ModernGraham Valuation

Company Name: SunTrust Banks, Inc.

Company Ticker STI

Date of Analysis 11/10/2015

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass all 6 of the following tests.

1. Adequate Size of the Enterprise	Market Cap > $2Bil	$22,005,089,755	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Fail
3. Dividend Record	Dividend Payments for 10 years prior		Pass
4. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-26.82%	Fail
5. Moderate PEmg Ratio	PEmg < 20	14.15	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.95	Pass

Enterprising Investor; must pass all 3 of the following tests, or be suitable for the Defensive Investor.

1. Earnings Stability	Positive EPS for 5 years prior	Pass
2. Dividend Record	Currently Pays Dividend	Pass
3. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive	**No**
Enterprising	**Yes**

Stage 2: Determination of Intrinsic Value

EPSmg	3.05
MG Growth Estimate	15.00%
MG Value	**$117.48**
MG Value based on 3% Growth	$44.24
MG Value based on 0% Growth	$25.94
Market Implied Growth Rate	2.83%

MG Opinion

Current Price	$43.18
% of Intrinsic Value	36.76%
Opinion	**Undervalued**

Stage 3: Information for Further Research

Graham Number	$58.63
PEmg	14.15
PB Ratio	0.95
Dividend Yield	2.04%
Number of Consecutive Years of Dividend Growth	5

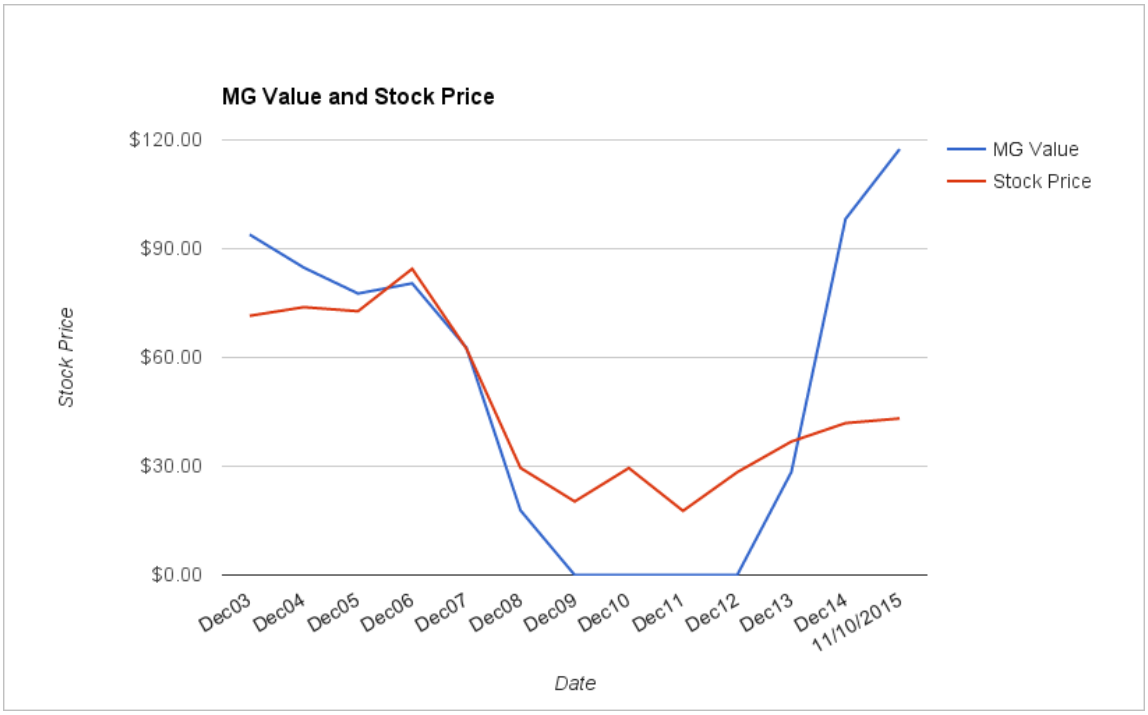
Useful Links:

