

# ModernGraham Valuation

Cullen/Frost  
Bankers, Inc.



Company Name:

Company Ticker CFR

Date of Analysis

7/24/2018

## 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	\$7,262,375,874	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Pass
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	66.93%	Pass
5. Moderate PEmg Ratio	PEmg < 20	21.01	Fail
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.27	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	5.42
MG Growth Estimate	5.74%
<b>MG Value</b>	<b>\$108.23</b>
MG Value based on 3% Growth	\$78.53
MG Value based on 0% Growth	\$46.04
Market Implied Growth Rate	6.25%

### MG Opinion

Current Price	\$113.78
% of Intrinsic Value	105.12%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>B-</b>

## Stage 3: Information for Further Research

Graham Number	\$84.91
PEmg	21.01
PB Ratio	2.27
Dividend Yield	1.98%
Number of Consecutive Years of Dividend Growth	20

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.45	Next Fiscal Year Estimate	\$5.42
Dec2017	\$5.51	Dec2017	\$4.77
Dec2016	\$4.70	Dec2016	\$4.33
Dec2015	\$4.28	Dec2015	\$4.08
Dec2014	\$4.29	Dec2014	\$3.92
Dec2013	\$3.80	Dec2013	\$3.66
Dec2012	\$3.86	Dec2012	\$3.55
Dec2011	\$3.54	Dec2011	\$3.40
Dec2010	\$3.44	Dec2010	\$3.35
Dec2009	\$3.00	Dec2009	\$3.30
Dec2008	\$3.50	Dec2008	\$3.38
Dec2007	\$3.55	Dec2007	\$3.23
Dec2006	\$3.42	Dec2006	\$2.97
Dec2005	\$3.07	Dec2005	\$2.64
Dec2004	\$2.66	Dec2004	\$2.35
Dec2003	\$2.48	Dec2003	\$2.14
Dec2002	\$2.29	Dec2002	\$1.92
Dec2001	\$1.57		
Dec2000	\$2.03		
Dec1999	\$1.78		
Dec1998	\$1.38		
		<b>Balance Sheet Information</b>	<b>3/1/2018</b>
		Long-Term Debt & Capital Lease Obligation	\$234,789,000
		Total Assets	\$31,459,232,000
		Intangible Assets	\$659,637,000
		Total Liabilities	\$28,215,802,000
		Shares Outstanding (Diluted Average)	64,662,000





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 [Cullen/Frost Bankers Inc Valuation – Initial Coverage \\$CFR](#)

Other ModernGraham posts about related companies [Wells Fargo & Co Valuation – June 2018 \\$WFC](#)  
[SunTrust Banks Inc Valuation – June 2018 \\$STI](#)  
[Comerica Inc Valuation – June 2018 \\$CMA](#)  
[SVB Financial Group Valuation – June 2018 \\$SIVB](#)  
[US Bancorp Valuation – May 2018 \\$USB](#)  
[Bank of New York Mellon Corp Valuation – May 2018 \\$BK](#)  
[Citizens Financial Group Inc Valuation – April 2018 \\$CFG](#)  
[BB&T Corporation Valuation – April 2018 \\$BBT](#)  
[M&T Bank Corp Valuation – April 2018 \\$MTB](#)  
[Bank of America Corp Valuation – March 2018 \\$BAC](#)