

NATIONAL COMMERCE FINANCIAL CORP

Form 425

May 10, 2004

Filed by SunTrust Banks, Inc. pursuant to Rule 425  
under the Securities Act of 1933, as amended and  
deemed filed under Rule 14a-12 under the  
Securities Exchange Act of 1934, as amended  
Subject Company: National Commerce Financial  
Corporation  
Exchange Act File Number of  
Subject Company: 001-16607

This filing contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about the benefits of the merger between SunTrust Banks, Inc. ("SunTrust") and National Commerce Financial Corporation ("NCF"), including future financial and operating results, SunTrust's plans, objectives, expectations and intentions and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of SunTrust's and NCF's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the ability to obtain governmental approvals of the merger on the proposed terms and schedule; the failure of SunTrust and NCF stockholders to approve the merger; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any revenue synergies from the merger may not be fully realized or may take longer to realize than expected; disruption from the merger making it more difficult to maintain relationships with clients, employees or suppliers; increased competition and its effect on pricing, spending, third-party relationships and revenues; the risk of new and changing regulation in the U.S. and internationally. Additional factors that could cause SunTrust's and NCF's results to differ materially from those described in the forward-looking statements can be found in the 2003 Annual Reports on Form 10-K of SunTrust and NCF, and in the Quarterly Reports on Form 10-Q of SunTrust and NCF filed with the Securities and Exchange Commission and available at the Securities and Exchange Commission's internet site (<http://www.sec.gov>). The forward-looking statements in this filing speak only as of the date of the filing, and neither SunTrust nor NCF assumes any obligation to update the forward-looking statements or to update the reasons why actual results could differ from those contained in the forward-looking statements.

**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.

**An Incomparable High-Growth Banking Franchise**

**May 10, 2004**

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1

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**Transaction Summary**

**Implied Consideration Per Share**                      \$33.46 in value for each National Commerce share <sup>(1)</sup>

**Stock / Cash Election** Shareholders to elect between SunTrust common stock and cash  
subject to pro ration

**Form of Consideration** Approximately 74% stock / 26% cash <sup>(1)</sup>

**Implied Aggregate Value** \$6.98 billion <sup>(1)</sup>

Stock component: Approximately 77.5 million SunTrust shares

Cash component: Approximately \$1.8 billion

**Tax Structure** Tax-free reorganization (cash taxed as capital gains)

**Accounting Structure** Purchase

(1) Based on SunTrust closing price of \$66.88 on May 7, 2004 and 208.7 diluted shares outstanding. Refer to Appendix for greater detail on calculation.

**Transaction Summary**

<b>Walk-away/Caps/Collars</b>		None
<b>Termination Fee</b>		\$280 million
<b>National Commerce Board Representation</b>	Four of 18	
<b>Due Diligence</b>		Completed
<b>Approvals</b>		Regulatory and shareholder
approvals for	SunTrust and National Commerce	
<b>Expected Closing</b>		4th Quarter 2004

**Strategic Themes**

Dramatically Broadens the Best Footprint in Banking

Franchise concentrated in high-growth Southeast

Highest growth markets for Top 20 banks

Five new high growth markets in the Top 25 in the Southeast

Complementary Business Models

Best of Breed retail model

Broader product and client resources



Combined Organization Poised for Accelerated Growth

SunTrust performance momentum and prospects

National Commerce brings proven capabilities and expertise

Significant business synergies

Attractive Financial Profile

Reasonable and achievable assumptions

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Best Footprint in  
Banking just got better

Best Footprint in  
Banking

Enhanced overall growth  
rate

Expanded product offering  
to be overlaid across  
expanded customer bases/  
distribution systems

## **SunTrust**

### **National Commerce**

#### **Pro Forma Result**

**The acquisition of National Commerce represents much more than a logical geographic extension of SunTrust's franchise**

Large, high growth, MSA  
focused franchise

Entry into attractive new  
markets North Carolina

Minimal overlap

Strong retail franchise with  
leading de novo / in-store  
expertise

Small business

Commercial RE

Mortgage

Large  
corporate/middle  
market

Cash  
management/trust

Asset management

Investment  
banking/brokerage

Mortgage

Large retail franchise

Proven de novo growth  
strategy

Entrepreneurial, high  
growth, revenue-based  
culture

Focus on efficiency

Established/leadership  
positions in high  
growth markets

Greater capital  
resources

**Compelling Strategic Combination**

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**Makes Best Footprint Better**

**Financial scale**

**\$25+bn market cap**

**\$148bn assets**

**\$97bn deposits**

**1,723 full-service offices in  
11 states plus D.C.**

**#3 in market share in  
Southeast**

**Top 5 rank in 20 of 25  
largest high growth**

**markets in Southeast**

**Adds meaningful  
presence in some of the  
highest growth North  
Carolina and South  
Carolina markets**

**Solidifies positions in  
Virginia and Tennessee**

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**Highly Complementary Footprints**

Source: SNL Financial

Note: \* represents a limited presence.

