SUNTRUST BANKS INC

FORM 10-Q
(Quarterly Report)

Filed 11/14/01 for the Period Ending 09/30/01

Address	303 PEACHTREE ST N E ATLANTA, GA 30308
Telephone	4045887711
CIK	0000750556
Symbol	STI
SIC Code	6021 - National Commercial Banks
Industry	Regional Banks
Sector	Financial
Fiscal Year	12/31

SUNTRUST BANKS INC

FORM 10-Q
(Quarterly Report)

Filed 11/14/2001 For Period Ending 9/30/2001

Address	919 E MAIN ST
	RICHMOND, Virginia 23219
Telephone	804-782-7107
CIK	0000750556
Industry	Regional Banks
Sector	Financial
Fiscal Year	12/31

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Quarterly Period Ended September 30, 2001
Commission File Number 1-8918

SUNTRUST BANKS, INC.

(Exact name of registrant as specified in its charter)

Georgia	58-1575035
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

303 Peachtree Street, N.E., Atlanta, Georgia 30308
(Address of principal executive offices) (Zip Code)

(404) 588-7711
(Registrant's telephone number, including area code)

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 X No
At October 31, 2001, 288,814,992 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 of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine months ended September 30, 2001 are not necessarily indicative of the results that may be expected for the full year 2001.

Consolidated Statements of Income

(Dollars in thousands except per share data) (Unaudited)	Three Months Ended September 30 2001	Three Months Ended September 30 2000	Nine Months Ended September 30 2001	Nine Months Ended September 30 2000
Interest Income				
Interest and fees on loans	$ 1,173,182	$ 1,455,601	$ 3,841,287	$ 4,129,504
Interest and fees on loans held for sale	57,466	28,462	145,954	77,291
Interest and dividends on securities available for sale				
Taxable interest	231,374	224,364	745,180	679,896
Tax-exempt interest	7,173	6,334	21,809	19,661
Dividends (1)	17,548	15,549	51,907	50,321
Interest on funds sold	11,601	26,636	43,904	70,479
Interest on deposits in other banks	3,258	138	4,464	705
Other interest	8,342	7,132	33,971	19,237
Total interest income	1,509,944	1,764,216	4,888,476	5,047,094
Interest Expense				
Interest on deposits	417,337	651,536	1,486,464	1,796,753
Interest on funds purchased	84,812	176,278	365,126	473,672
Interest on other short-term borrowings	14,596	22,123	54,617	66,742
Interest on long-term debt	189,370	142,829	549,680	386,854
Total interest expense	706,115	992,766	2,455,887	2,724,021
Net Interest Income	803,829	771,450	2,432,589	2,323,073
Provision for loan losses	80,157	30,540	187,072	80,525
Net interest income after provision for loan losses	723,672	740,910	2,245,517	2,242,548
Noninterest Income				
Trust and investment management income	119,786	120,184	368,880	372,538
Service charges on deposit accounts	129,142	116,875	374,753	340,730
Other charges and fees	61,316	56,291	174,386	155,800
Mortgage production related income	43,058	23,809	127,755	62,975
Mortgage servicing related income	829	7,906	4,868	23,319
Credit card and other fees	28,655	24,250	84,211	70,719
Retail investment services	26,802	24,022	78,845	85,370
Investment banking income	33,422	35,972	66,925	90,964
Trading account profits and commissions	30,048	4,924	84,637	15,495
Other noninterest income	41,183	33,586	111,867	102,338
Securities gains (losses)	36,161	(586)	121,006	7,807
Total noninterest income	550,402	447,233	1,598,133	1,328,055
Noninterest Expense				
Salaries and other compensation	401,846	361,411	1,161,342	1,097,747
Employee benefits	45,527	39,488	150,608	137,823
Net occupancy expense	55,080	51,915	156,862	151,865
Equipment expense	49,907	47,191	138,796	149,496
Outside processing and software	51,639	42,385	142,122	128,384
Marketing and customer development	25,320	25,315	71,308	75,472
Merger-related expenses	-	8,255	-	40,071
Amortization of intangible assets	8,413	8,889	37,697	26,660
Other noninterest expense	139,080	121,721	424,612	323,151
Total noninterest expense	776,812	706,570	2,283,347	2,130,669
Income before provision for income taxes and extraordinary loss	497,262	481,573	1,560,303	1,439,934
Provision for income taxes	163,118	154,753	523,664	476,206
Income before extraordinary loss	334,144	326,820	1,036,639	963,728
Extraordinary loss, net of taxes	-	-	17,824	-
Net Income	$ 334,144	$ 326,820	$ 1,018,815	$ 963,728
Average common shares - diluted	289,601,031	298,558,479	292,347,478	302,464,897
Average common shares - basic	285,570,284	295,574,838	288,394,870	299,326,891
Net income per average common share - diluted				
Income before extraordinary loss	$ 1.15	$ 1.10	$ 3.54	$ 3.19
Extraordinary loss, net of taxes	-	-	0.06	-
Net income	$ 1.15	$ 1.10	$ 3.48	$ 3.19
Net income per average common share - basic				
Income before extraordinary loss	$ 1.17	$ 1.11	$ 3.59	$ 3.22
Extraordinary loss, net of taxes	-	-	0.06	-
Net income	$ 1.17	$ 1.11	$ 3.53	$ 3.22
(1) Includes dividends on common stock of The Coca-Cola Company	8,688	8,205	26,064	24,616

See notes to consolidated financial statements

Consolidated Balance Sheets

(Dollars in thousands) (Unaudited)	September 30 2001	December 31 2000	September 30 2000
Assets			
Cash and due from banks	$ 3,608,003	$ 4,110,489	$ 3,200,930
Interest-bearing deposits in other banks	104,627	13,835	10,410
Trading account	1,550,883	1,105,848	913,787
Securities available for sale (1)	18,493,304	18,810,311	17,098,832
Funds sold	1,415,846	1,267,028	1,427,318
Loans held for sale	3,254,854	1,759,281	1,495,836
Loans	69,630,249	72,239,820	72,113,649
Allowance for loan losses	(866,353)	(874,547)	(874,490)
Net loans	68,763,896	71,365,273	71,239,159
Premises and equipment	1,589,726	1,629,071	1,618,907
Intangible assets	858,073	810,860	812,079
Customers' acceptance liability	64,468	184,157	177,504
Other assets	3,558,355	2,604,221	2,719,990
Total assets	$ 103,262,035	$ 103,660,374	$ 100,714,752
Liabilities and Shareholders' Equity			
Noninterest-bearing deposits	$ 13,023,697	$ 15,064,017	$ 13,060,887
Interest-bearing consumer and commercial deposits	44,192,944	41,572,310	40,448,398
Total consumer and commercial deposits	57,216,641	56,636,327	53,509,285
Brokered deposits	2,544,652	3,179,100	4,488,000
Foreign deposits	3,364,761	9,717,910	11,155,585
Total deposits	63,126,054	69,533,337	69,152,870
Funds purchased	10,242,725	10,895,944	9,301,754
Other short-term borrowings	2,924,641	1,761,985	2,019,907
Long-term debt	12,293,390	7,895,430	7,284,903
Guaranteed preferred beneficial interests in debentures	1,050,000	1,050,000	1,050,000
Acceptances outstanding	64,468	184,157	177,504
Other liabilities	5,360,858	4,100,313	4,030,011
Total liabilities	95,062,136	95,421,166	93,016,949
Preferred stock, no par value; 50,000,000 shares authorized; none issued	-	-	-
Common stock, $1.00 par value	294,163	323,163	323,163
Additional paid in capital	1,262,518	1,274,416	1,269,792
Retained earnings	5,238,398	6,312,044	6,090,868
Treasury stock and other	(316,709)	(1,613,189)	(1,551,714)
Realized shareholders' equity	6,478,370	6,296,434	6,132,109
Accumulated other comprehensive income	1,721,529	1,942,774	1,565,694
Total shareholders' equity	8,199,899	8,239,208	7,697,803
Total liabilities and shareholders' equity	$ 103,262,035	$ 103,660,374	$ 100,714,752
Common shares outstanding	288,741,890	296,266,329	297,791,574
Common shares authorized	750,000,000	750,000,000	750,000,000
Treasury shares of common stock	5,420,867	26,896,428	25,371,183
(1) Includes net unrealized gains on securities available for sale	$ 2,761,050	$ 3,048,313	$ 2,461,858

