

# Lehman Brothers Financial Services Conference

September 9, 2008



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## Forward Looking Statements

*This presentation contains certain forward-looking statements, including certain plans, expectations, goals, and projections, and statements, which are subject to numerous assumptions, risks, and uncertainties.*

*Actual results could differ materially from those contained or implied by such statements for a variety of factors including: (1) deterioration in the loan portfolio could be worse than expected due to a number of factors such as the underlying value of the collateral could prove less valuable than otherwise assumed and assumed cash flows may be worse than expected; (2) merger revenue synergies may not be fully realized and/or within the expected timeframes; (3) changes in economic conditions; (4) movements in interest rates; (5) competitive pressures on product pricing and services; (6) success and timing of other business strategies; (7) the nature, extent, and timing of governmental actions and reforms; and (8) extended disruption of vital infrastructure.*

*Additional factors that could cause results to differ materially from those described above can be found in Huntington's 2007 Annual Report on Form 10-K, and documents subsequently filed by Huntington with the Securities and Exchange Commission.*

*All forward-looking statements included in this release are based on information available at the time of the release. Huntington assumes no obligation to update any forward-looking statement.*



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## Presenters

### Tom Hoaglin

- Chairman, President, and Chief Executive Officer

### Tim Barber

- Senior Vice President – Credit Risk Management

## Presentation Outline

- |  |         |
|--|---------|
| • Overview assesment                           | Hoaglin |
| • Credit quality trends                        | Barber  |
| • Overview                                     |         |
| • Portfolio review                             |         |
| • Investment securities, liquidity and capital | Hoaglin |
| • Investor takeaways                           | Hoaglin |

## Overview Assessment

- Franklin Credit relationship cash flows are expected to continue to exceed requirements and significant outside interest in their business has been expressed
- The economic environment is expected to remain in stress through next year, though we do not believe it will get materially worse
- Credit quality performance throughout this cycle is expected to remain relatively better vs. our Midwest peers as we stayed within our footprint with conservative underwriting practices
- Investment securities portfolio has minimal risk... no anticipated significant OTTI risk
- Funding at the bank and holding company levels is in good shape... no anticipated funding issues
- Capital is strong even when stressed... no need to raise additional capital
- 2H08 EPS is expected to be higher than the \$0.59 EPS in the 1H08



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## Portfolio Overview- Franklin Credit Assessment

### Loans Outstanding: \$1.1 Billion <sup>(1)</sup>

- We continually monitor every aspect of FCMC's performance
- Cash flow performance continues to exceed terms of the restructuring
- Loan loss reserves remain sufficient as collateral delinquencies continue to run well below probability of default assumptions
- No net charge-offs are expected
- 33% reserves against \$347 million Tranche B exposure
- FCMC's 2Q08 loss brought their reserves to a level similar to that of the bank group
- FCMC's negative equity position was expected... there is no threat of bankruptcy or servicing capability disruption
- FCMC's servicing platform has value that outside third parties have expressed an interest in using / obtaining
- Overall objective remains to eliminate the FCMC exposure as quickly and prudently as possible



(1) 6/30/08

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## Huntington's Economic Environment

(\$B)	Loans <sup>(1)</sup>	Unemployment <sup>(2)</sup>		OFHEO Home Price Index	
	6/30/08	6/08	6/07	YOY 7/08	5 Yr 7/08
Central Ohio	\$7.0	6.1%	4.8%	0.5%	11.7%
NW. Ohio - Toledo	2.7	8.9	7.2	(3.9)	3.0
Greater Cleveland	4.9	7.2	6.1	(1.2)	5.6
Greater Akron/Canton	2.3	6.7	5.3	0.2	6.9
Southern Ohio / KY	4.6	6.4	5.1	(0.4)	13.0
West Michigan	3.2	8.0	6.9	(2.5)	5.3
East Michigan	2.0	9.4	8.6	(10.8)	(11.5)
Pittsburgh / W. PA	1.2	5.3	4.6	3.2	21.7
West Virginia	2.1	4.0	3.5	3.4	32.8
Central Indiana	2.0	5.1	3.8	1.7	11.0
Other	9.0				
<b>Ohio</b>		<b>7.2%</b>	<b>5.7%</b>	<b>(0.3)%</b>	<b>9.5%</b>
<b>Michigan</b>		<b>9.1</b>	<b>8.0</b>	<b>(4.7)</b>	<b>0.9</b>
<b>National</b>		<b>6.0</b>	<b>4.9</b>	<b>(1.7)</b>	<b>34.8</b>