**Fastest growing Southeastern MSAs with greater than \$5bn of deposits**

*Overlapping (O) /*

**MSA**

**Deposits**

**Rank**

**Deposits**

**Pop Growth**

**Inc Growth**

1)

Naples

\$

0.3

7

\$7.0

19.0%

12.3%

2)

Orlando

5.8

1

22.5

14.3

13.4

3)

Fort Myers

1.1

2

7.4

12.8

9.1

O

4)

Atlanta

14.3

2

74.2

12.6

14.6

N

5)

Raleigh-Durham

2.6

2

15.4

11.0

16.9

6)

Fort Pierce

0.4

6

5.3

10.5

9.5

7)

Daytona Beach

1.4

3

7.5

10.3

10.5

8)

West Palm Beach

1.4

6

27.3

10.2

14.8

N

9)

Charlotte-Gastonia

1.4

5

67.1

10.1

17.3

10)

Sarasota-Bradenton



1.9

2

12.4

10.0

11.9

11)

Jacksonville

0.9

4

16.5

10.0

15.9

12)

Fort Lauderdale

2.1

5

28.0

9.2

13.6

13)

Melbourne-Titusville

0.8

3

5.3

8.7

10.4

14)

Washington, DC

11.7

3

104.1

8.4

12.2

15)

Tampa-St.Petersburg

4.7

3

36.0

8.1

14.2

16)

Miami

3.9

4

55.9

7.3

12.0

O

17)

Nashville

3.9

1

20.2

6.4

17.3

N

18)

Greensboro-Winston

2.1

3

21.9

6.0

12.3

O

19)

Richmond-Petersburg

3.2

4

27.8

5.9

14.4

20)

Columbia

7.3

5.8

14.0

N

21)

Greenville-Spartanburg

1.1

5

12.5

5.1

13.1

22)

Norfolk-Virginia Beach

2.0

4

14.1

4.2

12.7

23)

Charleston

5.5

4.2

13.9

O

24)

Knoxville

1.7

1

10.4

4.1

13.7

N

25)

Memphis

3.9

3

24.0

3.5

18.0

*New (N) Markets*

**Pro Forma**

**Total MSA**

8

**High Growth Markets**

Note: Top 20 U.S. banks and thrifts by market cap as of May 7, 2004. Weighted average based on MSA deposits.

Source: SNL Financial

8.7

8.2

7.3

7.3

7.3

7.2

6.8  
6.7  
6.4  
5.4  
5.3  
5.0  
4.7  
4.3  
3.5  
3.0  
3.0  
2.4  
1.9  
1.8  
1.6  
0.0  
1.0  
2.0  
3.0  
4.0  
5.0  
6.0  
7.0  
8.0  
9.0  
10.0

9

Highest growth markets for Top 20 banks and  
in the Southeast

Arguably the Best Footprint in Banking

**Market Expansion**

**New Market MSA Deposits for SunTrust by State**

**Target MSA Deposits**

**New Markets  
for SunTrust**



**80.7%**

Overlap with  
SunTrust

19.3%

**North  
Carolina**

**57.2%**

Tennessee

32.5%

South  
Carolina

8.9%

West  
Virginia

1.4%

Adds Some of the Highest Growth North Carolina and South Carolina Markets and Solidifies Virginia / Tennessee Presence

(1) Represents Target MSAs where SunTrust does not currently have branches.

Source: SNL Financial; Deposits as of June 30, 2003.