See notes to consolidated financial statements

Consolidated Statements of Cash Flows

(Dollars in thousands) (Unaudited)	Nine Months Ended September 30 2001	2000
Cash flows from operating activities:		
Net income	$ 1,018,815	$ 963,728
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Extraordinary loss on early extinguishment of debt, net of taxes	17,824	-
Depreciation, amortization and accretion	260,841	225,334
Provisions for loan losses and foreclosed property	187,350	80,812
Amortization of compensation element of restricted stock	4,027	6,654
Securities gains	(121,006)	(7,807)
Net gain on sale of assets	(6,025)	(9,511)
Originated loans held for sale	(14,862,981)	(7,004,124)
Sales of loans held for sale	13,367,408	7,040,074
Net increase in accrued interest receivable, prepaid expenses and other assets	(1,721,510)	(1,383,964)
Net increase in accrued interest payable, accrued expenses and other liabilities	1,326,561	647,772
Net cash (used in) provided by operating activities	(528,696)	$ 558,968
Cash flows from investing activities:		
Proceeds from maturities of securities available for sale	2,175,430	1,760,361
Proceeds from sales of securities available for sale	4,404,963	857,153
Purchases of securities available for sale	(4,539,749)	(1,470,717)
Net increase in loans	(91,078)	(6,422,266)
Proceeds from sale of loans	667,734	238,566
Capital expenditures	(60,691)	(96,677)
Proceeds from the sale of other assets	28,370	30,330
Loan recoveries	39,457	45,255
Net cash provided by (used in) investing activities	2,624,436	(5,057,995)
Cash flows from financing activities:		
Net (decrease) increase in deposits	(6,407,283)	9,052,341
Net increase (decrease) in funds purchased and other short-term borrowings	509,437	(6,849,266)
Proceeds from the issuance of long-term debt	6,413,281	3,440,444
Repayment of long-term debt	(2,033,145)	(1,122,887)
Proceeds from the exercise of stock options	16,187	8,584
Proceeds from stock issuance	17,497	18,579
Proceeds used in the acquisition of stock	(526,230)	(595,265)
Dividends paid	(348,360)	(334,211)
Net cash (used in) provided by financing activities	(2,358,616)	3,618,319
Net decrease in cash and cash equivalents	(262,876)	(880,708)
Cash and cash equivalents at beginning of year	5,391,352	5,519,366
Cash and cash equivalents at end of period	$ 5,128,476	$ 4,638,658
Supplemental Disclosure		
Interest paid	$ 2,512,141	$ 2,622,071
Income taxes paid	117,646	432,938
Non-cash impact of securitizing loans	1,903,518	-
Non-cash impact of STAR Systems Inc. sale	52,919	-

See notes to consolidated financial statements

Consolidated Statements of Shareholders' Equity

(Dollars in thousands) (Unaudited)	Common Stock	Additional Paid in Capital	Retained Earnings	Treasury Stock and Other*	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2000	$ 323,163	$ 1,293,387	$ 5,461,351	$ (1,013,861)	$ 1,562,822	$ 7,626,862
Net income	-	-	963,728	-	-	963,728
Other comprehensive income:						
Change in unrealized gains (losses) on securities, net of taxes	-	-	-	-	2,872	2,872
Total comprehensive income						966,600
Cash dividends declared, $1.11 per share	-	-	(334,211)	-	-	(334,211)
Exercise of stock options	-	(17,487)	-	26,071	-	8,584
Acquisition of treasury stock	-	-	-	(595,265)	-	(595,265)
Restricted stock activity	-	(682)	-	682	-	-
Amortization of compensation element of restricted stock	-	-	-	6,654	-	6,654
Issuance of stock for employee benefit plans	-	(5,426)	-	24,005	-	18,579
Balance, September 30, 2000	$ 323,163	$ 1,269,792	$ 6,090,868	$ (1,551,714)	$ 1,565,694	$ 7,697,803
Balance, January 1, 2001	$ 323,163	$ 1,274,416	$ 6,312,044	$ (1,613,189)	$ 1,942,774	$ 8,239,208
Net income	-	-	1,018,815	-	-	1,018,815
Other comprehensive income:						
Adoption of SFAS No. 133	-	-	-	-	(10,560)	(10,560)
Change in unrealized gains (losses) on derivatives, net of taxes	-	-	-	-	(62,602)	(62,602)
Change in unrealized gains (losses) on securities, net of taxes	-	-	-	-	(148,083)	(148,083)
Total comprehensive income						797,570
Cash dividends declared, $1.20 per share	-	-	(348,360)	-	-	(348,360)
Exercise of stock options	-	(12,528)	-	28,715	-	16,187
Acquisition of treasury stock	-	-	-	(526,230)	-	(526,230)
Retirement of treasury stock	(29,000)	-	(1,744,101)	1,773,101	-	-
Restricted stock activity	-	(249)	-	249	-	-
Amortization of compensation element of restricted stock	-	-	-	4,027	-	4,027
Issuance of stock for employee benefit plans	-	879	-	16,618	-	17,497
Balance, September 30, 2001	$ 294,163	$ 1,262,518	$ 5,238,398	$ (316,709)	$ 1,721,529	$ 8,199,899

* Balance at September 30, 2000 includes $1,504,501 for treasury stock and $47,213 for compensation element of restricted stock. Balance at September 30, 2001 includes $280,267 for treasury stock and $36,442 for compensation element of restricted stock.

See notes to consolidated financial statements

Notes to Consolidated Financial Statements (Unaudited)

Note 1 - Accounting Policies
The consolidated interim financial statements of SunTrust Banks, Inc. ("SunTrust" or "Company") are unaudited. All significant intercompany accounts and transactions have been eliminated. These financial statements should be read in conjunction with the Annual Report on Form 10-K for the year ended December 31, 2000. Certain reclassifications have been made to prior year amounts to conform with the current year presentation.

Note 2 - Acquisitions
On September 25, 2001, SunTrust entered into a purchase agreement with Huntington Bancshares Incorporated to acquire the Florida banking franchise of Huntington National Bank. The Company will acquire Huntington's retail, small business, commercial, treasury management and investment-related businesses and plans to integrate the franchise into its existing Florida banking organization. This transaction is expected to close in February of 2002, at which time the final purchase price will be determined.

On July 27, 2001, SunTrust completed an agreement to purchase the institutional business of The Robinson-Humphrey Company, LLC from Citigroup's Salomon Smith Barney unit for approximately $11.9 million in cash. The acquisition did not have a material effect on the consolidated financial statements.

On May 14, 2001, SunTrust announced a proposal to acquire Wachovia Corporation. The proposal was subsequently withdrawn following Wachovia shareholders' proxy vote on August 3, 2001 approving a merger with First Union Corporation. During the third quarter of 2001, SunTrust recorded $20.2 million of net-of-tax expenses, or $.07 per diluted share, related to the proposed Wachovia merger.

On March 28, 2001, the Company acquired Asset Management Advisors Holdings, Inc., a Jupiter, Florida based specialized wealth management firm. The acquisition was accounted for as a purchase with $22.0 million of cash tendered as consideration. The acquisition did not have a material effect on the consolidated financial statements.

Note 3 - Recent Accounting Developments
In July of 2001, the Financial Accounting Standards Board ("FASB") issued Statements of Financial Accounting Standards No. 141, "Business Combinations" (SFAS 141), and No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). SFAS 141 establishes accounting and reporting standards for business combinations. This Statement eliminates the use of the pooling-of-interest method of accounting for business combinations, requiring future business combinations to be accounted for using the purchase method of accounting. Additionally, SFAS 141 enhances the disclosures related to business combinations and requires that all intangible assets acquired in a business combination be reported separately from goodwill. These intangible assets must then be assigned to a specifically identified reporting unit and assigned a useful life. The provisions of this Statement apply to all business combinations initiated after June 30, 2001. This Statement also applies to all business combinations accounted for using the purchase method for which the date of acquisition is July 1, 2001, or later. It does not appear the Statement will have a material impact on the Company's financial position or results of operations.

SFAS 142 establishes accounting and reporting standards for goodwill and other intangible assets. With the adoption of this Statement, goodwill is no longer subject to amortization over its estimated useful life. Rather, goodwill will be subject to at least an annual assessment for impairment by applying a two step fair-value based test. Additionally, SFAS 142 enhances the disclosures related to goodwill and intangible assets. SunTrust will adopt SFAS 142, in its entirety, effective January 1, 2002. Goodwill currently carried on the balance sheet will be subject to an initial assessment for impairment to be completed by the second quarter of 2002. Year-to-date

September 30, 2001 earnings included net-of-tax amortization of goodwill totaling $29.2 million. SunTrust is in the process of evaluating the impact that the adoption of this Statement will have on its financial position and results of operations.