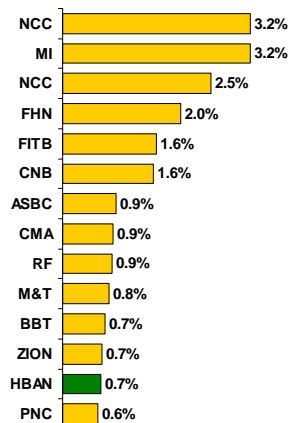
(1) Regions include allocated Dealer Sales and PFCMG  
(2) Bureau of Labor Statistics

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## Relative Performance – NCO's & ACL Coverage 6/30/08

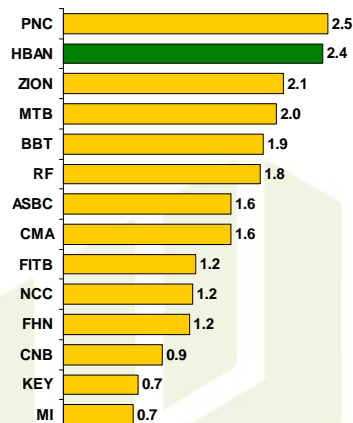
### Net Charge-off ratio <sup>(1)</sup>

Net charge-offs lowest among peers.....



### ACL / NCO <sup>(2)</sup>

..... total reserve coverage of 2.4X 2<sup>nd</sup> highest among peers



(1) 2Q08 annualized  
(2) ACL = ALLL + AULC  
Source: SNL Financial; HBAN excludes Franklin Credit, see reconciliation in Appendix



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## Portfolio Risk Management Objective

### Manage the Probability of Default

1. **Footprint portfolio...** markets we know and understand
2. **Client selection...** bias for high quality customers and relationship lending vs. third party originations
3. **Disciplined underwriting...** borrower ability to repay, collateral value, and stress testing when appropriate

Consumer guiding practice –

*"Don't use a product structure to get someone into a loan they cannot afford... auto loan, home equity loan, or residential mortgage."*



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## Portfolio Overview- C&I <sup>(1)</sup>

**Loans Outstanding: \$13.6 Billion <sup>(2)</sup>**

**Net charge-offs 1Q08: 32 bp 2Q08: 36 bp FY08: 55 – 65 bp**

- Diversified by sector and geographically within our Midwest footprint
- Granular
  - 4 loans >\$50 million... 1% of portfolio
  - 44 loans \$25-\$50 million... 6% of the portfolio
- Focus on Ideal Huntington clients... more than a loan relationship
- \$600 million exposure to residential builder industry
- Credit quality continues to perform within expectations

	<u>4Q07</u>	<u>1Q08</u>	<u>2Q08</u>
• 30+ day delinquencies	0.74%	1.38%	0.72%
• 90+ day delinquencies	0.08%	0.11%	0.07%
• Non-accrual loans	0.67%	0.75%	1.17%
• ACL	1.87%	1.88%	2.08%

- Higher 2H08 NCOs consistent with 1H08 ACL build



(1) Excluding Franklin Credit  
 (2) 6/30/08, excluding \$1.1 B of Franklin Credit

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## Portfolio Overview- Commercial Real Estate

### Loans Outstanding: \$9.7 Billion <sup>(1)</sup>

**Net charge-offs 1Q08: 18 bp 2Q08: 63 bp FY08: 70 – 90 bp**

- Ongoing loan level review initiated in 2Q07

#### Single Family Homebuilder (\$1.6 Billion)

- Weakest commercial loan segment
- Diversified geographically within our Midwest footprint
- Granular... only 15 projects >\$10 million
- Primary customers are 1<sup>st</sup> and 2<sup>nd</sup> tier developers where guarantees or secondary sources of repayment are typically obtained

#### CRE – Retail (\$2.5 billion)

- Diversified by sector and geographically within our Midwest footprint

#### Total CRE

- Credit quality continues to perform within expectations

	<u>4Q07</u>	<u>1Q08</u>	<u>2Q08</u>
• 30+ day delinquencies	1.74%	1.90%	1.55%
• 90+ day delinquencies	0.27%	0.29%	0.25%
• Non-accrual loans	1.62%	1.92%	2.70%
• ACL	2.06%	2.24%	2.32%

- Higher 2H08 NCOs consistent with 1H08 ACL build



(1) 6/30/08

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## Portfolio Overview – Indirect Automobile Loans / Leases