**New Markets<sup>(1)</sup>**

<b>Rank Share</b>	<b>MSA Branches</b>	<b>Household Population</b>	<b>Deposits Median Income</b>	<b>% of Total (\$mm)</b>	<b>Market Deposits HHI</b>	<b># of</b>
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**2003-2008 Growth**

10

3

**Memphis**

**\$3,874**

**23.8**

%

16.1

%

46

3.5

%

18.0%

\$45,698

2

**Raleigh-Durham**

2,640

16.2

17.1

71

11.0

16.9

55,835

3

**Greensboro-Winston**

2,111

13.0

9.6

57

6.0

12.2

45,337

5

**Charlotte-Gastonia**

1,373

8.4

2.1

36

10.1

17.3

52,274

5

**Greenville-Spartanburg**

1,056

6.5

8.5

47

5.1

13.1

43,043

5

**Asheville**

279

1.7

9.3

10

5.6

13.2

**40,741**

**6**

**Hickory-Morganton**

**235**

**1.4**

**6.0**

**5**

**6.1**

**12.4**

**42,329**

**7**

**Wilmington**

**169**

**1.0**

**5.0**

**7**

**9.8**

**14.8**

**44,035**

**MSA Weighted Average**

**6.6**

**15.7**

**47,600**

**U.S. Overall**

**5.3**

**13.6**

**46,868**

**Overview of NCF Franchise**

(1)

As of December 31, 2003

(2)

As of March 31, 2004.

(3)

Based on 2003 pre-tax income.

**Loan Mix<sup>(1)</sup>**

**Deposit Mix<sup>(2)</sup>**

**Business Mix<sup>(3)</sup>**

**Financial Summary**

**Asset Quality**

<b>\$ millions</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>CAGR</b>
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**Yield: 5.52%**

**Cost 1.22%**

**\$449.6 mm**

**Commercial**

**12%**

**1-4 Fam.**

**25%**

**Comm. RE**

**19%**

**Construc.**

**17%**

**HELOC**

**13%**

**Consumer**

**11%**

**Other**

**3%**

**Savings,  
NOW, MM**

**37%**

**Consumer  
Time**

31%

**Non-int.  
Bearing**

17%

Jumbo  
CDs,  
Brokered,  
Foreign

15%

**Traditional  
Banking**

90%

Financial  
Enterprises

10%

11

Assets

\$19,274

\$21,472

\$23,017

9.3

%

Net Loans

11,818

12,761

13,080

5.2

Deposits

12,619

14,495

15,550

11.0

GAAP Net Income

\$225

\$324

\$312

17.8

GAAP EPS

1.09

1.55

1.51

17.7

Efficiency ratio

58.7

%

54.5

%

58.4

%

ROAA

1.3

1.6

1.4



ROATCE

18.8

24.7

21.6

**Create Best of Breed Retail Model**

**National Commerce Expertise**

Customized pricing strategy  
based on market maturity

Industry leading  
in-store strategy

Proven de novo expertise into  
new markets

**SunTrust's Large Retail Franchise**

Households Served	3.8mm
Deposit Accounts	4.3mm
Loan Accounts	2.3mm
Retail Branches	1,207
In-store	153
ATMs	2,235
Retail Deposits	\$53.4bn

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**National Commerce's In-store Model  
Represents Strength for Combined Enterprise**

8

4

Employees

2,000

400-500

Square feet

1

2.3

Visits per week

3 thousand

16 24 thousand

Traffic per week

36 Months

18 Months

Breakeven

\$400,000

\$225,000

Operating  
Expenses

\$1-2 million

\$200,000

Capex

In a stand-alone  
bank branch

With an In-store  
Partner

De novo in-store branch meets 8,000 of our competitor s  
customers within 1 week

13

Target high-population, high growth MSAs

Partner with the store that has leading market share (#1 or #2), high weekly traffic volume and an excellent reputation for service and quality

Identify locations where hub branches will be easy to add

Train and incentivize the employees to sell

87% of total assets, excluding CCB merger, obtained via de novo growth equating to a 15% annualized de novo total asset growth

**Strategy**

**Timeline**

**Start-up phase**

**Years 1 2**

Deposits priced 50-100 bps above local competition

Loan volumes are low and deposits are reinvested in lower yielding investment securities

ROA of 40-50 bps

ROE of 5-10%

**Stage 1**

**High growth phase**

**Years 3 6**

Deposit costs begin to decline

Loan volume increases

NIM expansion and improvement in efficiency ratio

ROA of 1.00%-1.20%

ROE of 14%-17%

**Stage 2**

**Mature phase**

**Years 7+**

Deposit rates at market

Loan demand matches deposit growth

Branch has reached a steady-state growth

ROA of 1.50+%

ROE of 20+%

**Stage 3**

Source: National Commerce investor presentations

**National Commerce Expansion History**

**Assets (\$ millions)**

18 Years

3 Years

**National Commerce s Retail Engine: De Novo  
Branching Expertise**

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**First Market Bank Financial Summary**

