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SunTrust Banks, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Brian Foran – Goldman Sachs.

Brian Foran – Goldman Sachs

Early stage delinquencies have been flat at 1.5% in each of the past four quarters but NPAs are growing and the dollar volume of that growth is steadily increasing. I understand flow rates mathematically but conceptually what's the disconnect between the early stage delinquency and NPA trends right now?

Tom Freeman

The disconnect is fairly simple is our ability to gain control of the properties which have gone to delinquencies and charge off is really impacted by a slow down in our ability to foreclose on the properties. If we had normal flows and normal time frames that would be matching up much better and we'd be able to break down the inventory of what would then be owned real estate properties short of bulk selling notes which we think is not an economic option for the company we've got to fight this through the courts.

We're starting to pick up some velocity around that and it's in some of our jurisdictions taking as long as 18 to 24 months to begin to get our hands on the properties. That's really what the backup is.

Brian Foran – Goldman Sachs

That would be Florida specifically?

Tom Freeman

We have several states within the jurisdictions that we work with which are judicial foreclosure states. Those have been painfully slow.

Brian Foran – Goldman Sachs

It sounded from the comments like you're more open to cutting the dividend. I just want to make sure that's the right interpretation. Its been somewhat surprising that there haven't been more dividend cuts across the industry is there any focus or pressure from the regulators for the industry to rationalize dividends to hunker down for a more difficult environment.

Mark Chancy

As we mentioned we are very pleased with our current regulatory capital position as well as our tangible equity to asset position. We are, because of the economic and credit environment as we move into 2009 thoroughly evaluating our capital structure in connection with that deterioration. We're also authorized as we indicated this morning by our Board to evaluate the par capital program and we're in the midst of that evaluation.

Our overall capital structure will include the review of each of our current position, our dividend policy and the TARP program and when that evaluation is complete we'll be back and communicate any results to the marketplace as promptly as possible. As far as any specific guidance by the regulators I really have no comment on that and can't speculate about how they might be communicating with others within the industry.

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