 MSR Valuation Adjustment	-	-	-	(38)	-	-	-			
Adjusted Revenue	$2,100	$2,147	$2,133	$2,063	$2,223	$2,226	$2,030	$6,380	$6,480	2%
Reported Noninterest Expense										
Adjustment Items:	$1,465	$1,542	$1,560	$1,667	$1,541	$1,546	$1,726			
Affordable Housing Writedown	-	-	-	10	-	-	96			
Charitable Contribution of KO Shares	-	-	-	-	-	-	38			
Real Estate Charge	-	-	-	-	-	-	17			
Goodwill Impairment	-	-	-	-	-	-	7			
(Gain) / Loss on Debt Extinguishment	(1)	(1)	(1)	-	-	13	2			
Pension Curtailment, net of 401(k) Contribution	-	-	-	(60)	-	-	-			
Severance	-	-	-	27	10	1	29			
Potential Mortgage Servicing Settlement	-	-	-	120	-	-	-			
Adjusted Expense	$1,466	$1,543	$1,561	$1,570	$1,531	$1,532	$1,537	$4,570	$4,601	1%
Efficiency Ratio - Adjusted Basis	69.8%	71.9%	73.2%	76.1%	68.9%	68.8%	75.7%			
Tangible Efficiency Ratio - Adjusted Basis	69.3%	71.3%	72.7%	75.7%	68.4%	68.3%	75.2%			

1. Adjusted revenue and expenses are provided as they remove certain items that are material and potentially non-recurring. Adjusted figures are intended to provide management and investors information on trends that may be more easily compared to other institutions

Note: Totals may not foot due to rounding

GAAP Reconciliations (Continued)

($ millions)	1Q 11	2Q 11	3Q 11	4Q 11	1Q 12	2Q 12	3Q 12	YTD 2011	YTD 2012	% Growth
Impact of Cyclically High Items [2]										
Adjusted Revenue	$2,100	$2,147	$2,133	$2,063	$2,223	$2,226	$2,030			
Cyclically High Items:										
Mortgage Repurchase Provision	(80)	(90)	(117)	(215)	(175)	(155)	(371)			
Adjusted Revenue, Excl. Cyclically High Items	$2,180	$2,237	$2,250	$2,278	$2,398	$2,381	$2,402	$6,667	$7,181	8%
Adjusted Expense	$1,466	$1,543	$1,561	$1,570	$1,531	$1,532	$1,537			
Cyclically High Items:										
Collections Expense	39	45	54	74	38	45	48			
Other Real Estate	69	64	62	68	50	52	30			
Operating Losses	27	62	72	97	60	69	71			
Adjusted Expense, Excl. Cyclically High Items	$1,331	$1,372	$1,373	$1,331	$1,382	$1,366	$1,388	$4,075	$4,137	2%
Efficiency Ratio - Adjusted, Excl. Cyclically High Items	61.0%	61.3%	61.0%	58.4%	57.6%	57.4%	57.8%			
Tangible Efficiency Ratio - Adjusted, Excl. Cyclically High Items	60.5%	60.8%	60.5%	58.1%	57.2%	56.9%	57.4%			
Impact Due to Cyclically High Items[3]	8.7%	10.5%	12.1%	17.6%	11.2%	11.4%	17.8%			
Memo: Impact of Cyclically High Items if 3Q 12 Mortgage Repurchase Provision was $10MM										
Tangible Efficiency Ratio - Adjusted Basis[4]							63.9%			
Impact of Cyclically High Items[3]							6.5%			

2. Cyclically high items are recurring in nature but higher in a recessionary cycle. Excluding these items is intended to provide management and investors information on the impacts that the cyclical items have on revenue, expenses, and earnings. It also facilitates analysis of the company's effectiveness in managing its revenue and expenses
3. Reflects the difference between the Tangible Efficiency Ratio - Adjusted Basis and the Tangible Efficiency Ratio - Adjusted, Excluding Cyclically High Items
4. The mortgage repurchase provision is expected to be approximately $10 million in future quarters. The Tangible Efficiency Ratio - Adjusted Basis for 3Q 12 would have been 63.9% if the 3Q 12 mortgage repurchase provision were $10 million instead of $371 million. This calculation is useful to management and investors as it provides a perspective on the impact that the mortgage repurchase provision had on the 3Q 12 efficiency ratio relative to its potential impact in future quarters

Note: Totals may not foot due to rounding