Source: Company documents, SNL Financial

<sup>1</sup> Branch data as of December of the respective year

<sup>2</sup> Data as of June 30 of the respective year

**National Commerce's Retail Engine: De Novo Model In Practice**

15

**1999**

**2003**

**99**

**03**

**CAGR**

**Branches**

**1**

In

-

store

16

22

8.3

Traditional

6

8

7.5

**Financial metrics**

Loans (\$mm)

\$179.1

\$582.4

34.5%



Deposits (\$mm)

382.8

874.5

22.9

Fee revenue (\$mm)

1.7

9.5

53.8

Net income (\$mm)

1.0

10.2

78.7

ROAA (%)

0.17

0.94

ROAE (%)

2.2

14.4

**Richmond MSA**

**2**

First Market mkt share

2.4%

4.2%

Total MSA deposits (\$mm)

\$13,416

\$19,278

9.5%

**National Commerce's De Novo Success Story  
Wal-Mart**

Partnered with America's #1 Retailer

Wal-Mart's sales on one day last fall - \$1.42 billion were larger than the GDPs of 36 countries

Store traffic of 35,000 - 50,000 customers per week

National Bank of Commerce / Wal-Mart

18 North Georgia branches (2 hubs, 16 in-store)

\$472 million in deposits

\$112 million in loans

\$0.03 per share annually for NCF

Opportunities for growth

Signed master agreement with Wal-Mart for major expansion

Have identified 70 locations (approximately 75% in Florida, 25% in Georgia)

Evaluating additional locations for growth

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**Complementary Commercial Capabilities**

Significant commercial lending opportunity

Leading capabilities across all market segments

\$10 - \$50mm of revenue      National Commerce

\$50 - \$250mm of revenue      SunTrust

Highly significant middle market opportunity within  
existing National Commerce banking footprint

Complementary credit cultures

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**Significant Middle Market Commercial Opportunity**

SunTrust Has Excellent Middle Market Capability (\$50-250MM segment)

Market position tied for #1 across its footprint in the number of primary bank relationships (40% increase from 2000 to 2002)

Number 1 in the proportion of lead customers citing bank as above average or excellent

Number 2 in the proportion of lead customers awarding the bank with above average or excellent satisfaction citations

**High Potential for Middle Market Commercial Product and Contribution Growth**

80% rank STI **Account Officers** overall performance excellent or above average vs. peer norm of 74%

**Deposits**

**Branches**

**New National Commerce MSAs**

Raleigh-Durham-Chapel Hill

\$

2.6

71

Memphis

3.9

46

Greensboro-Winston-Salem-High Point

2.1

57

Asheville

0.3

10

Greenville-Spartanburg-Anderson

1.1

47

Hickory-Morganton-Lenoir

0.2

5

Wilmington

0.2

7

Charlotte-Gastonia-Rock Hill

1.4

36

18

Source Note: Findings cited are based on independent research conducted by a global financial services research firm; the survey data is based on more than 4,600 interviews with small businesses and 5,900 interviews with commercial & middle market firms in FL, GA, MD, TN, VA and the District of Columbia; qualified respondents are the primary decision maker of banking services within their firm. Among small businesses, the respondents are typically the owner or president of the company; among commercial/middle market firms, the respondent is generally the CFO or treasurer

**SunTrust's Wealth Management Model  
Represents Strength for Combined Enterprise**

**Registered Representatives**

**Trusco AUM Growth**

**Investment Management Income**

Superb New Customer Sales and Retention

Financial metrics strong given performance of overall equity markets and when compared to peers

**Combines Compatible Credit Cultures**

**NPAs / Total Loans + OREO**

**NCOs / Average Loans**

Note: All financial data for full-year ended December 31, 2003. Top 10 U.S. banks by market cap as of May 7, 2004.

Source: SNL Financial

**Reserves / NPAs**

**Conservative credit profile**

**Conservative risk tolerance**

**Best people / practices**



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**Combining Complementary Platform:  
Accelerating Growth**

21

Q103 to Q104 Growth

Net interest income

3.5%

7.7%

Non

-  
interest income

16.7

6.5

Non

-  
interest expense

9.1

2.3

Net income

14.0

12.5

Loans

7.3

12.9

Non

-  
interest bearing deposits

12.1

13.5

22

**Combining Complementary Platforms:  
Accelerating Performance**

1Q04 Ratios

Net interest margin

3.13%

3.86%

Fee income ratio

40.6

35.5

E

Efficiency

ratio

61.0

51

.5

NCOs / Average loans

0.30

0.28

**B**

**usiness**

**S**

**egments**

**Leveraged for**

**E**

**conomic**

**T**

**urn**

**Comment**

**Corporate / Investment**

**Banking**

Corporate lines utilization rate at all time low

Capital market capabilities

**Private Client Services**

Financial performance linked with improving

marke

ts

New business and retention strength

Expanded product capability

**Treasury**

Duration and portfolio yields poised for rising

rates

Growth in DDA accounts will prove more

valuable in higher

-

rate environment

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**SunTrust's Core Strengths Leveraged For An  
Improving Economy**

**Pro Forma Earnings Impact**

Note: Net income based on IBES mean EPS estimates. 2006E Net Income applies IBES mean long-term growth rate to 2005 values.

