

SUNTRUST BANKS INC

Form 10-Q/A

November 12, 2004

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

Amendment No. 1

Quarterly Report Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

For the Quarterly Period Ended June 30, 2004

Commission File Number 1-8918

SUNTRUST BANKS, INC.

(Exact name of registrant as specified in its charter)

Georgia
(State or other jurisdiction
of incorporation or organization)

58-1575035
(I.R.S. Employer
Identification No.)

303 Peachtree Street, N.E., Atlanta, Georgia
(Address of principal executive offices)

30308
(Zip Code)

(404) 588-7711

(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined by Rule 12b-2 of the Act.)

Yes No

At July 31, 2004, 282,790,266 shares of the Registrant's Common Stock, \$1.00 par value, were outstanding.

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PART I - FINANCIAL INFORMATION

The following unaudited financial statements have been prepared in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X, and accordingly do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. However, in the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary to comply with Regulation S-X have been included. Operating results for the three and six months ended June 30, 2004 are not necessarily indicative of the results that may be expected for the full year 2004.

EXPLANATORY NOTE

SunTrust Banks, Inc. (SunTrust or the Company) is filing this Quarterly Report on Form 10-Q/A (the Form 10-Q/A) for the quarter ended June 30, 2004 to reflect the restatement of its unaudited consolidated financial statements, the notes thereto, and related disclosures for the quarter and year-to-date period ending thereon. The restatement pertains to a misstatement of the Company's Allowance for Loan Losses (the Allowance) during these periods, as a result of errors and internal control deficiencies. The restatement does not affect the Company's audited consolidated financial statements for the year ended December 31, 2003. See Part I, Item 1, including note 12 to the unaudited consolidated financial

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statements, of this Form 10-Q/A for more detailed information concerning the restatement. Concurrently herewith, the Company is also filing a Quarterly Report on Form 10-Q/A for the quarter ended March 31, 2004, also to reflect the restatement of its unaudited consolidated financial statements, the notes thereto and related disclosures for such quarter. Such restatement also related to errors and internal control deficiencies in the calculation of the Allowance during such period.

This Form 10-Q/A has not been updated except as required to reflect the effects of the restatement. This amendment and restatement includes changes to Part I, Items 1, 2 and 4, and Part II, Item 6. Except as identified in the prior sentence, no other items included in the original Form 10-Q have been amended, and such items remain in effect as of the filing date of the original Form 10-Q. Additionally, this Form 10-Q/A does not purport to provide an update or a discussion of any other developments at the Company subsequent to the original filing.

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	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2004	2003	2004	2003
	(As restated)		(As restated)	
(In thousands except per share data) (Unaudited)				
Interest Income				
Interest and fees on loans	\$ 882,496	\$ 899,817	\$ 1,763,497	\$ 1,812,088
Interest and fees on loans held for sale	76,846	108,432	143,974	219,448
Interest and dividends on securities available for sale				
Taxable interest	195,776	135,153	391,567	298,233
Tax-exempt interest	4,976	4,668	9,099	9,533
Dividends ¹	17,901	16,919	35,038	35,141
Interest on funds sold and securities purchased under agreements to resell	4,109	4,376	7,441	8,964
Interest on deposits in other banks	34	34	66	67
Other interest	5,936	4,641	11,256	8,687
Total interest income	1,188,074	1,174,040	2,361,938	2,392,161
Interest Expense				
Interest on deposits	157,402	211,012	318,064	431,169
Interest on funds purchased and securities sold under agreements to repurchase	19,949	29,837	39,725	62,298
Interest on other short-term borrowings	3,602	1,759	14,625	3,876
Interest on long-term debt	134,692	131,919	265,447	272,835
Total interest expense	315,645	374,527	637,861	770,178
Net Interest Income	872,429	799,513	1,724,077	1,621,983
Provision for loan losses	2,827	82,662	56,664	163,465
Net interest income after provision for loan losses	869,602	716,851	1,667,413	1,458,518
Noninterest Income				
Service charges on deposit accounts	168,704	157,954	331,922	315,775
Trust and investment management income	140,366	124,215	276,584	245,010
Retail investment services	49,839	41,991	95,577	79,459
Other charges and fees	94,766	82,574	187,513	160,845
Investment banking income	54,330	57,167	99,143	90,979
Trading account profits and commissions	31,034	29,583	60,424	60,376
Card fees	37,721	32,376	69,415	61,049
Other noninterest income	54,953	39,694	101,294	57,681
Securities (losses) gains	(9,048)	31,238	(4,121)	73,277
Total noninterest income	622,665	596,792	1,217,751	1,144,451
Noninterest Expense				
Employee compensation	434,902	386,439	835,195	761,446
Employee benefits	86,020	96,160	192,523	194,878
Net occupancy expense	61,629	58,563	123,488	116,285

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Outside processing and software	70,619	61,022	136,245	118,076
Equipment expense	45,740	44,546	90,825	88,016
Marketing and customer development	31,655	25,583	61,874	50,462
Amortization of intangible assets	14,590	15,208	30,230	31,925
Other noninterest expense	183,294	150,207	347,817	294,869
	<u>928,449</u>	<u>837,728</u>	<u>1,818,197</u>	<u>1,655,957</u>
Total noninterest expense				
Income before provision for income taxes	563,818	475,915	1,066,967	947,012
Provision for income taxes	177,247	145,556	318,561	288,805
	<u>386,571</u>	<u>330,359</u>	<u>748,406</u>	<u>658,207</u>
Net Income				
Average common shares - diluted (thousands)	283,116	280,287	283,320	280,806
Average common shares - basic (thousands)	279,840	277,397	279,682	278,011
Net income per average common share - diluted	\$ 1.36	\$ 1.17	\$ 2.64	\$ 2.34
Net income per average common share - basic	1.39	1.19	2.68	2.37
¹ Includes dividends on common stock of The Coca-Cola Company	12,066	10,618	24,133	21,237

See notes to consolidated financial statements

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	June 30 2004	December 31 2003
	(As restated)	
(Dollars in thousands) (Unaudited)		
Assets		
Cash and due from banks	\$ 4,068,693	\$ 3,931,653
Interest-bearing deposits in other banks	17,196	16,329
Funds sold and securities purchased under agreements to resell	1,679,403	1,373,392
Trading assets	1,807,320	1,853,137
Securities available for sale ¹	25,587,978	25,606,884
Loans held for sale	5,030,617	5,552,060
Loans	82,540,230	80,732,321
Allowance for loan losses	(902,243)	(941,922)
Net loans	81,637,987	79,790,399
Premises and equipment	1,615,562	1,595,307
Goodwill	1,164,846	1,077,638
Other intangible assets	721,428	639,619
Customers acceptance liability	25,849	63,014
Other assets	4,819,644	3,893,721
Total assets	\$ 128,176,523	\$ 125,393,153
Liabilities and Shareholders Equity		
Noninterest-bearing consumer and commercial deposits	\$ 20,610,429	\$ 21,001,324
Interest-bearing consumer and commercial deposits	53,244,549	51,923,322
Total consumer and commercial deposits	73,854,978	72,924,646
Brokered deposits	4,050,525	3,184,084
Foreign deposits	7,623,200	5,080,789
Total deposits	85,528,703	81,189,519
Funds purchased and securities sold under agreements to repurchase	8,099,685	9,505,246
Other short-term borrowings	1,438,908	4,175,415
Long-term debt	17,441,487	15,313,922
Acceptances outstanding	25,849	63,014
Trading liabilities	1,072,125	1,048,543
Other liabilities	4,510,007	4,366,328