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NATIONAL COMMERCE FINANCIAL CORP

Form 425

July 12, 2004

Filed by SunTrust Banks, Inc.
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of 1934, as amended

Subject Company: National
Commerce Financial Corporation
Exchange Act File Number of
Subject Company: 001-16607

ON JULY 12, 2004, SUNTRUST BANKS, INC. ISSUED THE FOLLOWING PRESS RELEASE
RELATED TO ITS RESULTS OF OPERATIONS FOR ITS SECOND FISCAL QUARTER OF 2004:

[SunTrust Banks, Inc. logo]

SUNTRUST REPORTS RECORD SECOND QUARTER EARNINGS
Strong Results Reflect Healthy Revenue Growth, Good Balance of Earnings
Components

ATLANTA - SunTrust Banks, Inc. (NYSE: STI) today reported net income for the second quarter of 2004 of \$364.8 million, up 10% from the \$330.4 million earned in second quarter of 2003. Net income per diluted share was \$1.29, up 10% from the \$1.17 per diluted share earned in the second quarter of 2003.

"SunTrust's capacity to translate the attractive demographics and high-growth profile of our markets into strong, sustainable and well-balanced earnings growth was amply demonstrated in the second quarter," noted L. Phillip Humann, SunTrust Chairman, President and Chief Executive Officer. "Healthy revenue growth, reflecting a good balance of net interest income and fee income, coupled with excellent credit quality, produced strong bottom line results that confirm the validity of our distinctive, customer-focused business strategy."

Mr. Humann noted that improved performance by each of SunTrust's key business lines -- retail banking, commercial banking, corporate and investment banking, mortgage banking and wealth management - contributed to the quarter's results. Mr. Humann also said that integration planning is "well underway, on track and on schedule" for scheduled closing in the fourth quarter of the Company's previously announced merger with Memphis-based National Commerce Financial Corporation.

For the second quarter of 2004, reported return on average total assets (ROA) was 1.15%, and return on average total equity (ROE) was 14.39%. Return on average assets less net unrealized gains on securities was 1.20% and return on average realized equity was 17.77%. The Company believes ROA and ROE excluding net unrealized gains from the Company's securities portfolio is the more indicative performance measure in this area due to SunTrust's ownership of 48 million shares of The Coca-Cola Company.

For the first six months of 2004, net income was \$723.3 million, up 10% from the same period in 2003. Net income per diluted share was \$2.55, up 9% from the first six months of 2003. ROA was 1.16%, and ROE was 14.52%. Return on average assets less net unrealized gains on securities was 1.19% and return on

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average realized equity was 17.61%.

Fully taxable net interest income was \$885.1 million in the second quarter, up 9% from the second quarter of 2003. The net interest margin for the quarter was 3.13%, comparable to the first quarter of 2004, up from 3.05% a year ago and in line with SunTrust's expectations.

Average loans for the second quarter were \$80.9 billion, up 9% from the second quarter of 2003, and average earning assets were \$113.7 billion, up 7% from the second quarter of 2003. SunTrust noted that both consumer and overall commercial loans displayed growth momentum in the second quarter despite a continued lack of demand for bank loans by large corporate borrowers.

Average consumer and commercial deposits for the second quarter were \$73.2 billion, up 6% from the second quarter of 2003. Average low cost consumer and commercial deposits for the second quarter were \$40.4 billion, up 14% from the second quarter of 2003.

Total noninterest income was \$622.7 million for the quarter, up 4% from the second quarter of 2003. Noninterest income, excluding net securities gains, of \$631.7 million in the quarter, was up 12% from the second quarter of 2003.

Net charge-offs in the second quarter were \$37.6 million or 0.19% of average loans, down from 0.30% of average loans in the first quarter of 2004. SunTrust noted that the second quarter charge off level, while consistent with the Company's generally improving credit quality picture, was nonetheless "unusually low." The provision for loan losses was \$38.8 million for the second quarter. In addition, the Company added \$9.4 million to reserves for unfunded loan commitments during the quarter. This charge is reflected in "other noninterest expense."

Nonperforming assets were \$324.4 million at quarter end or 0.39% of loans, other real estate owned and repossessed assets, down from \$331.9 million as of March 31, 2004. Nonperforming assets at June 30, 2004 included \$301.1 million in nonperforming loans, \$14.2 million in other real estate owned and \$9.1 million in other repossessed assets. The allowance for loan losses at June 30, 2004 was \$943.7 million and represented 1.14% of period-end loans and 313.4% of nonperforming loans. SunTrust's nonperforming asset levels continue to compare very favorably with the most recently published industry averages.

Total noninterest expense in the second quarter was \$928.4 million, up 11% from the second quarter of 2003. Excluding incremental incentive compensation costs related to higher business volumes and the expense to reserve for unfunded loan commitments in the second quarter of 2004, expenses for the quarter were held to first quarter levels.

At June 30, 2004, SunTrust had total assets of \$128.1 billion. Equity capital of \$10.0 billion represented 7.8% of total assets. Book value per share was \$35.49, up 9% from June 30, 2003.

To view the corresponding financial tables and information, please refer to the Investor Relations section located under "About SunTrust" on our Web site at www.suntrust.com. This information may also be directly accessed via the quick link entitled "2nd Quarter Earnings Release" located at the lower right hand corner of the SunTrust homepage.

SunTrust management will host a conference call on July 12, 2004 at 8:30 a.m. (Eastern Time) to review earnings and performance trends. Individuals are encouraged to call in beginning at 8:15 a.m. (Eastern Time) by dialing

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1-888-822-9863 (Passcode: 2Q04; Leader: Gary Peacock.). Individuals calling from outside the United States should dial 1-484-630-1854 (Passcode: 2Q04; Leader: Gary Peacock). A replay of the call will be available beginning July 12, 2004 and ending July 26, 2004 at 5:00 p.m. (Eastern Time) by dialing 1-800-282-5736 (domestic) or 1-402-220-9727 (international).