(1)

Purchase accounting adjustments include mark to market amortization / accretion and other transaction related income and expense adjustments.

(Dollars in millions)

**2005E**

**2006E**

SunTrust Net Income

\$

1,582

\$

1,722

National Commerce Net Income

425

473

Total Net Income

\$

2,007

\$

2,194

Adjustments:

After-tax Cost Savings

\$

44

\$

76

Incremental Interest Expense

(42)

(41)

Intangible Amortization, net

(21)

(22)

Incremental Marketing Spend

(11)



(3)

Purchase Accounting Adjustments

(1)

2

15

Pro Forma Net Income

\$

1,980

\$

2,219

24

**Pro Forma EPS Impact**

Note: Based on IBES mean EPS estimates. 2006E EPS applies IBES mean long-term growth rate to 2005 value.

**2005E**

**2006E**

Pro Forma Diluted Shares Outstanding (mm)

361

361

Pro Forma GAAP EPS

\$

5.48

\$

6.15

SunTrust Standalone GAAP EPS

5.58

6.07

Accretion / (Dilution)

(1.7)%

1.3%

Pro Forma Cash EPS

\$

5.72

\$

6.35

SunTrust Standalone Cash EPS

5.72

6.18

Accretion / (Dilution)

0.1%

2.7%

25

**Transaction Multiples**

		<b><u>Transaction</u></b> <sup>(1)</sup>	<b><u>Precedent</u></b> <sup>(2)</sup>
Market Premium	One Month Average	22.6 %	35.5 %
2004E GAAP EPS			17.8 x
2004 PEG Ratio			1.8 x
			1.6 x

Price / Stated Book Value

2.5 x

3.0 x

(1)

Based on indicated value per share of \$33.46.

(2)

Represents median values for U.S. bank and thrift acquisitions since 1997 with aggregate transaction values greater than \$2.0 billion. Source: SNL Financial

**13% IRR**

26

**Pro Forma Valuation Perspectives**

GAAP			\$6.15	
		10.9 x		
Cash			6.36	
		10.5		
			<b><u>2006 EPS</u></b>	<b><u>2006 P/E</u></b>
<b><u>Multiple<sup>(1)</sup></u></b>				
	10%		1.09x	1.30
	11	0.99		
	12	0.91		
		<b>2006 GAAP</b>		
<b><u>Blended Growth Rate</u></b>		<b><u>PEG Ratio</u></b>	<b><u>High</u></b>	<b><u>Median</u></b>
				<b><u>Low</u></b>

**2006 PEG of Southeast Peers**

(1)

Based on SunTrust closing price on May 7, 2004 of \$66.88.

27

**Conservative Transaction Assumptions**

Cost Savings	\$117 million (pre-tax) Phase-in schedule: 60% in 2005, 100% in 2006 and thereafter
Revenue Synergies	None used in model
Identifiable Intangibles	Core deposit intangible of 2.75% of NCF's core deposits amortized over 10 years using sum-of-the-years digits method
10 years	Other identifiable intangibles of \$75 million amortized over (straight-line)
Restructuring Reserve	\$245mm (pre-tax)
Cost of Debt	3.5% (pre-tax)

Earnings

Uses IBES mean estimates for 2005

National

Applies IBES long-term mean EPS growth rate of 11.2% for

Commerce and 8.8% for SunTrust for 2006

28

**Synergy Build-Up**

(1)

Represents percentage of National Commerce's 1Q 2004 annualized operating expenses of \$590.2 million (excludes intangible amortization).

(2)



Represents percentage of SunTrust's & National Commerce's 1Q 2004 annualized operating expenses of \$4,087 million (excludes intangible amortization).

(3)

Represents average value for U.S. bank and thrift acquisitions announced since 2001 with aggregate transaction values greater than \$2.0 billion.