Note 4 - Guaranteed Preferred Beneficial Interests in Debentures

SunTrust has established special purpose trusts, which collectively have issued $1,050 million in trust preferred securities as of September 30, 2001 and an additional $300 million in October of 2001. The proceeds from these issuances, together with the proceeds of the related issuances of common securities of the trusts, were invested in junior subordinated deferrable interest debentures of SunTrust. The sole assets of these special purpose trusts are the debentures. These debentures rank junior to the senior and subordinated debt of the issuing company. SunTrust owns all of the common securities of the special purpose trusts. The preferred securities issued by the trusts rank senior to the trusts' common securities. The Company's obligations under the debentures, the indentures, the relevant trust agreements and the guarantees, in the aggregate, constitute a full and unconditional guarantee by SunTrust of the obligations of the trusts under the trust preferred securities and rank subordinate and junior in right of payment to all liabilities of the Company. The trust preferred securities may be called prior to maturity at the option of SunTrust.

Note 5 - Loan Securitizations

During the first quarter of 2001, SunTrust transferred $1,903 million of single family mortgages to securities available for sale in two securitization transactions. These securities are maintained in the Company's available for sale securities portfolio at fair market value based on quoted market prices. There were no additional loan securization transactions during the second or third quarter of 2001.

Note 6 - Extraordinary Loss

During the second quarter of 2001, the Company recorded an extraordinary loss of $17.8 million, net of taxes of $9.6 million, for the early extinguishment of $1.3 billion in long-term debt.

Note 7 - Comprehensive Income

The Company's comprehensive income, which includes certain transactions and other economic events that bypass the income statement, consists of net income, unrealized gains and losses on securities available for sale and the impact of cash flow hedges, net of income taxes.

Comprehensive income for the nine months ended September 30, 2001 and 2000 is calculated as follows:
(Dollars in thousands)

	2001	2000
Unrealized (loss) gain on available for sale securities, net, recognized in other comprehensive income:		
Before Income Tax	$ (227,820)	$ (65,847)
Income Tax	(79,737)	(68,719)
Net of Income Tax	$ (148,083)	$ 2,872
Amounts reported in net income:		
Gain on sale of securities	$ 121,006	$ 7,807
Net (accretion) amortization	(11,310)	(11,327)
Reclassification adjustment	109,696	(3,520)
Income tax (expense) benefit	(38,394)	3,674
Reclassification adjustment, net of tax	$ 71,302	$ 154
Unrealized loss on available for sale securities arising during period, net of tax	$ (76,781)	$ 3,026
Reclassification adjustment, net of tax	(71,302)	(154)
Net unrealized (loss) gain on available for sale securities recognized in other comprehensive income	$ (148,083)	$ 2,872
Unrealized loss on derivative financial instruments, net, recognized in other comprehensive income:		
Before Income Tax	$ (112,557)	$ -
Income Tax	39,395	-
Net of Income Tax	$ (73,162)	$ -
Cumulative effect of change in accounting principle	$ (16,246)	$ -
Income tax benefit	5,686	-
Cumulative effect of change in accounting priniciple, net of tax	$ (10,560)	$ -
Reclassification of losses from other comprehensive income to earnings	$ 9,109	$ -
Income tax expense	(3,188)	-
Reclassification adjustment, net of tax	$ 5,921	$ -
Unrealized loss on derivative financial instruments arising during period, net of tax	$ (68,523)	$ -
Reclassification adjustment, net of tax	5,921	-
Net unrealized loss on derivative instruments recognized in other comprehensive income	$ (62,602)	$ -
Total unrealized (losses) gains recognized in other comprehensive income	$ (221,245)	$ 2,872
Net income	1,018,815	963,728
Total comprehensive income	$ 797,570	$ 966,600

Note 8 - Earnings Per Share Reconciliation

Net income is the same in the calculation of basic and diluted EPS. Shares of 3.2 million and 4.4 million for the periods ended September 30, 2001 and 2000, respectively, were excluded in the computation of diluted EPS because they would have been antidilutive. A reconciliation of the difference between average basic common shares outstanding and average diluted common shares outstanding for the three and nine months ended September 30, 2001 and 2000 is included in the following table.

Computation of Per Share Earnings

(In thousands, except per share data)

	Three Months Ended September 30		Nine Months Ended September 30	
	2001	2000	2001	2000
Diluted				
Income before extraordinary loss	$ 334,144	$ 326,820	$ 1,036,639	$ 963,728
Extraordinary loss, net of taxes	-	-	17,824	-
Net income	$ 334,144	$ 326,820	$ 1,018,815	$ 963,728
Average common shares outstanding	285,570	295,575	288,395	299,327
Effect of dilutive securities:				
Stock options	2,103	1,158	2,054	1,339
Performance restricted stock	1,928	1,825	1,898	1,799
Average diluted common shares	289,601	298,558	292,347	302,465
Earnings per common share - diluted:				
Income before extraordinary loss	$ 1.15	$ 1.10	$ 3.54	$ 3.19
Extraordinary loss	-	-	0.06	-
Net income	$ 1.15	$ 1.10	$ 3.48	$ 3.19
Basic				
Income before extraordinary loss	$ 334,144	$ 326,820	$ 1,036,639	$ 963,728
Extraordinary loss, net of taxes	-	-	17,824	-
Net income	$ 334,144	$ 326,820	$ 1,018,815	$ 963,728
Average common shares	285,570	295,575	288,395	299,327
Earnings per common share - basic:				
Income before extraordinary loss	$ 1.17	$ 1.11	$ 3.59	$ 3.22
Extraordinary loss	-	-	0.06	-
Net income	$ 1.17	$ 1.11	$ 3.53	$ 3.22

Note 9 - Business Segment Reporting

The Company's prior business segment disclosures have been aligned with its geographic regions as defined by its former multiple bank charters. During 2000, as a result of the consolidation of its multiple bank charters into a single legal entity, the Company began to redefine its operating model and created a line of business management structure to overlay its former multiple bank management structure. Beginning in January 2001, the Company implemented significant changes to its internal management reporting system to begin to measure and manage certain business activities by line of business. The Lines of Business are defined as follows:

Retail

Retail includes loans, deposits and other fee based services for retail and small business clients. The Retail Line of Business also includes the branch office and ATM networks of the Company.

Commercial

Commercial includes loans, deposits and other fee based services for business clients generally with total annual revenues from $5 million to $250 million.

Corporate and Investment Banking

Corporate and Investment Banking includes loans, deposits and other fee based services for national and large business clients generally with total annual revenues in excess of $250 million. Corporate and Investment Banking also includes the management of corporate leasing, debt and equity capital markets and international banking services.

Mortgage

Mortgage includes the investment in residential mortgage loans and the production, sale and service of secondary residential mortgage loans.

Private Client Services

Private Client Services includes personal and institutional trust and investment management services, retail investment services and management of affluent clients' financial resources including loans, deposits and other fee based services.

Corporate/Other

Corporate/Other includes the investment securities portfolio, long-term debt, capital, derivative instruments, short-term liquidity and funding activities, balance sheet risk management, office premises and certain support activities not currently allocated to the aforementioned Lines of Business. Any transactions between the separate Lines of Business not already eliminated in the results of the Lines of Business are also reflected in the Corporate/Other Line of Business.

Unlike financial accounting, there is no comprehensive authoritative body of guidance for management accounting practices equivalent to generally accepted accounting principles. Therefore, the disclosure of performance of the business segments is not necessarily comparable with similar information presented by any other financial institution.

The Company utilizes a matched maturity funds transfer pricing methodology to transfer the interest rate risk of all assets and liabilities to the Corporate Treasury area which manages the interest rate risk of the Company. Differences in the aggregate amounts of funds charges and credits that are transfer priced are reflected in the Corporate/Other Line of Business segment. A system of internal credit transfers is utilized to recognize supportive business services across Lines of Business. The net results of these credits are reflected in each Line of Business segment. The cost of operating office premises is charged to the Lines of Business by use of an internal cost transfer process. Allocations of certain administrative support expenses and customer transaction processing expenses are also reflected in each Line of Business segment. The offset to these expense allocations, as well as the amount of any unallocated expenses, is reported in the Corporate/Other Line of Business segment. The Company also utilizes an internal credit risk transfer pricing methodology (the "credit risk premium") which creates a current period financial charge against interest income to each Line of Business based on the estimated credit risk-adjusted return on loans and leases. The offset to the aggregate credit risk premium charges is matched against the Company's current provision for loan and lease losses with any difference reported in the Corporate/Other segment. The provision for income taxes is also reported in the Corporate/Other segment.

The Company is currently in the process of building and implementing further enhancements to its internal management reporting system which are expected to be implemented throughout 2001 and 2002. Once complete, the activities reported for each Line of Business segment are expected to include: assets, liabilities and attributed economic capital; matched maturity funds transfer priced interest income, net of credit risk premiums; direct non-interest income; internal credit transfers between Lines of Business for supportive business services; and fully absorbed expenses. The internal management reporting system and the business segment disclosures for each Line of Business do not currently include attributed economic capital, nor fully absorbed expenses. Any amounts not currently reported in each Line of Business segment are reported in the Corporate/Other segment. The implementation of these enhancements to the internal management reporting system is expected to materially affect the net income disclosed for each segment.