Alternatively, individuals may listen to the live webcast of the presentation by visiting the SunTrust Web site at www.suntrust.com. The webcast will be hosted under "Investor Relations" located under "About SunTrust" or may be accessed directly from the SunTrust home page by clicking on the earnings related link, "2nd Quarter Earnings Release". Beginning the afternoon of July 12, 2004, listeners may access an archived version of the presentation in the "Webcasts and Presentations" subsection found under "Investor Relations". A link to the Investor Relations page is also found in the footer of the SunTrust home page.

SunTrust Banks, Inc., headquartered in Atlanta, is one of the nation's largest commercial banking organizations. The Company operates through an extensive distribution network primarily in Florida, Georgia, Maryland, Tennessee, Virginia and the District of Columbia and also serves customers in selected markets nationally. Its primary businesses include deposit, credit, trust and investment services. Through various subsidiaries the company provides credit cards, mortgage banking, insurance, brokerage and capital markets services. SunTrust's Internet address is www.suntrust.com.

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The information provided herein, including related questions and answers, may contain forward looking statements. Statements that are not historical facts, including statements about SunTrust's beliefs and expectations, are forward-looking statements. These statements are based on beliefs and assumptions by SunTrust's management, and on information currently available to such management. The forward-looking statements are intended to be subject to the safe harbor protection provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include statements preceded by, followed by or that include the words "believes," "expects," "anticipates," "plans," "estimates," or similar expressions or future conditional verbs such as "will," "should," "would," and "could." Forward-looking statements speak only as of the date they are made, and SunTrust undertakes no obligation to update publicly any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. Management cautions that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Examples of such factors include, but are not limited to: changes in interest rates; changes in accounting principles, policies or guidelines; changes in the securities markets; changes in regulatory requirements; competitive pressures and changes in the economy. For a more thorough discussion of factors that could impact actual results, see the "A Warning About Forward-Looking Information" section of SunTrust's 2003 annual report filed on Form 10-K with the SEC. For further information regarding SunTrust, please read the SunTrust reports filed with the SEC and available at www.sec.gov.

This press release could include some non-GAAP measures to describe our Company's performance. The reconciliation of those measures to GAAP measures can be found in the financial information contained at the end of this press release.

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SUNTRUST BANKS, INC. AND SUBSIDIARIES
FINANCIAL HIGHLIGHTS

| | THREE MONTHS ENDED | | % | SIX MON |
|--|--------------------|-----------|--------|---------|
| | 2004 | 2003 | | CHANGE |
| EARNINGS & DIVIDENDS | | | | |
| Period Ended June 30 | | | | |
| (Dollars in millions except per share data) | | | | |
| Net income | \$ 364.8 | \$ 330.4 | 10.4% | \$ 723 |
| Total revenue | 1,507.7 | 1,407.2 | 7.1 | 2,966 |
| Total revenue excluding securities gains and losses(1) | 1,516.8 | 1,376.0 | 10.2 | 2,970 |
| Earnings per share | | | | |
| Diluted | \$ 1.29 | \$ 1.17 | 10.3 | \$ 2. |
| Basic | 1.31 | 1.19 | 10.1 | 2. |
| Dividends paid per common share | 0.50 | 0.45 | 11.1 | 1. |
| Average shares outstanding (000s) | | | | |
| Diluted | 283,116 | 280,287 | 1.0 | 283,3 |
| Basic | 279,840 | 277,397 | 0.9 | 279,6 |
| KEY RATIOS | | | | |
| Return on average total assets | 1.15% | 1.11% | 3.6% | 1. |
| Return on average assets less net unrealized gains on securities (2) | 1.20 | 1.06 | 13.2 | 1. |
| Return on average total equity | 14.39 | 14.95 | (3.7) | 14. |
| Return on average realized equity (2) | 17.77 | 16.77 | 6.0 | 17. |
| Total average shareholders' equity to total average assets | 8.01 | 7.42 | 8.0 | 7. |
| Net interest margin (3) | 3.13 | 3.05 | 2.6 | 3. |
| Efficiency ratio (3) | 61.58 | 59.53 | 3.4 | 61. |
| Period Ended June 30 | | | | |
| Book value per share | 35.49 | 32.62 | 8.8 | |
| Tier 1 capital ratio | 8.204 | 7.44 | 10.2 | |
| Total capital ratio | 12.004 | 11.38 | 5.4 | |
| Tier 1 leverage ratio | 7.604 | 7.27 | 4.5 | |
| CONDENSED BALANCE SHEETS (DOLLARS IN MILLIONS) | | | | |
| Average Balances | | | | |
| Securities available for sale | \$ 26,035 | \$ 22,952 | 13.4% | \$ 25,7 |
| Loans held for sale | 6,141 | 8,255 | (25.6) | 5,7 |
| Loans | 80,936 | 74,311 | 8.9 | 80,4 |
| Other earning assets | 3,349 | 3,381 | (0.9) | 3,1 |
| Allowance for loan losses | (954) | (952) | 0.2 | (9 |
| Intangible assets | 1,760 | 1,586 | 11.0 | 1,7 |
| Other assets | 10,020 | 9,915 | 1.1 | 9,7 |
| Total assets | \$ 127,287 | \$119,448 | 6.6 | \$125,5 |
| Consumer and commercial deposits | | | | |
| Purchased liabilities(5) | \$ 73,166 | \$ 69,097 | 5.9 | \$ 71,7 |
| | 21,322 | 23,005 | (7.3) | 22,1 |