**% of NCF**

(Dollars in millions)

**Expense Base**

(1)

Personnel

\$

12.6

2.1

%

0.3

%

Facilities / Branches

30.0

5.1

0.7

Operations / Technology

41.0

6.9

1.0

Line of Business

30.6

5.2

0.7

Other Operating Expenses

3.0

0.5

0.1

Total

\$

117.1

19.8

%

2.9

%

Precedent Transactions

(3)

26.5

%

8.0

%

**Pre-Tax**

**Synergies**

**Percent of**

**Combined**

**(2)**

29

Very reasonable assumptions when compared to precedent transactions and branch proximity

**Branch Proximity  
SunTrust and National Commerce**

<b>Overlapping Branches</b>	<b>Within 0.5 Miles</b>	<b>Within 1.0 Miles</b>
NCF # Branches <sup>(1)</sup>	77	139
Total NCF Deposits	\$2.0 billion	\$3.3 billion
% of NCF's Total Deposits <sup>(2)</sup>	12.6%	21.0%

Source: SNL Financial

(1) Total number of National Commerce branches that overlap with SunTrust branches.

(2) Based upon March 31, 2004 deposits of \$15.8 billion.

**Compelling Strategic Combination**

Dramatically Broadens the Best Footprint in Banking

Franchise concentrated in high-growth Southeast

Highest growth markets for Top 20 banks

Five new high growth markets in the Top 25 in the Southeast

Complementary Business Models

Best of Breed retail model

Broader product and client resources

Combined Organization Poised for Accelerated Growth

SunTrust performance momentum and prospects

National Commerce brings proven capabilities and expertise

Significant business synergies

Attractive Financial Profile

Reasonable and achievable assumptions

31

**Appendix**

**Growth Opportunities**

**Retail**

De novo branching

Wal-Mart

Deepen market share in existing and new markets

Product opportunities

**Commercial**

Commercial product penetration in attractive NCF markets (\$50-250 million)

Improved penetration in SunTrust markets (\$5-50 million)

**Private Client Services**

Full product set for NCF retail customers

Capitalize on institutional opportunities in NCF markets

33

**Restructuring Reserve**

(Dollars in millions)

Employee-Related

\$

30.0

Operations

43.6

Facilities

5.6

Balance Sheet

96.7

Other

69.0

Total

\$

244.9

As Multiple of Pre-Tax Cost Savings

2.1

x

**Pre-Tax Charge**

34



**Mitigating Integration and Execution Risk**

**Leadership**  
SunTrust)

Don Downing (EVP, Chief Strategic Officer,

Financial Officer, National Commerce)

John Presley (EVP, Chief

**Achieving Cost Savings on Schedule**

Conservative base assumptions

Potential for expedited close

Integration team already in place

**Systems Integration**

Operate on similar platforms

operations (mortgage)

Best of breed for overlapping

**Social Issues**

Buy in early in process from both senior teams

assurances

Branch-based retail employees job

**Incorporating In-store Strategy**

Target is leader in executing in-store strategy

product suite

Opportunity to market SunTrust

in-store effort

Learning effects applied to SunTrust

**Customer Run-off**

Proactive, pre-close marketing effort

**Integration Issues**

**Mitigating Factors**

35

**Integration Expertise    Huntington**

**Closed**

**February 15, 2002**

Smooth Integration

20 week planning and integration planning period

Built on highly successful One Bank integration and project experience

Telescoped time-frame & simultaneous divestiture confirm skill at complex integration

Achieved Cost Savings

\$48 million

36% of estimated Huntington Florida

Cumulative phase-in:

Year 1 65%

Year 2 100%

Closed or consolidated 45 traditional / 35 in-store branches

Franchise

Net addition of 59 branches / 313 ATMs / 250,000 new clients

Retail, Commercial Banking and Private Services operations

\$4.4 billion deposits / \$2.6 billion loans

Customer Retention

Core retail household retention of 92% after one year

36

**Precedent Transaction Comparison**

37

**Announce**

**Trans.**

**Price /**

**Target IBES**

**Purchase**

**Date**

**Buyer / Target**

**Value (\$bn)**

**Forward EPS**

**EPS Growth**

**PEG**

**(1)**

10-May-04

SunTrust / National Commerce

\$

7.0

18.3

x

11.2

%

1.6

x

4-May-04

RBOS / Charter One

\$

10.6

15.1

x

10.0

%

1.5

x

16-Feb-04

National City / Provident Financial

2.1

16.8

8.0

2.1

27-Oct-03

Bank of America / FleetBoston

49.3

18.9

9.0

2.1

21-Jan-03

BB&T / First Virginia Banks

3.4

17.4

7.5

2.3

21-May-02

Citigroup / Golden State Bancorp

5.8

11.7

10.0

1.2

25-Jun-01

Washington Mutual / Dime Bancorp

5.2

14.9

11.0

1.4

15-Apr-01

First Union / Wachovia

13.6

12.9

10.0

1.3

26-Jan-01

Royal Bank of Canada / Centura Banks

2.3

15.8

11.0

1.4

Median for Precedent Transactions

(2)