Due to the significant nature of the changes implemented to the internal management reporting system in 2001, it is not practical to conform prior year financial data for the new business segments nor current year financial data for the prior business segments for reporting. Therefore, the financial data is only presented on a year-to-date basis and is not comparable to segment data presented in previous filings.

The following table discloses selected financial information for SunTrust's new reportable business segments for the nine months ended September 30, 2001.

	Nine Months Ended September 30, 2001						
	Retail	Commercial	Corporate and Investment Banking	Mortgage	Private Client Services	Corporate/ Other	Consolidated
Average total assets	20,195,064	19,053,271	21,690,521	19,394,885	1,431,423	20,782,790	102,547,954
Average total liabilities	45,393,318	8,676,665	4,553,073	977,594	1,456,208	33,505,201	94,562,059
Average total equity	-	-	-	-	-	7,985,895	7,985,895
Net interest revenue (1)	1,232,302	419,958	159,323	167,011	37,730	259,853	2,276,177
Noninterest revenue	459,388	183,894	324,670	137,646	446,038	46,497	1,598,133
Noninterest expense	871,861	282,924	272,960	228,368	296,650	330,584	2,283,347
Total contribution before taxes and extraordinary loss	819,829	320,928	211,033	76,289	187,118	(24,234)	1,590,963
Provision for income taxes (2)	-	-	-	-	-	554,324	554,324
Income before extraordinary loss	819,829	320,928	211,033	76,289	187,118	(578,558)	1,036,639
Extraordinary loss, net of tax	-	-	-	-	-	17,824	17,824
Net income	819,829	320,928	211,033	76,289	187,118	(596,382)	1,018,815

(1) Net interest income is fully taxable equivalent and is presented on a matched maturity funds transfer price basis net of the credit risk premium for the Lines of Business.
(2) Includes regular income tax provision and taxable-equivalent income adjustment reversal of $30,660.

Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

SunTrust Banks, Inc., the nation's ninth-largest commercial banking organization, is a financial holding company with its headquarters in Atlanta, Georgia. SunTrust's principal banking subsidiary, SunTrust Bank, offers a full line of financial services for consumers and businesses through its branches located primarily in Alabama, Florida, Georgia, Maryland, Tennessee, Virginia and the District of Columbia. In addition to traditional deposit, credit and trust and investment services offered by SunTrust Bank, other SunTrust subsidiaries provide mortgage banking, commercial equipment leasing, credit-related insurance, asset management, securities brokerage and investment banking services.

SunTrust has 1,128 full-service branches, including supermarket branches, and continues to leverage technology to provide customers the convenience of banking on the Internet, through 2,003 automated teller machines and via twenty-four hour telebanking.

The following analysis of the financial performance of SunTrust for the third quarter of 2001 should be read in conjunction with the financial statements, notes and other information contained in this document. SunTrust has made, and may continue to make, various forward-looking statements with respect to financial and business matters. These forward-looking statements are subject to numerous assumptions, risks and uncertainties, all of which may change over time. The actual results that are achieved could differ significantly from the forward-looking statements contained in this document.

The results of operations for the nine months ended September 30, 2001 are not indicative of the results that may be attained for any other period. In this discussion, net interest income and the net interest margin are presented on a taxable-equivalent basis and the ratios are presented on an annualized basis.

EARNINGS ANALYSIS

SunTrust reported earnings of $334.1 million and $1,018.8 million for the third quarter and first nine months of 2001, an increase of $7.3 million, or 2.2%, and $55.1 million, or 5.7%, compared to $326.8 million and $963.7 million in the same periods last year. In the third quarter and first nine months of 2001, results included $20.2 million in after-tax nonrecurring expenses associated with the Company's proposal to acquire Wachovia. For the third quarter and first nine months of 2000, results included after-tax merger-related charges of $5.4 million and $26.0 million. The following table reconciles reported diluted earnings per share to operating diluted earnings per share for the three and nine months ended of September 30, 2001 and 2000:

	Three Months Ended September 30		Nine Months Ended September 30	
	2001	2000	2001	2000
Reported diluted earnings per share	$ 1.15	$ 1.10	$ 3.48	$ 3.19
Merger-related expenses	-	0.01	-	0.08
Wachovia proposal expenses	0.07	-	0.07	-
Operating earnings per share	$ 1.22	$ 1.11	$ 3.55	$ 3.27

Net interest income increased $32.3 million, or 4.1%, and $110.9 million, or 4.7%, from the third quarter and first nine months of 2000 to the third quarter and first nine months of 2001. This was primarily due to lower funding costs as the Federal Reserve decreased the fed funds rate a total of 400 basis points since September 30, 2000.

The loan loss provision increased $49.6 million, or 162.5%, over the third quarter of 2000 and $106.5 million, or 132.3%, over the first nine months of 2000. The increase over the prior year's third quarter was primarily due to increased charge-offs resulting from the continued economic slowdown.

Total noninterest income, excluding securities gains, increased $66.4 million, or 14.8%, over the prior year's third quarter and $156.9 million, or 11.9%, over the first nine months of 2000. Compared to the third quarter of 2000, noninterest income included an increase of $25.1 million, or 510.2%, in trading account profits and commissions, as the Company benefited from fees related to increased customer derivative transactions due to the low interest rate environment. Mortgage production related income continued to show strong growth during the third quarter of 2001 as compared to the same period last year. Mortgage production related income increased $19.2 million, or 80.8%, as the low interest rate environment has led to significant increases in refinancing activity during 2001.

Total noninterest expense, excluding merger-related charges and Wachovia proposal expenses, increased $46.5 million, or 6.7%, over the third quarter of 2000 and $160.7 million, or 7.7%, over the first nine months of 2000. Included in the overall increase was $17.5 million in One Bank initiatives resulting from the continued system integration of customer based systems across the geographic areas served by SunTrust Banks, Inc.

Selected Quarterly Financial Data
(Dollars in millions except per share data)

Table 1

	Quarters				
	2001			2000	
	3	2	1	4	3
Summary of Operations					
Interest and dividend income	$ 1,509.9	$ 1,634.7	$ 1,743.9	$ 1,798.3	$ 1,764.2
Interest expense	706.1	810.8	939.0	1,012.9	992.8
Net interest income	803.8	823.9	804.9	785.4	771.4
Provision for loan losses	80.2	39.6	67.3	53.5	30.5
Net interest income after provision for loan losses	723.6	784.3	737.6	731.9	740.9
Noninterest income(1)	550.4	521.8	525.9	445.6	447.2
Noninterest expense(2)(3)(4)	776.8	763.8	742.7	697.9	706.6
Income before provision for income taxes and extraordinary loss	497.2	542.3	520.8	479.6	481.5
Provision for income taxes	163.1	177.3	183.3	149.2	154.7
Income before extraordinary loss	334.1	365.0	337.5	330.4	326.8
Extraordinary loss, net of taxes(5)	-	17.8	-	-	-
Net income	$ 334.1	$ 347.2	$ 337.5	$ 330.4	$ 326.8
Net interest income (taxable-equivalent)	$ 813.9	$ 834.1	$ 815.2	$ 796.1	$ 781.5
Per common share					
Diluted					
Income before extraordinary loss	$ 1.15	$ 1.25	$ 1.14	$ 1.11	$ 1.10
Extraordinary loss, net of taxes	-	0.06	-	-	-
Net income	1.15	1.19	1.14	1.11	1.10
Basic					
Income before extraordinary loss	1.17	1.27	1.16	1.13	1.11
Extraordinary loss, net of taxes	-	0.06	-	-	-
Net income	1.17	1.21	1.16	1.13	1.11
Dividends declared	0.40	0.40	0.40	0.37	0.37
Book value	28.40	27.29	26.83	27.81	25.85
Market price					
High	72.35	66.38	68.07	64.38	54.19
Low	60.10	59.25	57.29	41.63	45.63
Close	66.60	64.78	64.80	63.00	49.88
Selected Average Balances					
Total assets	$ 101,246.0	$ 103,194.2	$ 103,225.4	$ 101,246.0	$ 99,392.2
Earning assets	90,588.0	92,570.8	92,553.9	90,679.6	89,663.7
Loans	69,024.0	69,900.5	71,654.4	71,774.6	71,506.9
Consumer and commercial deposits	57,081.1	56,343.6	54,538.6	54,099.2	53,641.4
Brokered and foreign deposits	6,086.6	8,017.1	10,870.0	13,082.7	13,516.8
Realized shareholders' equity	6,305.4	6,208.8	6,264.6	6,140.5	6,012.8
Total shareholders' equity	7,996.1	7,873.4	8,089.2	7,844.4	7,487.4
Common shares - diluted (thousands)	289,601	291,677	295,832	296,461	298,558
Common shares - basic (thousands)	285,570	287,878	291,805	293,390	295,575
Financial Ratios					
Return on average assets	1.34%	1.38%	1.36%	1.33%	1.34%
Return on average realized shareholders' equity(6)	21.02	22.43	21.85	21.40	21.62
Return on average total shareholders' equity	16.58	17.68	16.92	16.75	17.36
Net interest margin	3.56	3.61	3.57	3.49	3.47

(1) Includes securities gains of $33.0 and $27.4 million for the third and second quarters of 2001 related to the Company's securities portfolio repositioning.
(2) Includes enhancements to customer based systems of $17.5, $14.7 and $7.0 million for the third, second and first quarters of 2001, respectively, related to the One Bank initiative.
(3) Includes merger-related expenses of $2.4 million and $8.3 million for the fourth and third quarters of 2000.
(4) Includes Wachovia proposal expenses of $32.0 million for the third quarter of 2001.
(5) Represents the loss on the Company's early extinguishment of long-term debt during the second quarter of 2001, net of $9.6 million in taxes.
(6) In this report, SunTrust presents a return on average realized shareholders' equity ratio that excludes net unrealized gains. Due to its ownership of 48 million shares of common stock of The Coca-Cola Company, SunTrust believes this measure is more indicative of its return on average shareholders' equity when comparing to other companies.