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| | | | | |
|--|------------|-----------|--------|---------|
| Long-term debt | 16,784 | 11,860 | 41.5 | 16,0 |
| Other liabilities | 5,821 | 6,622 | (12.1) | 5,5 |
| Total liabilities | 117,093 | 110,584 | 5.9 | 115,5 |
| Shareholder's equity | 10,194 | 8,864 | 15.0 | 10,0 |
| Total liabilities and shareholders' equity | \$ 127,287 | \$119,448 | 6.6 | \$125,5 |
| Period Ended June 30 | | | | |
| Securities available for sale | \$ 25,588 | \$ 22,211 | 15.2 | |
| Loans held for sale | 5,031 | 9,037 | (44.3) | |
| Loans | 82,540 | 75,262 | 9.7 | |
| Other earning assets | 3,504 | 4,283 | (18.2) | |
| Allowance for loan losses | (944) | (941) | 0.3 | |
| Intangible assets | 1,886 | 1,676 | 12.5 | |
| Other assets | 10,530 | 9,329 | 12.9 | |
| Total assets | \$ 128,135 | \$120,857 | 6.0 | |
| Consumer and commercial deposits | \$ 73,855 | \$ 71,133 | 3.8 | |
| Purchased liabilities(5) | 21,212 | 22,228 | (4.6) | |
| Long-term debt | 17,441 | 11,990 | 45.5 | |
| Other liabilities | 5,592 | 6,328 | (11.6) | |
| Total liabilities | 118,100 | 111,679 | 5.7 | |
| Shareholder's equity | 10,035 | 9,179 | 9.3 | |
| Total liabilities and shareholders' equity | \$ 128,135 | \$120,858 | 6.0 | |

- (1) SunTrust presents total revenue excluding realized securities gains and losses. The Company believes total revenue without securities gains and losses is more indicative

of the Company's performance because it isolates income that is primarily customer relationship and customer transaction driven. See Appendix A for a reconciliation of this non-GAAP performance measure.

- (2) SunTrust presents a return on average assets less net unrealized gains on securities and a return on average realized equity. The foregoing numbers reflect primarily adjustments to remove the effects of the Company's securities portfolio which includes the ownership by the Company of 48.3 million shares of The Coca-Cola Company. The Company uses this information internally to gauge its actual performance in the industry. The Company believes that the return on average assets less the net unrealized gains on the securities portfolio is more indicative of the Company's return on assets because it more accurately reflects the return on the assets that are related to the Company's core businesses which are primarily customer relationship and customer transaction driven. The Company also believes that the return on average realized equity is more indicative of the Company's return on equity because the excluded equity relates primarily to a long term holding of a specific security. See Appendix A for a reconciliation of these non-GAAP performance measures.
- (3) The net interest margin and efficiency ratios are presented on a full taxable-equivalent (FTE) basis. The FTE basis adjusts for the tax-favored

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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.

- (4) Current period tier 1 capital, total capital and tier 1 leverage ratios are estimated as of the press release date.
- (5) Purchased liabilities include foreign and brokered deposits, funds purchased and other short-term borrowings.

SUNTRUST BANKS, INC. AND SUBSIDIARIES FINANCIAL HIGHLIGHTS

| | THREE MONTHS ENDED | |
|--|--------------------|----------|
| | 2004 | 2003 |
| | ---- | ---- |
| CREDIT DATA (DOLLARS IN THOUSANDS) | | |
| Period Ended June 30 | | |
| Allowance for loan losses - beginning | \$ 942,523 | \$931,08 |
| Allowance from acquisitions and other activity - net | -- | 9,32 |
| Provision for loan losses | 38,751 | 82,66 |
| Net charge-offs | | |
| Consumer | 21,990 | 24,70 |
| Real estate | 8,062 | 4,60 |
| Commercial | 7,504 | 52,86 |
| | ----- | ----- |
| Allowance for loan losses - ending | \$ 943,718 | \$940,88 |
| | ----- | ----- |
| Total net charge-offs | \$ 37,556 | \$ 82,17 |
| Net charge-offs to average loans | 0.19% | 0.4 |
| Period Ended June 30 | | |
| Nonaccrual loans | \$ 282,909 | \$480,58 |
| Restructured loans | 18,189 | 2,50 |
| | ----- | ----- |
| Total nonperforming loans | 301,098 | 483,08 |
| Other real estate owned (OREO) | 14,246 | 20,88 |
| Other repossessed assets | 9,076 | 11,42 |
| | ----- | ----- |
| Total nonperforming assets | \$ 324,420 | \$515,39 |
| | ----- | ----- |
| Total nonperforming loans to total loans | 0.36% | 0.6 |
| Total nonperforming assets to total loans plus OREO and other repossessed assets | 0.39 | 0.6 |
| Allowance to period-end loans | 1.14 | 1.2 |
| Allowance to nonperforming loans | 313.4 | 194. |

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SUNTRUST BANKS, INC. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 (DOLLARS IN THOUSANDS)

| | AS OF JUNE 30 | | INCREASE AMOUNT |
|--|----------------------|----------------------|--------------------|
| | 2004 | 2003 | |
| ASSETS | | | |
| Cash and due from banks | \$ 4,068,693 | \$ 4,098,009 | \$ |
| Interest-bearing deposits in other banks | 17,196 | 8,701 | |
| Trading assets | 1,807,320 | 2,122,225 | |
| Securities available for sale (1) | 25,587,978 | 22,211,036 | 3 |
| Funds sold and securities purchased under agreements to resell | 1,679,403 | 2,151,606 | |
| Loans held for sale | 5,030,617 | 9,037,490 | (4) |
| Loans | 82,540,230 | 75,261,756 | 7 |
| Allowance for loan losses | (943,718) | (940,889) | |
| Net loans | 81,596,512 | 74,320,867 | 7 |
| Goodwill | 1,164,846 | 1,059,720 | |
| Other intangible assets | 721,428 | 616,137 | |
| Other assets | 6,461,055 | 5,231,508 | 1 |
| TOTAL ASSETS (2) | \$128,135,048 | \$120,857,299 | \$ 7 |
| LIABILITIES | | | |
| Noninterest-bearing consumer and commercial deposits | \$ 20,610,429 | \$ 19,077,066 | \$ 1 |
| Interest-bearing consumer and commercial deposits | 53,244,549 | 52,055,755 | 1 |
| Total consumer and commercial deposits | 73,854,978 | 71,132,821 | 2 |
| Brokered deposits | 4,050,525 | 3,207,876 | |
| Foreign deposits | 7,623,200 | 2,934,963 | 4 |
| Total deposits | 85,528,703 | 77,275,660 | 8 |
| Funds purchased and securities sold under agreements to repurchase | 8,099,685 | 15,089,770 | (6) |
| Other short-term borrowings | 1,438,908 | 995,147 | |
| Long-term debt | 17,441,487 | 11,989,592 | 5 |
| Trading liabilities | 1,072,125 | 1,179,121 | |
| Other liabilities | 4,519,473 | 5,149,306 | |
| TOTAL LIABILITIES | 118,100,381 | 111,678,596 | 6 |
| SHAREHOLDERS' EQUITY | | | |
| Preferred stock, no par value | -- | -- | |
| Common stock, \$1.00 par value | 294,163 | 294,163 | |
| Additional paid in capital | 1,297,555 | 1,288,657 | |
| Retained earnings | 7,590,411 | 6,727,923 | |
| Treasury stock and other | (625,137) | (696,517) | |
| Accumulated other comprehensive income | 1,477,675 | 1,564,477 | |