15.5

x

10.0

%

1.5

x

Average for Precedent Transactions

15.4

9.6



1.7

Source: SNL Financial and FactSet

(1)

Represents purchase price / forward EPS to Target s IBES estimated long-term EPS growth rate.

(2)

Represents bank acquisitions announced since January 1, 2001 with aggregate transaction values greater than \$2.0 billion. Excludes merger of equals.

**Pro Forma Business Mix**

(1) Based on 2003 earnings before tax.

(2) SunTrust's retail, commercial and mortgage segments are included in the traditional banking segment.

38

**Su**

**nTrust**

**National Commerce**

**Pro Forma**

**Loans**

Commercial

34%

1-4 Fam.

21%

Comm. RE

11%

Construc.

5%

HELOC

8%

Consumer

14%

Other

7%

Commercial

12%

1-4 Fam.

25%

Comm. RE

19%

Construc.

17%

HELOC

13%

Consumer

11%

Other

3%

Commercial

31%

1-4 Fam.

21%

Comm. RE

12%

Construc.

7%

HELOC

9%

Consumer

14%

Other

6%

**Yield: 4.52%**

**Yield: 5.52%**

**Yield: 4.66%**

**Deposits**

**Savings,**

**NOW,**

**MM**

**50%**

**Non-int.**

**Bearing**

**25%**

Jumbo CDs,

Brokered,

Foreign

16%

Consumer Time

9%

Savings,

NOW,

MM

37%

Non-int.

Bearing

17%

Jumbo CDs,

Brokered,

Foreign

15%

Consumer

Time

31%

**Savings,**

**NOW, MM**

**48%**

**Non-int.**

**Bearing**

**24%**

Jumbo CDs,

Brokered,

Foreign

16%

Consumer Time

12%

**Cost: 0.79%**

**Cost 1.22%**

**Cost: 0.86%**

**Business Mix**

**1**

**Traditional**

**Banking**

**71%**

Corp & Inv

Banking

18%

PCS

10%

Other

2%

2

**Traditional Banking**

**90%**

Financial Enterprises

10%

**Traditional Banking**

**74%**

Corp & Inv

Banking

15%

PCS

8%

Financial Enterprises

2%

Other

1%

2

**\$1,954.2 mm**

**\$449.6 mm**

**\$2,403.7 mm**

**2**

**Pro Forma Balance Sheet**

**SunTrust**

**NCF**

**Combined**

**(1)**

**Assets**

Cash Equivalents

\$4,695

\$628

\$5,323

Securities and Trading Assets

28,262

6,475

34,736

Gross Loans and HFS

85,065

13,696

98,761

Allowance for Loan Losses

(943)

(173)

(1,116)

Goodwill

1,080

1,090

2,170

Amortizable Intangibles (ex. MSR's)

175

159

333

Other Assets

6,911

1,164

8,075



Total Assets

\$125,245

\$23,039

\$148,283

**Liabilities**

Deposits

\$80,870

\$15,791

\$96,661

Borrowings

28,156

3,827

31,983

Other Liabilities

6,129

621

6,750

Total Liabilities

\$115,154

\$20,240

\$135,394

**Shareholders' Equity**

Realized Equity

\$8,309

\$2,785

\$11,094

Other Comprehensive Income

1,782

14

1,795

Total Shareholders' Equity

\$10,090

\$2,799

\$12,889

Total Liabilities and Shareholders' Equity

\$125,245

\$23,039

\$148,283

**As of March 31, 2004**

39

(1)

Excludes any purchase accounting or transaction adjustments.