Consolidated Daily Average Balances, Income/Expense and Average Yields Earned and Rates Paid
(Dollars in millions; yields on taxable-equivalent basis)

	Quarter Ended					
	September 30, 2001			June 30, 2001		
	Average Balances	Income/ Expense	Yields/ Rates	Average Balances	Income/ Expense	Yields/ Rates
Assets						
Loans:(1)						
Taxable	$ 67,894.6	$ 1,162.1	6.79%	$ 68,810.9	$1,258.7	7.34%
Tax-exempt(2)	1,129.4	19.1	6.71	1,089.6	19.8	7.28
Total loans	69,024.0	1,181.2	6.79	69,900.5	1,278.5	7.34
Securities available for sale:						
Taxable	15,152.8	248.9	6.52	16,756.8	278.2	6.66
Tax-exempt(2)	447.8	9.1	8.10	455.9	9.4	8.27
Total securities available for sale	15,600.6	258.0	6.56	17,212.7	287.6	6.70
Funds sold	1,271.6	11.6	3.62	1,176.4	13.4	4.56
Loans held for sale	3,182.5	57.5	7.16	2,829.8	51.9	7.36
Other short-term investments(2)	1,509.3	11.7	3.08	1,451.4	13.5	3.75
Total earning assets	90,588.0	1,520.0	6.66	92,570.8	1,644.9	7.13
Allowance for loan losses	(872.8)			(868.9)		
Cash and due from banks	3,315.2			3,373.7		
Premises and equipment	1,594.2			1,601.4		
Other assets	4,019.0			3,955.5		
Unrealized gains on securities available for sale	2,602.4			2,561.7		
Total assets	$101,246.0			$103,194.2		
Liabilities and Shareholders' Equity						
Interest-bearing deposits:						
NOW/Money market accounts	$ 25,254.1	$ 160.5	2.52%	$ 23,779.9	$ 173.1	2.92%
Savings	6,004.6	40.1	2.65	6,024.8	46.4	3.09
Consumer time	8,870.2	112.1	5.01	9,217.8	123.3	5.37
Other time	3,783.0	47.2	4.95	3,829.4	52.7	5.52
Total interest bearing consumer and commercial deposits	43,911.9	359.9	3.25	42,851.9	395.5	3.70
Brokered deposits	2,797.6	28.0	3.97	2,265.6	26.8	4.74
Foreign deposits	3,289.0	29.4	3.55	5,751.5	62.6	4.37
Total interest-bearing deposits	49,998.5	417.3	3.31	50,869.0	484.9	3.82
Funds purchased	10,616.7	84.8	3.17	12,367.6	125.9	4.08
Other short-term borrowings	1,702.1	14.6	3.40	1,367.1	16.0	4.68
Long-term debt	12,926.0	189.4	5.81	12,486.2	184.0	5.91
Total interest-bearing liabilities	75,243.3	706.1	3.72	77,089.9	810.8	4.22
Noninterest-bearing deposits	13,169.2			13,491.7		
Other liabilities	4,837.4			4,739.2		
Realized shareholders' equity	6,305.4			6,208.8		
Accumulated other comprehensive income	1,690.7			1,664.6		
Total liabilities and shareholders' equity	$101,246.0			$103,194.2		
Interest rate spread			2.94%			2.91%
Net Interest Income		$ 813.9			$ 834.1	
Net Interest Margin(3)			3.56%			3.61%

(1) Interest income includes loan fees of $36.9, $35.6, and $33.5 million in the quarters ended September 30 and June 30, 2001 and September 30, 2000, and $108.5 and $98.8 million in the nine months ended September 30, 2001 and 2000. Nonaccrual loans are included in average balances and income on such loans, if recognized, is recorded on a cash basis.
(2) Interest income includes the effects of taxable-equivalent adjustments (reduced by the nondeductible portion of interest expense) using a federal income tax rate of 35% and, where applicable, state income taxes, to increase tax-exempt interest income to a taxable-equivalent basis. The net taxable-equivalent adjustment amounts included in the above table aggregated $10.1, $10.2, and $10.1 million in the quarters ended September 30 and June 30, 2001 and September 30, 2000 and $30.7 and $29.3 million for the nine months ended September 30, 2001 and 2000.

Table 2

Quarter Ended			Nine Months Ended					
September 30, 2000			September 30, 2001			September 30, 2000		
Average Balances	Income/ Expense	Yields/ Rates	Average Balances	Income/ Expense	Yields/ Rates	Average Balances	Income/ Expense	Yields/ Rates
$ 70,427.3	$1,442.1	8.15%	$ 69,076.1	$3,805.7	7.37%	$ 68,405.0	$4,090.7	7.99%
1,079.6	21.1	7.79	1,107.2	59.8	7.22	1,058.3	60.5	7.64
71,506.9	1,463.2	8.14	70,183.3	3,865.5	7.36	69,463.3	4,151.2	7.98
14,146.9	239.9	6.75	15,940.5	797.1	6.69	14,552.8	730.2	6.70
456.5	8.7	7.59	451.1	27.9	8.27	478.3	27.0	7.55
14,603.4	248.6	6.77	16,391.6	825.0	6.73	15,031.1	757.2	6.73
1,587.2	26.7	6.68	1,269.4	43.9	4.62	1,478.5	70.5	6.37
1,395.0	28.5	8.12	2,671.2	145.9	7.31	1,370.7	77.3	7.53
571.1	7.3	5.11	1,381.5	38.8	3.76	570.1	20.1	4.71
89,663.6	1,774.3	7.87	91,897.0	4,919.1	7.16	87,913.7	5,076.3	7.71
(868.9)			(879.4)			(872.5)		
3,083.6			3,336.9			3,266.5		
1,628.1			1,604.2			1,627.8		
3,520.7			3,912.9			3,262.0		
2,365.1			2,676.4			2,243.9		
$ 99,392.2			$102,548.0			$ 97,441.4		
$ 19,904.4	$ 163.2	3.26%	$ 23,417.2	$ 507.0	2.89%	$ 20,164.5	$ 465.0	3.08%
6,324.0	58.8	3.70	6,092.7	143.1	3.14	6,477.0	167.7	3.46
10,151.8	141.0	5.53	9,273.1	371.1	5.35	9,925.8	387.0	5.21
4,221.4	62.0	5.84	3,947.5	162.1	5.49	4,001.5	169.5	5.66
40,601.6	425.0	4.16	42,730.5	1,183.3	3.70	40,568.8	1,189.2	3.92
3,815.3	65.0	6.77	2,519.0	94.0	4.99	3,056.5	147.3	6.44
9,701.5	161.5	6.62	5,788.1	209.2	4.83	9,822.7	460.2	6.26
54,118.4	651.5	4.79	51,037.6	1,486.5	3.89	53,448.0	1,796.7	4.49
11,050.9	176.3	6.35	11,601.9	365.1	4.21	10,596.4	473.7	5.97
1,365.8	22.1	6.44	1,597.7	54.6	4.57	1,438.0	66.7	6.20
8,378.4	142.9	6.78	12,371.4	549.7	5.94	7,802.8	386.9	6.62
74,913.5	992.8	5.27	76,608.6	2,455.9	4.29	73,285.2	2,724.0	4.97
13,039.7			13,266.5			13,079.3		
3,951.6			4,687.0			3,690.0		
6,012.8			6,259.7			5,995.1		
1,474.6			1,726.2			1,391.8		
$ 99,392.2			$102,548.0			$ 97,441.4		
		2.60%			2.87%			2.74%
	$ 781.5			$2,463.2			$2,352.3	
		3.47%			3.58%			3.57%

(3) Derivative instruments used to help balance SunTrust's interest-sensitivity position decreased net interest income $0.7 million in the quarter ended September 30, 2000 and decreased net interest income $0.6 million in the nine months ended September 30, 2000. Without these swaps, the net interest margin would have been 3.47% and 3.58% in the quarter and nine months ended September 30, 2000, respectively.