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| | | | |
|--|---------------|---------------|------|
| TOTAL SHAREHOLDERS' EQUITY | 10,034,667 | 9,178,703 | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$128,135,048 | \$120,857,299 | \$ 7 |
| Common shares outstanding | 282,726,614 | 281,392,725 | 1 |
| Common shares authorized | 750,000,000 | 750,000,000 | |
| Treasury shares of common stock | 11,436,143 | 12,770,032 | (1) |
| (1) Includes net unrealized gains of: | \$ 2,258,984 | \$ 2,474,229 | \$ |
| (2) Includes earning assets of: | 114,403,760 | 108,318,585 | 6 |

SUNTRUST BANKS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

| | THREE MONTHS ENDED | | | | SIX MONTHS ENDED | | |
|--|--------------------|-------------|----------------------|---------|------------------|-------------|-------|
| | JUNE 30 | | INCREASE/ (DECREASE) | | JUNE 30 | | INCRE |
| | 2004 | 2003 | AMOUNT | % | 2004 | 2003 | AMO |
| Interest income | \$1,188,074 | \$1,174,040 | \$ 14,034 | 1.2% | \$2,361,938 | \$2,392,161 | \$ (|
| Interest expense | 315,645 | 374,527 | (58,882) | (15.7) | 637,861 | 770,178 | (1 |
| NET INTEREST INCOME | 872,429 | 799,513 | 72,916 | 9.1 | 1,724,077 | 1,621,983 | 1 |
| Provision for loan losses | 38,751 | 82,662 | (43,911) | (53.1) | 98,139 | 163,465 | (|
| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES | 833,678 | 716,851 | 116,827 | 16.3 | 1,625,938 | 1,458,518 | 1 |
| NONINTEREST INCOME | | | | | | | |
| Service charges on deposit accounts | 168,704 | 157,954 | 10,750 | 6.8 | 331,922 | 315,775 | |
| Trust and investment management income | 140,366 | 124,215 | 16,151 | 13.0 | 276,584 | 245,010 | |
| Retail investment services | 49,839 | 41,991 | 7,848 | 18.7 | 95,577 | 79,459 | |
| Other charges and fees | 94,766 | 82,574 | 12,192 | 14.8 | 187,513 | 160,845 | |
| Investment banking income | 54,330 | 57,167 | (2,837) | (5.0) | 99,143 | 90,979 | |
| Trading account profits and commissions | 31,034 | 29,583 | 1,451 | 4.9 | 60,424 | 60,376 | |
| Credit card and other fees | 37,721 | 32,376 | 5,345 | 16.5 | 69,415 | 61,049 | |
| Other noninterest income | 54,953 | 39,694 | 15,259 | 38.4 | 101,294 | 57,681 | |
| Securities (losses)/gains | (9,048) | 31,238 | (40,286) | (129.0) | (4,121) | 73,277 | (|
| Total noninterest income | 622,665 | 596,792 | 25,873 | 4.3 | 1,217,751 | 1,144,451 | |
| NONINTEREST EXPENSE | | | | | | | |

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| | | | | | | |
|--|-------------------|-------------------|---------------|-------------|-------------------|-------------------|
| Personnel expense | 520,922 | 482,599 | 38,323 | 7.9 | 1,027,718 | 956,324 |
| Net occupancy expense | 61,629 | 58,563 | 3,066 | 5.2 | 123,488 | 116,285 |
| Outside processing and software | 70,619 | 61,022 | 9,597 | 15.7 | 136,245 | 118,076 |
| Equipment expense | 45,740 | 44,546 | 1,194 | 2.7 | 90,825 | 88,016 |
| Marketing and customer development | 31,655 | 25,583 | 6,072 | 23.7 | 61,874 | 50,462 |
| Amortization of intangible assets | 14,590 | 15,208 | (618) | (4.1) | 30,230 | 31,925 |
| Other noninterest expense | 183,294 | 150,207 | 33,087 | 22.0 | 347,817 | 294,869 |
| Total noninterest expense | 928,449 | 837,728 | 90,721 | 10.8 | 1,818,197 | 1,655,957 |
| INCOME BEFORE INCOME TAXES | 527,894 | 475,915 | 51,979 | 10.9 | 1,025,492 | 947,012 |
| Provision for income taxes | 163,057 | 145,556 | 17,501 | 12.0 | 302,178 | 288,805 |
| NET INCOME | \$ 364,837 | \$ 330,359 | 34,478 | 10.4 | \$ 723,314 | \$ 658,207 |
| Net interest income (taxable-equivalent) (1) | \$ 885,066 | \$ 810,415 | 74,651 | 9.2 | \$1,748,970 | \$1,643,428 |
| Earnings per share | | | | | | |
| Diluted | 1.29 | 1.17 | 0.12 | 10.3 | 2.55 | 2.34 |
| Basic | 1.31 | 1.19 | 0.12 | 10.1 | 2.59 | 2.37 |
| Cash dividends paid per common share | 0.50 | 0.45 | 0.05 | 11.1 | 1.00 | 0.90 |
| Average shares outstanding (000s) | | | | | | |
| Diluted | 283,116 | 280,287 | 2,829 | 1.0 | 283,320 | 280,806 |
| Basic | 279,840 | 277,397 | 2,443 | 0.9 | 279,682 | 278,011 |

(1) Net interest income includes the effects of taxable-equivalent adjustments using a federal tax rate of 35% and state income taxes where applicable to increase tax-exempt interest income to a taxable-equivalent basis.