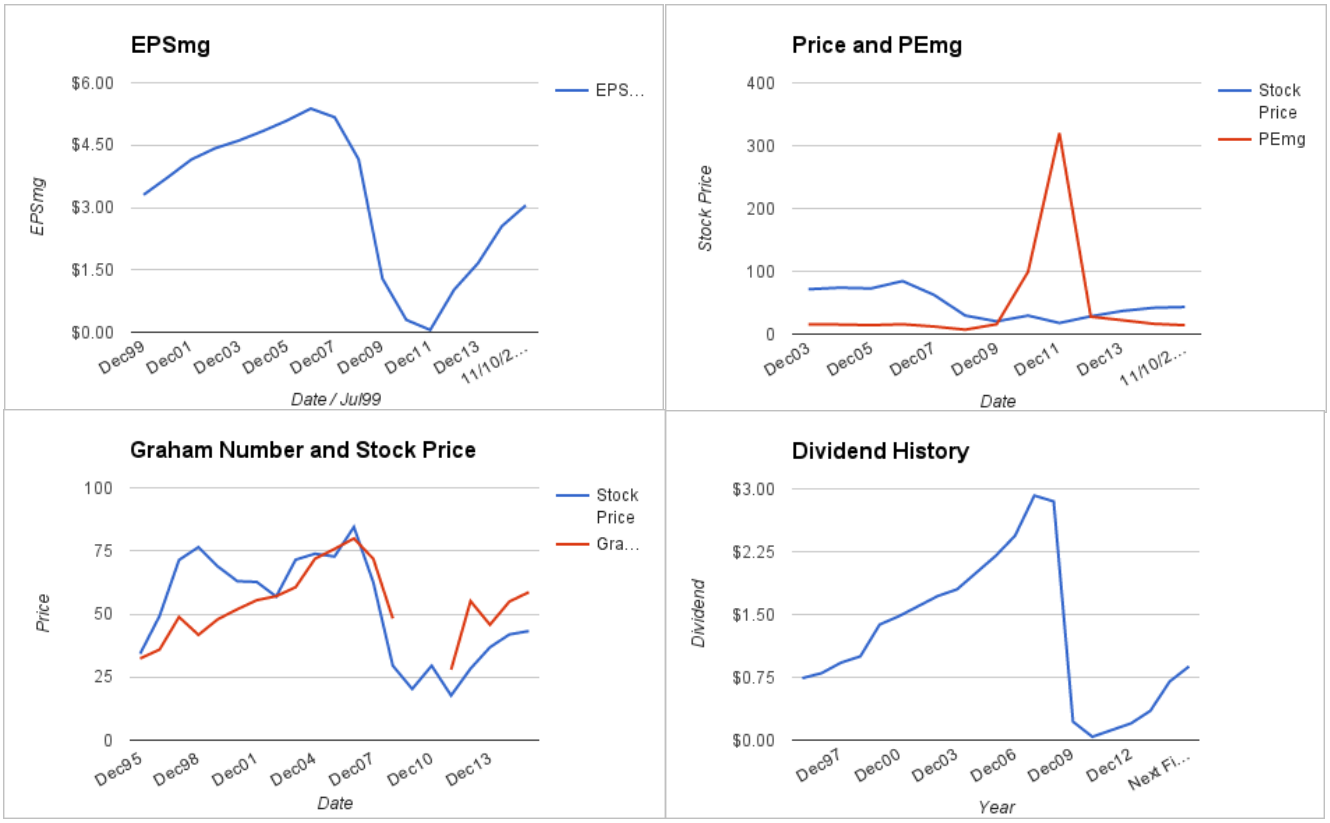
ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History	
Next Fiscal Year Estimate	$3.50
Dec14	$3.23
Dec13	$2.41
Dec12	$3.59
Dec11	$0.94
Dec10	-$0.18
Dec09	-$3.98
Dec08	$2.12
Dec07	$4.55
Dec06	$5.82
Dec05	$5.47
Dec04	$5.19
Dec03	$4.73
Dec02	$4.66
Dec01	$4.72
Dec00	$4.30
Dec99	$4.13
Dec98	$3.04
Dec97	$3.04
Dec96	$2.59
Dec95	$2.47

EPSmg History	
Next Fiscal Year Estimate	$3.05
Dec14	$2.55
Dec13	$1.66
Dec12	$1.02
Dec11	$0.06
Dec10	$0.30
Dec09	$1.29
Dec08	$4.16
Dec07	$5.17
Dec06	$5.38
Dec05	$5.09
Dec04	$4.84
Dec03	$4.61
Dec02	$4.43
Dec01	$4.15
Dec00	$3.72
Dec99	$3.31

Balance Sheet Information	Sep15
Long-Term Debt	$8,444,000,000
Total Assets	$187,036,000,000
Intangible Assets	$7,619,000,000
Total Liabilities	$163,372,000,000
Shares Outstanding (Diluted Average)	518,677,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

30 Companies in the Spotlight This Week – 11/15/14

SunTrust Banks Inc. Annual Valuation – 2014 $STI

Other ModernGraham posts about related companies

U.S. Bancorp Valuation – November 2015 Update $USB

Starwood Property Trust Inc. Valuation – October 2015 Update $STWD

The Best Companies of the Banking Industry – October 2015

Comerica Inc. Valuation – October 2015 Update $CMA

Bank of New York Mellon Corporation Analysis – October 2015 Update $BK

Fifth Third Bancorp Analysis – October 2015 Update $FITB

Huntington Bancshares Inc. Analysis – October 2015 Update $HBAN

JPMorgan Chase & Co. Analysis – September 2015 Update $JPM

Citigroup Inc. Analysis – September 2015 Update $C

Wells Fargo & Co. Analysis – September 2015 Update $WFC