**National Commerce Historical Income Statement**

40

(\$ in millions)

**Y-o-Y**

**2000**

**2001**

**2002**

**2003**

**1Q2003**

**1Q2004**

**Growth**

**Income Statement**

Interest Income

\$

938.0

\$

1,222.9

\$

1,130.5

\$

1,054.1

\$

263.4

\$

260.5

(1.1)%

Interest Expense

(517.2)

(571.8)

(396.9)

(314.6)

(85.9)

(69.5)

(19.2)

Net Interest Income

420.8

651.1

733.6

739.5

177.4

191.1

7.7

Provision for Losses

(16.5)

(29.2)

(32.3)

(48.4)

(7.7)

(12.1)

57.3

Non-Interest Income

185.0

310.2

369.0

451.0

102.1

109.0

6.7

Securities Gains/Loss

4.5

6.6

11.5

3.8

2.5

10.9

NM

Total Income

593.8

938.7

1,081.8

1,145.8

274.4

298.9

8.9

Non-Interest Expense

(513.9)

(580.0)

(607.8)

(724.4)

(180.1)

(163.7)

(9.1)

Net Income before Tax

79.9

358.7

474.0

421.4

94.2

135.2

43.4

Net Income

\$ 45.3

\$ 225.3

\$ 323.6

\$ 311.7

\$ 64.1

\$ 90.2

40.8

%

**Selected Ratios**

Effective Tax Rate

43.3

%

37.2

%

31.7

%

32.0

%

32.0

%

33.3

%

ROAA

0.4

1.3

1.6

1.4

1.2

1.6

Net Interest Margin

4.0

4.4

4.3

3.9

4.0

3.8

ROAE

3.0

9.3

12.6

11.5

9.5

13.0

Fee Income Ratio

30.5

32.3

33.5



37.9

36.5

36.3

Cash Efficiency Ratio

48.1

46.4

47.1

49.0

50.3

48.1

**National Commerce Historical Balance Sheet**

41

(\$ in millions)

**Y-o-Y**

**2000**

**2001**

**2002**

**2003**

**1Q '03**

**1Q '04**

**Growth**

**Balance Sheet**

Cash and Investments

\$

5,024

\$

5,379

\$

6,450

\$

7,684

\$

7,275

\$

7,136

(1.9)%

Gross Loans

11,008

11,871

12,494

13,035

11,882

13,419

12.9

Loan Loss Reserves

(144)

(156)

(163)

(170)

(163)

(173)

6.5

Net Loans

10,865

11,818

12,761

13,080

12,126

13,523

11.5

Intangibles

1,222

1,198

1,314

1,258

1,298

1,249

(3.8)

Assets

17,746

19,274

21,472

23,017

21,722

23,039

6.1

Deposits

\$

11,980

\$

12,619

\$

14,495

\$

15,550

\$

14,926

\$

15,791

5.8

%

Borrowings

2,901

3,488

3,617

4,251

3,364

3,827

13.8

Liabilities

15,331

16,576

18,551

20,236

18,787

20,240

7.7

Equity

\$

2,365

\$

2,455

\$

2,682

\$

2,781

\$

2,696

\$

2,799

3.8

%

**Selected Ratios**

TCE/TA

6.92

%

6.96

%

6.79

%

7.00

%

6.85

%

7.11

%

Tier 1 Risk Capital Ratio

9.52

11.04

10.87

11.03

10.50

10.95

Risk-Based Capital Ratio

10.79

12.25

12.00

12.10

11.57

12.02

NPA/Loans

0.14

0.31

0.52

0.49

0.57

0.48

NCOs/Average Loans

0.20

0.22

0.26

0.32

0.25

0.28

Loans/Deposits

90.7

93.7

88.0

84.1

81.2

85.6



**NCF Shareholder Pro Ration Mechanism  
Example**

42

**Total Consideration**

Approximatey \$1.8 billion in cash

Approximatey 77.5 million in SunTrust shares

**SunTrust Five-Day Average Closing Price Before Consumation**

*May 7th Closing Price*

*May 4th Closing Price*

\$

65.00

\$

66.88

\$

69.70

\$

72.00

**Total Deal Value (\$bn)**

\$

6.8

\$

6.9

\$

7.2

\$

7.4

**Per NCF Share**

\$

32.76

\$

33.46

\$

34.50

\$

35.36

**Implied Stock / Cash Mix**

74 / 26

74 / 26

75 / 25

76 / 24

**Election Example - Per Share**

-100% Stock

0.504

x

0.500

x

0.495

x

0.491

x

-100% Cash

(1)

\$

32.76

\$

33.46

\$

34.51

\$

35.36

-Full pro ration

$\$8.625 / 0.3713 \times$

$\$8.625 / 0.3713 \times$

$\$8.625 / 0.3713 \times$

$\$8.625 / 0.3713 \times$

(1)

Represents sum of \$8.625 plus 0.3713 times the five-day average closing price before consummation.