SUNTRUST BANKS, INC. AND SUBSIDIARIES
SELECTED FINANCIAL INFORMATION

| | 2ND QUARTER 2004 | 1ST QUARTER 2004 | 4TH QUARTER 2003 | 3RD QUARTER 2003 |
|---|---------------------|---------------------|---------------------|---------------------|
| RESULTS OF OPERATIONS | | | | |
| (Dollars in thousands, except per share data) | | | | |
| Net interest income | \$ 872,429 | \$ 851,648 | \$ 865,520 | \$ 832,800 |
| Provision for loan losses | 38,751 | 59,388 | 70,286 | 79,799 |
| Net credit income | 833,678 | 792,260 | 795,234 | 753,001 |
| Securities (losses)/gains | (9,048) | 4,927 | 19,501 | 31,098 |
| Other noninterest income | 631,713 | 590,159 | 564,571 | 543,380 |

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| | | | | |
|--|------------|------------|------------|------------|
| Net credit and noninterest income | 1,456,343 | 1,387,346 | 1,379,306 | 1,327,479 |
| Noninterest expense | 928,449 | 889,748 | 884,794 | 859,865 |
| Income before income taxes | 527,894 | 497,598 | 494,512 | 467,614 |
| Provision for income taxes | 163,057 | 139,121 | 152,005 | 136,031 |
| NET INCOME | \$ 364,837 | \$ 358,477 | \$ 342,507 | \$ 331,583 |
| Net interest income (taxable-equivalent) | \$ 885,066 | \$ 863,904 | \$ 877,501 | \$ 844,388 |
| Total revenue | 1,507,731 | 1,458,990 | 1,461,573 | 1,418,866 |
| Total revenue excluding securities gains and Losses (1) | 1,516,779 | 1,454,063 | 1,442,072 | 1,387,768 |
| Earnings per share | | | | |
| Diluted | \$ 1.29 | \$ 1.26 | \$ 1.21 | \$ 1.18 |
| Basic | 1.31 | 1.28 | 1.23 | 1.19 |
| Dividends paid per common share | 0.50 | 0.50 | 0.45 | 0.45 |
| Average shares outstanding (000s) | | | | |
| Diluted | 283,116 | 283,523 | 282,537 | 281,567 |
| Basic | 279,840 | 279,523 | 278,852 | 278,296 |
| ----- | | | | |
| SELECTED AVERAGE BALANCES | | | | |
| ----- | | | | |
| (Dollars in millions) | | | | |
| Total assets | \$ 127,287 | \$ 123,854 | \$ 124,756 | \$ 126,702 |
| Earning assets | 113,657 | 111,038 | 112,730 | 112,329 |
| Unrealized gains on securities available for sale | 2,804 | 2,580 | 2,364 | 2,402 |
| Loans | 80,936 | 79,905 | 79,370 | 77,733 |
| Interest-bearing liabilities | 90,680 | 89,792 | 91,213 | 90,464 |
| Total deposits | 83,320 | 80,362 | 81,082 | 81,373 |
| Shareholders' equity | 10,194 | 9,840 | 9,436 | 9,237 |
| ----- | | | | |
| SELECTED RATIOS | | | | |
| Net interest margin (1) | 3.13% | 3.13% | 3.09% | 2.98% |
| Return on average total assets | 1.15 | 1.16 | 1.09 | 1.04 |
| Return on average assets less net unrealized gains on securities (3) | 1.20 | 1.18 | 1.07 | 0.99 |
| Return on average total equity | 14.39 | 14.65 | 14.40 | 14.24 |
| Return on average realized equity (3) | 17.77 | 17.44 | 16.50 | 16.02 |
| ----- | | | | |
| CREDIT DATA | | | | |
| ----- | | | | |
| (Dollars in thousands) | | | | |
| Allowance for loan losses - beginning | \$ 942,523 | \$ 941,922 | \$ 941,423 | \$ 940,889 |
| Allowance from acquisitions and other activity - net | -- | -- | -- | -- |
| Provision for loan losses | 38,751 | 59,388 | 70,286 | 79,799 |
| Net charge-offs | 37,556 | 58,787 | 69,787 | 79,265 |
| Allowance for loan losses-ending | \$ 943,718 | \$ 942,523 | \$ 941,922 | \$ 941,423 |
| Net charge-offs to average loans | 0.19% | 0.30% | 0.35% | 0.40% |
| Period Ended | | | | |
| Nonaccrual loans | \$ 282,909 | \$ 283,918 | \$ 336,587 | \$ 423,320 |
| Restructured loans | 18,189 | 18,661 | 14,782 | 9,241 |
| Total nonperforming loans | 301,098 | 302,579 | 351,369 | 432,561 |
| Other real estate owned (OREO) | 14,246 | 18,380 | 16,458 | 19,607 |

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| | | | | |
|---|------------|------------|------------|------------|
| Other repossessed assets | 9,076 | 10,953 | 10,270 | 11,637 |
| Total nonperforming assets | \$ 324,420 | \$ 331,912 | \$ 378,097 | \$ 463,805 |
| Total nonperforming loans to total loans | 0.36% | 0.38% | 0.44% | 0.55% |
| Total nonperforming assets to total loans plus OREO and other repossessed assets | 0.39 | 0.42 | 0.47 | 0.59 |
| Allowance to period-end loans | 1.14 | 1.19 | 1.17 | 1.19 |
| Allowance to nonperforming loans | 313.4 | 311.5 | 268.1 | 217.6 |

- (1) SunTrust presents total revenue excluding realized securities gains and losses. The Company believes total revenue without securities gains and losses is more indicative of the Company's performance because it isolates income that is primarily customer relationship and customer transaction driven. See Appendix A for a reconciliation of this non-GAAP performance measure.
- (2) The net interest margin is presented on a fully taxable-equivalent (FTE) and 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.
- (3) SunTrust presents a return on average assets less net unrealized gains on securities and a return on average realized equity. The foregoing numbers reflect primarily adjustments to remove the effects of the Company's securities portfolio which includes the ownership by the Company of 48.3 million shares of The Coca-Cola Company. The Company uses this information internally to gauge its actual performance in the industry. The Company believes that the return on average assets less the net unrealized gains on the securities portfolio is more indicative of the Company's return on assets because it more accurately reflects the return on the assets that are related to the Company's core businesses which are primarily customer relationship and customer transaction driven. The Company also believes that the return on average realized equity is more indicative of the Company's return on equity because the excluded equity relates primarily to a long term holding of a specific security. See Appendix A for a reconciliation of these non-GAAP performance measures.