Interest Rate Risk. The normal course of business activity exposes SunTrust to interest rate risk. Fluctuations in interest rates may result in changes in the fair market value of the Company's financial instruments, cash flows and net interest income. SunTrust's asset/liability management process manages the Company's interest rate risk position. The objective of this process is the optimization of the Company's financial position, liquidity and net interest income, while limiting the volatility to net interest income from changes in interest rates.

SunTrust uses a simulation modeling process to measure interest rate risk and evaluate potential strategies. These simulations incorporate assumptions regarding balance sheet growth and mix, pricing, and the repricing and maturity characteristics of the existing and projected balance sheet. Other interest-rate-related risks such as prepayment, basis and option risk are also considered. Simulation results quantify interest rate risk under various interest rate scenarios. Senior management regularly reviews the overall interest rate risk position and develops and implements strategies to manage the risk.

Management estimates the Company's net interest income for the next twelve months would decline 0.3% under a gradual increase in interest rates of 100 basis points, versus the projection under stable rates. Net interest income would increase by 0.3% under a gradual decrease in interest rates of 100 basis points, versus the projection under stable rates. As rates continued to decline during 2001, Management began repositioning the balance sheet from a liability sensitive position to a more neutral position through portfolio sales and long-term funding.

The projections of interest rate risk do not necessarily include certain actions that management may undertake to manage this risk in response to anticipated changes in interest rates.

Net Interest Income/Margin. SunTrust's net interest margin was 3.58% for the first nine months of 2001, an increase of 1 basis point from the first nine months of 2000. Compared to the first nine months of 2000, the rate on earning assets decreased 55 basis points to 7.16% in the first nine months of 2001 and the rate on interest bearing liabilities decreased 68 basis points to 4.29% primarily due to the declining interest rate environment.

As part of its on-going balance sheet management, the Company continues to take steps to obtain alternative lower cost funding sources such as developing initiatives to grow retail deposits to maximize net interest income throughout 2001. During the first quarter of 2001, the Company initiated a campaign to attract money market accounts. As a result, average money market accounts have grown from $12.0 billion for the third quarter of 2000 to $16.9 billion for the third quarter of 2001. In addition the Company has reduced its reliance on purchased and foreign funds by securing long-term financing in the current low rate environment.

In the third quarter of 2001, the Company continued to take advantage of the lower interest rate environment by repositioning its securities portfolio. The sale of $852 million of investment securities generated a gain of $33.0 million. The sold securities were replaced with $166 million of shorter-term fixed rate securities and $589 million of shorter-term floating rate securities. This initiative continues to reduce the average life of the investment portfolio. The Company will consider future repositioning opportunities as the interest rate environment permits.

Interest income that SunTrust was unable to recognize on nonperforming loans had a negative impact of three and one basis points on the net interest margin in the first nine months of 2001 and 2000, respectively.

Noninterest Income. Noninterest income in the third quarter of 2001 increased $103.2 million, or 23.1% from the comparable period last year. In the third quarter of 2001, the Company continued to reposition its securities portfolio by shortening its average life. Securities gains of $33.0 million were recorded during the quarter as a result of this strategic initiative. Mortgage production related income increased $19.2 million, or 80.8%. Mortgage production was $6.0 billion for the third quarter of 2001, a 64.3% increase from $3.6 billion for the

third quarter of 2000. The increase is due to the high volume of refinancing activity continuing throughout the third quarter of 2001 as a result of the lower interest rate environment. Also associated with the high volume of refinancing activity, mortgage servicing related income decreased $7.1 million, or 89.5%, due to accelerated amortization of mortgage servicing rights related to increased prepayments. Service charges on deposits and other charges and fees increased a combined $17.3 million, or 10.0% over the third quarter of 2000. Increased usage of products and services, a more consistent pricing strategy and a lower earnings credit rate resulted in the increase in these income items. Included in credit card and other fees is debit card interchange income of $15.4 million for the third quarter of 2001 compared to $12.0 million in the same period of 2000.

Trust and investment management income was flat compared to the third quarter of 2000. Fee income has been adversely impacted by the decline in the market value of assets under management. The overall equity market is down approximately 21% for the year; however, the market value of the assets under management is down approximately 4% compared to December 31, 2000. The decline in assets under management outperformed the overall market as a result of strong inflows of net new business and the diversified investment strategies of the portfolio managers.

Trading account profits and commissions increased $25.1 million, or 510.2%, over the third quarter of 2000 while investment banking income decreased $2.6 million, or 7.1%, over the same period. The changes in these line items are indicative of the continued volatility seen in the equity market, as well as the changing interest rate environment throughout the first nine months of 2001. Trading account profits are primarily generated from the sale of derivative products to customers.

Other income included net gains on the sale of student loans of $0.7 million and $3.8 million in the third quarter of 2001 and 2000, respectively.

Noninterest Income
(In millions)

Table 3

	Quarters				
	2001			2000	
	3	2	1	4	3
Service charges on deposit accounts	$ 129.1	$ 125.6	$ 120.0	$ 118.9	$ 116.9
Trust and investment management income	119.8	124.8	124.3	121.4	120.2
Other charges and fees	61.3	57.5	55.6	55.1	56.3
Mortgage production related income	43.1	53.0	31.7	27.1	23.8
Mortgage servicing related income	0.8	(2.7)	6.7	9.5	7.9
Investment banking income	33.4	19.4	14.1	20.3	36.0
Trading account profits and commissions	30.0	24.9	29.7	16.3	4.9
Credit card and other fees	28.7	30.0	25.6	24.9	24.2
Retail investment services	26.8	27.3	24.8	22.8	24.0
Other income	41.2	34.3	36.3	30.5	33.6
Securities gains (losses)	36.2	27.7	57.1	(1.2)	(0.6)
Total noninterest income	$ 550.4	$ 521.8	$ 525.9	$ 445.6	$ 447.2

Noninterest Expense. Noninterest expense increased $70.2 million, or 9.9% in the third quarter of 2001 compared to the same period last year. Personnel expenses, consisting of salaries, other compensation and employee benefits, increased $46.5 million, or 11.6% from the earlier period. The majority of this increase was a $25.6 million, or 30.9%, growth in other compensation due to increased incentive payments related to mortgage production.

Also contributing to the $70.2 million increase was $32.0 million in expenses associated with the Company's proposal to acquire Wachovia and $17.5 million recorded in the third quarter of 2001 related to the Company's One Bank initiative. The One Bank initiative is for enhancements to customer based systems across its geographic footprint and is expected to yield operating efficiencies in the future. Combined salaries and employee benefits increased $9.3 million and consulting and legal increased $7.4 million due to the One Bank initiative.

In the third quarter of 2000, merger-related expenses were primarily related to accelerated depreciation and miscellaneous integration costs. There were no additional merger-related expenses in 2001. The efficiency ratio improved from 57.5% in the second quarter of 2000 to 56.9% in the second quarter of 2001 due to the Company's continued focus on efficiency and cost control projects.

Noninterest Expense Table 4
(In millions)

	Quarters				
	2001			2000	
	3	2	1	4	3
Salaries	$ 293.3	$ 285.8	$ 286.0	$ 282.0	$ 278.5
Other compensation	108.5	97.3	90.3	89.3	82.9
Employee benefits	45.5	48.4	56.7	37.2	39.5
Net occupancy expense	55.1	51.8	50.0	50.7	51.9
Outside processing and software	51.6	45.3	45.1	43.9	42.4
Equipment expense	49.9	44.3	44.5	44.2	47.2
Marketing and customer development	25.3	23.0	23.0	30.7	25.3
Consulting and legal	25.0	20.6	9.7	13.2	16.4
Credit and collection services	20.6	18.0	13.6	12.4	14.2
Postage and delivery	15.3	15.8	16.2	14.9	15.4
Communications	15.0	14.1	13.3	14.2	15.0
Operating supplies	12.3	11.4	11.3	11.2	11.3
Amortization of intangible assets	8.4	21.0	8.3	8.8	8.9
FDIC premiums	3.9	3.9	3.9	2.8	2.8
Merger-related expenses	-	-	-	2.4	8.3
Other real estate income	0.1	(3.1)	(0.7)	(2.3)	(0.4)
Other expense	47.0	66.2	71.5	42.3	47.0
Total noninterest expense	$ 776.8	$ 763.8	$ 742.7	$ 697.9	$ 706.6
Efficiency ratio	56.9 %	56.3 %	55.4 %	56.2 %	57.5 %

Provision for Loan Losses. The SunTrust Allowance for Loan Losses Committee meets at least quarterly to affirm the allowance methodology, analyze provision and charge-off trends and assess the adequacy of the allowance. The allowance analysis is based on specifically analyzed loans, historical loss rates and other internal and external factors that affect credit risk. These other factors consider variables such as the interest rate environment, corporate and consumer debt levels, volatility in the financial markets, and known events that affect the economies of the Company's primary market area. These factors are key elements in the assessment of the adequacy of the allowance because of their impact on borrowers' repayment capacity.