SUNTRUST BANKS, INC. AND SUBSIDIARIES
CONSOLIDATED DAILY AVERAGE BALANCES,
AVERAGE YIELDS EARNED AND RATES PAID
(DOLLARS IN MILLIONS; YIELDS ON TAXABLE-EQUIVALENT BASIS)

| | | | |
|----------------|----------|---------|-----|
| THREE MONTHS E | | | |
| ----- | | | |
| JUNE 30, 2004 | | | |
| ----- | | | |
| | INTEREST | | |
| AVERAGE | INCOME/ | YIELDS/ | AVE |
| BALANCES | EXPENSE | RATES | BAL |
| ----- | | | |

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ASSETS

Loans:

| | | | | |
|---|-------------|----------|-------|-------|
| Real estate 1-4 family | \$ 18,870.1 | \$ 235.9 | 5.00% | \$15 |
| Real estate construction | 4,558.9 | 49.5 | 4.37 | 4 |
| Real estate equity | 7,619.1 | 78.1 | 4.12 | 5 |
| Real estate commercial | 9,426.0 | 106.2 | 4.53 | 9 |
| Commercial | 27,510.8 | 247.4 | 3.62 | 27 |
| Business credit card | 151.0 | 2.5 | 6.55 | |
| Consumer - direct | 3,576.9 | 41.6 | 4.68 | 3 |
| Consumer - indirect | 8,938.3 | 126.6 | 5.70 | 7 |
| Nonaccrual and restructured | 285.3 | 5.8 | 8.14 | |
| | ----- | ----- | ----- | ----- |
| Total loans | 80,936.4 | 893.6 | 4.44 | 74 |
| Securities available for sale: | | | | |
| Taxable | 22,781.2 | 213.7 | 3.75 | 20 |
| Tax-exempt | 449.7 | 6.5 | 5.81 | |
| | ----- | ----- | ----- | ----- |
| Total securities available for sale | 23,230.9 | 220.2 | 3.79 | 20 |
| Funds sold and securities purchased under agreement to resell | 1,562.8 | 4.1 | 1.04 | 1 |
| Loans held for sale | 6,141.2 | 76.8 | 5.01 | 8 |
| Interest-bearing deposits | 17.9 | -- | 0.76 | |
| Trading assets | 1,767.9 | 6.0 | 1.36 | 1 |
| | ----- | ----- | ----- | ----- |
| Total earning assets | 113,657.1 | 1,200.7 | 4.25 | 106 |
| Allowance for loan losses | (953.7) | | | |
| Cash and due from banks | 3,732.5 | | | 3 |
| Premises and equipment | 1,617.4 | | | 1 |
| Other assets | 6,430.3 | | | 6 |
| Unrealized gains on securities available for sale | 2,803.9 | | | 2 |
| | ----- | ----- | ----- | ----- |
| Total assets | \$127,287.5 | | | \$119 |
| | ----- | ----- | ----- | ----- |

LIABILITIES AND SHAREHOLDERS' EQUITY

Interest-bearing deposits:

| | | | | |
|--|-------------|---------|-------|-------|
| NOW accounts | \$ 12,811.6 | \$ 13.4 | 0.42% | \$11 |
| Money Market accounts | 22,367.4 | 42.9 | 0.77 | 22 |
| Savings | 6,990.9 | 12.7 | 0.73 | 6 |
| Consumer time | 6,988.0 | 34.5 | 1.98 | 8 |
| Other time | 3,416.6 | 19.7 | 2.32 | 3 |
| | ----- | ----- | ----- | ----- |
| Total interest-bearing consumer and commercial deposits | 52,574.5 | 123.2 | 0.94 | 51 |
| Brokered deposits | 3,668.2 | 17.1 | 1.84 | 3 |
| Foreign deposits | 6,485.7 | 17.1 | 1.04 | 7 |
| | ----- | ----- | ----- | ----- |
| Total interest-bearing deposits | 62,728.4 | 157.4 | 1.01 | 62 |
| Funds purchased and securities sold under agreements to repurchase | 10,163.3 | 19.9 | 0.78 | 11 |
| Other short-term borrowings | 1,004.6 | 3.6 | 1.44 | |
| Long-term debt | 16,784.1 | 134.7 | 3.23 | 11 |
| | ----- | ----- | ----- | ----- |
| Total interest-bearing liabilities | 90,680.4 | 315.6 | 1.40 | 86 |
| Noninterest-bearing deposits | 20,591.6 | | | 17 |
| Other liabilities | 5,821.3 | | | 6 |
| Shareholders' equity | 10,194.2 | | | 8 |
| | ----- | ----- | ----- | ----- |
| Total liabilities and shareholders' equity | \$127,287.5 | | | \$119 |
| | ----- | ----- | ----- | ----- |
| Interest rate spread | | | 2.85% | |
| | ----- | ----- | ----- | ----- |

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| | |
|---------------------|----------|
| NET INTEREST INCOME | \$ 885.1 |
| NET INTEREST MARGIN | 3.13% |

| | SIX MONTHS EN | | | |
|---|---------------------|--------------------------------|------------------|-----------|
| | JUNE 30, 2004 | | | |
| | AVERAGE BALANCES | INTEREST INCOME/ EXPENSE | YIELDS/ RATES | AV BAL |
| ASSETS | | | | |
| Loans: | | | | |
| Real estate 1-4 family | \$ 18,314.0 | \$ 466.4 | 5.09% | \$14 |
| Real estate construction | 4,552.6 | 98.8 | 4.36 | 4 |
| Real estate equity | 7,365.5 | 152.0 | 4.15 | 5 |
| Real estate commercial | 9,360.5 | 213.1 | 4.58 | 9 |
| Commercial | 27,987.5 | 497.6 | 3.58 | 27 |
| Business credit card | 145.5 | 4.8 | 6.64 | |
| Consumer - direct | 3,555.0 | 83.8 | 4.74 | 3 |
| Consumer - indirect | 8,832.9 | 256.9 | 5.85 | 7 |
| Nonaccrual and restructured | 307.2 | 11.8 | 7.71 | |
| Total loans | 80,420.7 | 1,785.2 | 4.46 | 73 |
| Securities available for sale: | | | | |
| Taxable | 22,621.9 | 426.6 | 3.77 | 20 |
| Tax-exempt | 407.1 | 12.2 | 5.99 | |
| Total securities available for sale | 23,029.0 | 438.8 | 3.81 | 20 |
| Funds sold and securities purchased under agreement to resell | 1,401.7 | 7.4 | 1.05 | 1 |
| Loans held for sale | 5,728.6 | 144.0 | 5.03 | 8 |
| Interest-bearing deposits | 16.6 | 0.1 | 0.80 | |
| Trading assets | 1,751.1 | 11.3 | 1.30 | 1 |
| Total earning assets | 112,347.7 | 2,386.8 | 4.27 | 105 |
| Allowance for loan losses | (953.7) | | | |
| Cash and due from banks | 3,551.8 | | | 3 |
| Premises and equipment | 1,614.7 | | | 1 |
| Other assets | 6,318.0 | | | 6 |
| Unrealized gains on securities available for sale | 2,692.1 | | | 2 |
| Total assets | \$125,570.6 | | | \$118 |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | | | |
|----------------------------|-------------|---------|-------|------|
| Interest-bearing deposits: | | | | |
| NOW accounts | \$ 12,571.8 | \$ 25.1 | 0.40% | \$11 |
| Money Market accounts | 22,252.1 | 85.2 | 0.77 | 22 |
| Savings | 6,662.6 | 22.9 | 0.69 | 6 |
| Consumer time | 7,128.4 | 72.1 | 2.03 | 8 |
| Other time | 3,404.5 | 39.6 | 2.34 | 3 |

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| | | | | |
|--|-------------|-------|-----------|-------|
| Total interest-bearing consumer and commercial deposits | 52,019.4 | 244.9 | 0.95 | 51 |
| Brokered deposits | 3,785.6 | 39.6 | 2.07 | 3 |
| Foreign deposits | 6,291.7 | 33.5 | 1.05 | 6 |
| | ----- | ----- | ----- | ----- |
| Total interest-bearing deposits | 62,096.7 | 318.0 | 1.03 | 61 |
| Funds purchased and securities sold under agreements to repurchase | 10,169.4 | 39.7 | 0.77 | 12 |
| Other short-term borrowings | 1,871.5 | 14.6 | 1.57 | |
| Long-term debt | 16,098.5 | 265.5 | 3.32 | 11 |
| | ----- | ----- | ----- | ----- |
| Total interest-bearing liabilities | 90,236.1 | 637.8 | 1.42 | 86 |
| Noninterest-bearing deposits | 19,744.2 | | | 16 |
| Other liabilities | 5,573.1 | | | 6 |
| Shareholders' equity | 10,017.2 | | | 8 |
| | ----- | ----- | ----- | ----- |
| Total liabilities and shareholders' equity | \$125,570.6 | | | \$118 |
| | ----- | ----- | ----- | ----- |
| Interest rate spread | | | 2.85% | |
| | ----- | ----- | ----- | ----- |
| NET INTEREST INCOME | | | \$1,749.0 | |
| | ----- | ----- | ----- | ----- |
| NET INTEREST MARGIN | | | 3.13% | |
| | ----- | ----- | ----- | ----- |

SUNTRUST BANKS, INC. AND SUBSIDIARIES
RECONCILEMENT OF NON-GAAP MEASURES
APPENDIX A TO THE PRESS RELEASE

QUARTER - TO - QUARTER COMPARISON

| | 2ND QUARTER 2004 | 1ST QUARTER 2004 | 4TH QUARTER 2003 | 3RD QUARTER 2003 | 2ND |
|---|---------------------|---------------------|---------------------|---------------------|-------|
| | ----- | ----- | ----- | ----- | ----- |
| NON-GAAP MEASURES PRESENTED IN THE PRESS RELEASE | | | | | |
| ----- | | | | | |
| (Dollars in thousands) | | | | | |
| Net income | \$ 364,837 | \$ 358,477 | \$ 342,507 | \$ 331,583 | \$ |
| Securities losses/(gains), net of tax | 9,048 | (4,927) | (19,501) | (31,098) | |
| | ----- | ----- | ----- | ----- | ----- |
| Net income excluding securities gains and losses | \$ 373,885 | \$ 353,550 | \$ 323,006 | \$ 300,485 | \$ |
| | ----- | ----- | ----- | ----- | ----- |
| Total average assets | \$127,287,458 | \$123,853,747 | \$124,756,099 | \$126,701,810 | \$119 |
| Average net unrealized gains on securities | (2,803,917) | (2,580,304) | (2,363,948) | (2,401,899) | (2 |
| | ----- | ----- | ----- | ----- | ----- |
| Average assets less net unrealized gains on securities | \$124,483,541 | \$121,273,443 | \$122,392,151 | \$124,299,911 | \$117 |