Provision for loan losses totaled $80.2 million in the third quarter of 2001 compared to charge-offs of $79.9 million. Both the provision and net charge-off totals for the third quarter of 2000 were $30.5 million. The increase in charge-offs, from 0.17% in the third quarter of 2000 to 0.46% in the third quarter of 2001, was driven primarily by credit deterioration in line with the economic slowdown. In addition, SunTrust continued its practice of proactive problem loan management during the third quarter of 2001 by selling two large corporate loans totaling $56.4 million. Losses related to these sales transactions totaled $15.9 million.

At September 30, 2001, SunTrust's allowance for loan losses totaled $866.4 million, or 1.24% of quarter-end loans and 176.7% of total nonperforming loans. These figures were $874.5 million, 1.21% and 229.6%, respectively at September 30, 2000. The year-over-year decline in the allowance was primarily related to the SunTrust Credit Corporation sales transaction in the second quarter of 2001. The allowance to loans ratio increased from the third quarter of 2000 due to lower outstanding loans at the end of the most recent period. The decrease in the allowance to nonperforming loan ratio from one year ago was the result of a 28.7% increase in nonperforming loans.

Summary of Loan Loss Experience
(Dollars in millions)

Table 5

	Quarters				
	2001			2000	
	3	2	1	4	3
Allowance for Loan Losses					
Balances - beginning of quarter	$ 866.1	$ 872.0	$ 874.5	$ 874.5	$ 874.5
Allowance from acquisitions and other activity - net	-	(6.7)	(3.5)	(0.1)	-
Provision for loan losses	80.2	39.6	67.3	53.5	30.5
Charge-offs:					
Commercial	(65.1)	(30.5)	(56.8)	(47.0)	(28.7)
Real estate:					
Construction	(0.1)	0.5	(0.6)	-	-
Residential mortgages	(2.3)	(3.6)	(2.3)	(1.8)	(1.6)
Other	(0.1)	0.2	(1.0)	(1.0)	(1.2)
Business credit card	(0.5)	(0.4)	(0.5)	(1.6)	(1.7)
Consumer loans	(23.9)	(19.4)	(18.2)	(15.7)	(13.9)
Total charge-offs	(92.0)	(53.2)	(79.4)	(67.1)	(47.1)
Recoveries:					
Commercial	4.5	7.8	4.6	4.9	8.5
Real estate:					
Construction	0.6	0.1	0.2	-	0.3
Residential mortgages	0.6	0.5	0.5	1.1	0.9
Other	0.3	(0.6)	1.4	1.3	0.6
Business credit card	0.3	0.5	0.4	0.5	0.5
Consumer loans	5.8	6.1	6.0	5.9	5.8
Total recoveries	12.1	14.4	13.1	13.7	16.6
Net charge-offs	(79.9)	(38.8)	(66.3)	(53.4)	(30.5)
Balance - end of quarter	$ 866.4	$ 866.1	$ 872.0	$ 874.5	$ 874.5
Quarter-end loans outstanding	$ 69,630.2	$ 68,938.2	$ 70,360.1	$ 72,239.8	$ 72,113.6
Average loans	69,024.0	69,900.5	71,654.4	71,774.6	71,506.9
Allowance to quarter-end loans	1.24%	1.26%	1.24%	1.21%	1.21%
Allowance to nonperforming loans	176.7	210.6	250.1	215.8	229.6
Net charge-offs to average loans (annualized)	0.46	0.22	0.38	0.30	0.17
Provision to average loans (annualized)	0.46	0.23	0.38	0.30	0.17
Recoveries to total charge-offs	13.2	27.1	16.5	20.4	35.2

Nonperforming Assets
(Dollars in millions)

Table 6

	2001			2000	
	September 30	June 30	March 31	December 31	September 30
Nonperforming Assets					
Nonaccrual loans:					
Commercial	$ 339.1	$ 292.9	$ 210.5	$ 273.6	$ 270.4
Real Estate:					
Construction	4.7	2.3	2.1	2.2	2.5
Residential mortgages	64.9	56.6	83.3	81.8	65.1
Other	49.5	38.2	32.8	29.0	23.9
Consumer loans	32.0	21.1	20.0	18.7	19.0
Total nonperforming loans	490.2	411.1	348.7	405.3	380.9
Other real estate owned	18.9	20.3	20.6	23.0	23.6
Total nonperforming assets	$ 509.1	$ 431.4	$ 369.3	$ 428.3	$ 404.5
Ratios:					
Nonperforming loans to total loans	0.70%	0.60%	0.50%	0.56%	0.53%
Nonperforming assets to total loans plus other real estate owned	0.73	0.63	0.52	0.59	0.56
Accruing Loans Past Due 90 Days or More	$ 177.0	$ 211.8	$ 223.7	$ 181.2	$ 150.8

Nonperforming Assets. Nonperforming assets, which consist of nonaccrual loans, restructured loans and other real estate owned, increased $104.6 million, or 25.9%, from September 30, 2000 to September 30, 2001. Much of the increase can be attributed to the slowing economy, which has impacted a diverse mix of industries, including textiles, agribusiness, certain retail operations and companies impacted by asbestos litigation. The Company's largest nonperforming loans at September 30, 2001 also represent a diverse mix of industries without concentration in any single sector. While the uncertain economic outlook makes it difficult to predict future nonperforming asset levels, management anticipates further increases during the fourth quarter of 2001.

Interest income on nonaccrual loans, if recognized, is recorded using the cash basis method of accounting. During the first nine months of 2001, this amounted to $12.2 million. Interest income of $21.2 million would have been recorded if all nonaccrual and restructured loans had been accruing interest according to their original contract terms.

Loan Portfolio by Types of Loans Table 7
(In millions)

	2001			2000	
	September 30	June 30	March 31	December 31	September 30
Commercial	$ 29,681.8	$ 29,156.1	$ 30,583.3	$ 30,781.1	$ 30,821.6
Real estate:					
Construction	3,704.9	3,773.5	3,631.0	2,966.1	2,884.3
Residential mortgages	17,602.4	17,536.8	17,706.6	19,953.0	20,557.4
Other	7,898.5	7,761.4	7,693.9	8,121.4	7,960.6
Business credit card	85.2	86.2	82.6	76.8	79.3
Consumer loans	10,657.4	10,624.2	10,662.7	10,341.4	9,810.4
Total loans	$ 69,630.2	$ 68,938.2	$ 70,360.1	$ 72,239.8	$ 72,113.6

Loans. Total loans at September 30, 2001 were $69.6 billion, a decrease of $2.5 billion or 3.4% from September 30, 2000. However, adjusting for $2.8 billion of loan securitizations since the third quarter of 2000 and $390.1 million in loans included in the sale of assets and liabilities of STI Credit Corp in the second quarter of 2001, loans actually grew 1.0%. The Company recorded a decline in commercial loans, down 3.7% from September 30, 2000, while recognizing significant loan growth in its consumer loans, up 8.6%, and real estate construction portfolio, up 28.5% primarily in commercial construction. Residential real estate declined 14.4% from September 30, 2000 due to the Company's securitizations of $2.8 billion in residential mortgages in the fourth quarter of 2000 and first quarter of 2001. Of the $17.6 billion in residential mortgages at September 30, 2001, $2.5 billion were home equity loans, which demonstrated growth of 18.2% over the last twelve months.

Income Taxes. The provision for income taxes was $163.1 million and $523.7 million for the third quarter and first nine months of 2001 compared to $154.7 million and $476.2 million in the same periods last year, respectively. This represents an effective tax rate of 34.8% for the nine months ended September 30, 2001, compared to 34.4% for the same period last year.

Securities available for sale. The investment portfolio is managed to optimize yield over an entire interest rate cycle while providing liquidity and managing market risk. At September 30, 2001, approximately 1% of the portfolio consisted of U.S. Treasury securities, 13% U.S. government agency securities, 51% mortgage-backed securities, 14% asset-backed securities, 13% corporate bonds, 3% municipal securities and 5% other securities. U.S. government or federal agency guarantees back the majority of SunTrust's holdings in mortgage-backed securities thus limiting the credit risk associated with the mortgage loans.