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| | | | | | |
|--|---------------|--------------|--------------|--------------|--------------|
| Total average equity | \$ 10,194,201 | \$ 9,840,282 | \$ 9,435,794 | \$ 9,236,849 | \$ 8,831,117 |
| Average other comprehensive income | (1,804,833) | (1,645,712) | (1,503,355) | (1,526,448) | (1,438,117) |
| Total average realized equity | \$ 8,389,368 | \$ 8,194,570 | \$ 7,932,439 | \$ 7,710,401 | \$ 7,393,000 |
| Return on average total assets | 1.15% | 1.16% | 1.09% | 1.04% | 0.98% |
| Impact of excluding net unrealized securities gains | 0.05 | 0.02 | (0.02) | (0.05) | (0.03) |
| Return on average total assets less net unrealized gains on securities (1) | 1.20% | 1.18% | 1.07% | 0.99% | 0.95% |
| Return on average total shareholders' equity | 14.39% | 14.65% | 14.40% | 14.24% | 13.92% |
| Impact of excluding net unrealized securities gains | 3.38 | 2.79 | 2.10 | 1.78 | 1.53 |
| Return on average realized shareholders' equity (2) | 17.77% | 17.44% | 16.50% | 16.02% | 15.39% |
| Net interest income | \$ 872,429 | \$ 851,648 | \$ 865,520 | \$ 832,800 | \$ 800,000 |
| FTE adjustment | 12,637 | 12,256 | 11,981 | 11,588 | 11,193 |
| Net interest income - FTE | 885,066 | 863,904 | 877,501 | 844,388 | 811,193 |
| Noninterest income | 622,665 | 595,086 | 584,072 | 574,478 | 563,807 |
| Total revenue | 1,507,731 | 1,458,990 | 1,461,573 | 1,418,866 | 1,375,000 |
| Securities losses/(gains) | 9,048 | (4,927) | (19,501) | (31,098) | (41,193) |
| Total revenue excluding securities gains and losses | \$ 1,516,779 | \$ 1,454,063 | \$ 1,442,072 | \$ 1,387,768 | \$ 1,333,807 |

QUARTER - TO - QUARTER COMPARISON

| 2ND QUARTER 2004 | 1ST QUARTER 2004 | CHANGE % (4) |
|---------------------|---------------------|-----------------|
|---------------------|---------------------|-----------------|

NON-GAAP DISCLOSURES FOR IMPACTS OF THREE PILLARS (3)

(Dollars in millions)

| | | | |
|---------------------------------------|------------|------------|-----|
| Average loans - reported | \$ 80,936 | \$ 79,905 | 1.3 |
| Impact of Three Pillars | - | (1,430) | |
| Average loans excluding Three Pillars | \$ 80,936 | \$ 78,475 | 3.1 |
| Average earning assets - reported | \$ 113,657 | \$ 111,038 | 2.4 |
| Impact of Three Pillars | - | (1,715) | |

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| | | | |
|---|------------|------------|-------|
| Average earning assets excluding Three Pillars | \$ 113,657 | \$ 109,323 | 4.0 |
| Average commercial loans - reported | \$ 27,511 | \$ 28,464 | (3.3) |
| Impact of Three Pillars | - | (1,430) | |
| Average commercial loans excluding Three Pillars | \$ 27,511 | \$ 27,034 | 1.8 |
| Average commercial loan yield - reported | 3.62% | 3.54% | 2.3 |
| Impact of Three Pillars | - | 0.06 | |
| Average commercial loan yield excluding Three Pillars | 3.62% | 3.60% | 0.6 |
| Net interest margin - reported | 3.13% | 3.13% | -- |
| Impact of Three Pillars | - | 0.04 | |
| Net interest margin excluding Three Pillars | 3.13% | 3.17% | (1.3) |

QUARTER - TO - QUARTER

| 2ND QUARTER 2004 | 1ST QUARTER 2004 | CHANGE % (4) | 2ND QUAR 2004 |
|---------------------|---------------------|-----------------|------------------|
|---------------------|---------------------|-----------------|------------------|

REVENUE AND EXPENSE GROWTH RATES

(Dollars in thousands)

| | |
|---|----------|
| Total revenue excluding securities gains and losses | \$ 1,516 |
| Total noninterest expense | \$ 928 |
| Expense for unfunded loan commitments | (9) |
| Adjusted noninterest expense | \$ 919 |

AVERAGE LOW COST CONSUMER AND COMMERCIAL DEPOSIT RECONCILEMENT

(Dollars in thousands)

| | | | | |
|---|--------------|--------------|------|----------|
| Demand deposits | \$20,591,615 | \$18,896,711 | 9.0 | \$20,591 |
| NOW/money market | 12,811,554 | 12,332,083 | 3.9 | 12,811 |
| Savings | 6,990,929 | 6,334,231 | 10.4 | 6,990 |
| Total average low cost consumer and commercial deposits | \$40,394,098 | \$37,563,025 | 7.5 | \$40,39 |

(1) Computed by dividing annualized net income, excluding tax effected securities gains and losses, by average assets less net unrealized gains on

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securities.

- (2) Computed by dividing annualized net income, excluding tax effected securities gains and losses, by average realized shareholder's equity.
- (3) Under the provisions of FASB Interpretation No. 46, SunTrust consolidated its commercial paper conduit, Three Pillars, effective July 1, 2003. As of March 1, 2004, Three Pillars was restructured and deconsolidated. Adjustments were made to reported figures for comparability purposes.
- (4) Multiply by 4 to calculate sequential annualized growth or reductions discussed in the earnings call.

Appendix A

Additional Information and Where to Find It:

STOCKHOLDERS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE PROPOSED TRANSACTION WHEN IT BECOMES AVAILABLE BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. Stockholders will be able to obtain a free copy of the joint proxy statement/prospectus, as well as other filings containing information about SunTrust and NCF, without charge, at the Securities and Exchange Commission's internet site (<http://www.sec.gov>). Copies of the joint proxy statement/prospectus and the filings with the Securities and Exchange Commission that will be incorporated by reference in the joint proxy statement/prospectus can also be obtained, without charge, by directing a request to SunTrust Banks, Inc., 303 Peachtree St., N.E., Atlanta, Georgia 30308; Attention: Investor Relations; or National Commerce Financial Corporation, One Commerce Square, Memphis, Tennessee, 38159; Attention: Investor Relations.

The respective directors and executive officers of SunTrust and NCF and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed merger. INFORMATION REGARDING SUNTRUST'S DIRECTORS AND EXECUTIVE OFFICERS IS AVAILABLE IN THE PROXY STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BY SUNTRUST ON MARCH 2, 2004, AND INFORMATION REGARDING NCF'S DIRECTORS AND EXECUTIVE OFFICERS IS AVAILABLE IN THE PROXY STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BY NCF ON MARCH 17, 2004. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the Securities and Exchange Commission when they become available.