During the third quarter of 2001, the Company continued to reposition its investment portfolio by selling $852 million in investment securities, resulting in realized securities gains of $33.0 million. The sold securities were replaced with $166 million of shorter-term fixed rate securities and $589 million of shorter-term floating rate securities. In conjunction with the securities portfolio repositioning during the third quarter of 2001, the Company reduced market risk by shrinking the investment portfolio's size and shortening its average life. The portfolio size decreased by $300 million, on an amortized cost basis, from June 30, 2001 to September 30, 2001 and the average life shortened from 4.2 years to 4.0 years over the same period. The average portfolio yield decreased from 6.70% in the second quarter of 2001 to 6.56% in the third quarter of 2001, primarily due to lower reinvestment rates.

The carrying value of the securities portfolio, all of which is classified as "Securities available for sale", reflected $2.8 billion in net unrealized gains at September 30, 2001, including a $2.3 billion unrealized gain on SunTrust's investment in common stock of The Coca-Cola Company. The market value of SunTrust's holdings of The Coca-Cola Company common stock increased $89.3 million during the third quarter of 2001, which did not affect the net income of SunTrust, but was included in comprehensive income.

Liquidity Management. Liquidity is managed to ensure there is sufficient funding to satisfy demand for credit, deposit withdrawals and attractive investment opportunities. A large, stable deposit base, strong capital position and excellent credit ratings are the solid foundation for the Company's liquidity position.

Funding sources primarily include consumer and commercial deposits, but also include borrowed funds and cash flows from operations. Consumer and commercial deposits, the Company's largest and most cost-effective source of funding, accounted for 65% of the funding base on average for the third quarter of 2001 compared to 62% in the second quarter of 2001 and 61% in the third quarter of 2000. Net borrowed funds, which primarily include short-term funds purchased and sold, wholesale domestic and foreign deposits, other short term borrowings and long term debt, were $31.0 billion at September 30, 2001, compared with $30.6 billion at June 30, 2001 and $33.9 billion at September 30, 2000. Cash flows from operations are also a significant source of liquidity. Net cash from operations primarily results from net income adjusted for noncash items such as depreciation and amortization, provision for loan losses, and deferred tax items.

Liquidity is strengthened by ready access to a diversified base of wholesale funding sources. These sources include fed funds purchased, securities sold under agreements to repurchase, negotiable certificates of deposit, offshore deposits, Federal Home Loan Bank advances, Global Bank Note issuance, and commercial paper issuance by the Parent Company. Liquidity is also available through unpledged securities in the investment portfolio and the securitization of loans.

During the third quarter of 2001, the Company further reduced reliance on shorter-term purchased funds by issuing bank level subordinated debt and borrowing from the Federal Home Loan Bank. The bank reopened the 6.375% Subordinated Bank Note issuance due April 2011 by issuing an additional $500 million under this program in August. The additional issuance brings the total amount issued under this program to $1 billion.

The Company has a contingency funding plan that stress tests liquidity needs that may arise from certain events such as rapid loan growth or significant deposit runoff. The plan also provides for continual monitoring of net borrowed funds dependence and available sources of liquidity. Management believes the Company has the funding capacity to meet the liquidity needs arising from potential events.

Derivatives. Derivative financial instruments, such as interest rate swaps, options, caps, floors, futures, forward contracts and credit derivatives, are components of the Company's risk management profile. The Company also enters into derivative instruments as a service to banking customers. Where contracts have been created for customers, the Company generally enters into offsetting positions to eliminate the Company's exposure to market risk.

The Company monitors its sensitivity to changes in interest rates and may use derivative instruments to hedge this risk. Prior to the adoption of SFAS 133, certain interest rate swaps were classified as hedges and recorded in the margin using the accrual method of accounting. The related market value of the derivative was accounted for off-balance sheet. These interest rate swap accruals decreased net interest income by $0.6 million in the first nine months of 2000. On January 1, 2001, the Company adopted SFAS 133. Accordingly, all derivatives are recorded in the financial statements at fair value.

Certain derivatives are classified as trading assets and liabilities. Additional trading income of $4.9 million and $7.9 million was recorded in the third quarter and first nine months of 2001, respectively, to adjust the value of these interest rate swaps to their current market value.

The following table shows the derivative instruments entered into by the Company as an end-user.

Derivative Instruments
(Dollars in thousands)

Table 8

	As of September 30, 2001						
					Estimated Fair Value		
	Notional Balance	Weighted Average Maturity In Months	Average Received Rate	Average Pay Rate	Unrealized Gains	Unrealized Losses	Net
Mortgage Lending Commitments							
Forward Contracts	$ 4,517,769	2	- %	- %	$ 70	$ (59,988)	$ (59,918)
Interest Rate Lock Commitments	2,590,560	2	-	-	5,789	(3,736)	2,053
Option Contracts	45,000	2	5.00(1)	-	-	-	-
Total Mortgage Related Derivatives	7,153,329				5,859	(63,724)	(57,865)
Foreign Currency							
Forward Contracts	1,309,343	4	-	-	13,486	(16,726)	(3,240)
Interest Rate Swaps	4,800,875	27	3.98	5.26	63,958	(130,006)	(66,048)
Interest Rate Caps/Floors	750,000	12	5.23(1)	-	11,627	-	11,627
Futures Contracts	160,000	13	-	-	-	(787)	(787)
Euro Dollar Options	400,000	12	-	-	680	(657)	23
Equity Collar	56,081	18(2)	-	-	-	-	-
Credit Derivatives	54,250	37	-	-	477	(426)	51
Total Derivatives	$14,683,878						$(116,239)

(1) Average option strike price.
(2) Option expiration.

Capital Ratios
(Dollars in millions)

Table 9

	2001			2000	
	September 30	June 30	March 31	December 31	September 30
Tier 1 capital	$ 7,142.2	$ 6,906.6	$ 6,760.5	$ 6,850.6	$ 6,677.4
Total capital	11,311.9	10,652.0	10,507.1	10,488.9	10,216.1
Risk-weighted assets	98,759.6	97,005.9	98,690.0	96,656.7	95,183.9
Risk-based ratios:					
Tier 1 capital	7.23%	7.12%	6.85%	7.09%	7.02%
Total capital	11.45	10.98	10.65	10.85	10.73
Tier 1 leverage ratio	7.28	6.90	6.77	6.98	6.92
Total shareholders' equity to assets	7.94	7.81	7.55	7.95	7.64

Capital Resources. Regulatory agencies measure capital adequacy within a framework that makes capital requirements sensitive to the risk profiles of individual banking companies. The guidelines define capital as either Tier 1 (primarily common shareholders' equity, as defined to include certain debt obligations) or Tier 2 (to include certain other debt obligations and a portion of the allowance for loan losses and since 1998, 45% of the unrealized gains on equity securities). The Company is subject to a minimum Tier 1 capital ratio (Tier 1 capital to risk-weighted assets) of 4%, total capital ratio (Tier 1 plus Tier 2 to risk-weighted assets) of 8% and Tier 1 leverage ratio (Tier 1 to average quarterly assets) of 3%. To be considered a "well capitalized" institution, the Tier 1 capital ratio, the total capital ratio, and the Tier 1 leverage ratio must equal or exceed 6%, 10% and 5%, respectively. SunTrust is committed to remaining well capitalized.

The Company raised $100 million of regulatory capital during 2000 through the sale of preferred shares issued by a real estate investment trust subsidiary. In the first quarter of 2001, the Company raised an additional $500 million of regulatory capital through the issuance of subordinated debt under the Global Bank Note program.

The Company purchased 8.2 million shares of its common stock during the first nine months of 2001. As of September 30, 2001, the Company is authorized to purchase up to 6.8 million shares under current Board resolutions. During the third quarter of 2001, no additional shares were purchased.

Item 3.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company believes that there have not been any material changes in quantitative and qualitative information about market risk since year-end 2000.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS
None

ITEM 2. CHANGES IN SECURITIES
None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES
None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS
None

ITEM 5. OTHER INFORMATION
None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K
o The Registrant filed a Current Report on Form 8-K dated October 11, 2001. The purpose of this report was to file certain exhibits that are to be incorporated by reference into its Registration Statement on Form S-3.

o The Registrant filed a Current Report on Form 8-K dated October 10, 2001. The purpose of this report was to file as an exhibit the press release reporting September 30, 2001 quarterly results.

o The Registrant filed a Current Report on Form 8-K dated September 25, 2001. The purpose of this report was to file as an exhibit the announcement that SunTrust had entered into a purchase agreement with Huntington Bancshares Incorporated to acquire the Florida banking franchise of Huntington National Bank.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized this 14th day of November, 2001.

SunTrust Banks, Inc.
(Registrant)

/s/ William P. O'Halloran

William P. O'Halloran
Senior Vice President and Controller
(Chief Accounting Officer)