### Loans / Leases Outstanding: \$4.6 Billion <sup>(1)</sup>

**Net charge-offs 1Q08: 102 bp 2Q08: 101 bp FY08: 95 – 105 bp**

- Consistency of strategy and commitment to dealers
- Focus on high service quality and high quality full dealer relationships
- Since 2001 focused on super-prime customers... >740 FICOs and >750 FICOs in 1H08
- Charge-offs are elevated due to higher severity of loss reflecting depressed used car pricing
- Credit quality continues to perform within expectations

	<u>4Q07</u>	<u>1Q08</u>	<u>2Q08</u>
• 30+ day delinquencies	1.87%	1.44%	1.48%
• 90+ day delinquencies	0.27%	0.22%	0.24%



(1) 6/30/08

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## Portfolio Overview – Home Equity Loans / Lines

**Loans / Lines Outstanding: \$7.4 Billion <sup>(1)</sup>**

**Net charge-offs 1Q08: 80 bp 2Q08: 76 bp FY08: 75 – 85 bp**

- Focused on geographies within our Midwest footprint
- Focused on high quality borrowers... >730 FICOs
- Began exit of broker channel in 2005... <10% of outstandings today
- Conservative underwriting
  - More than just an LTV & FICO lender
  - Focused on D/I analysis and stress tested for interest rate increase in variable rate HELOC segment
- Credit quality continues to perform within expectations

	<u>4Q07</u>	<u>1Q08</u>	<u>2Q08</u>
• 30+ day delinquencies	1.55%	1.33%	1.18%
• 90+ day delinquencies	0.33%	0.36%	0.36%

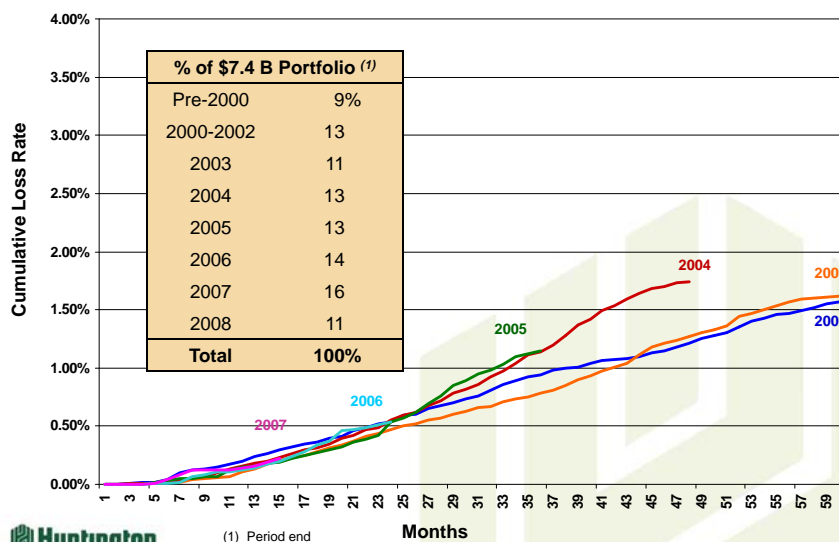


(1) 6/30/08

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## Home Equity Vintage Performance

**Maximum cumulative losses on any vintage not likely to exceed 2.0%**



(1) Period end

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## Portfolio Overview – Residential Mortgages

**Loans Outstanding: \$4.9 Billion <sup>(1)</sup>**

**Net charge-offs 1Q08: 22 bp 2Q08: 33 bp FY08: 30 – 40 bp**

- Focused on geographies within our Midwest footprint
- Traditional product mix... very limited non-traditional exposure as we never originated sub-prime, payment option ARMs, or negative amortization loans
  - \$702 million of Interest Only loans... targeted within executive relocation activities
  - \$484 million of Alt-A mortgages... exited in 2007 with >710 FICOs and 72% LTVs at origination...experiencing higher net charge-offs as portfolio runs off... \$3.2 million / 1.32% annualized in 1H08
- Credit quality continues to perform within expectations
 

	<u>4Q07</u>	<u>1Q08</u>	<u>2Q08</u>
• 30+ day delinquencies	5.01%	5.35%	5.62%
• 90+ day delinquencies	1.24%	1.35%	1.29%
• Foreclosures <1%			



(1) 6/30/08

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## Investment Securities – Assessment <sup>(1)</sup>

<u>GSEs</u>	<u>Book Value</u>		
Fannie Mae common stock	\$1,500		
Fannie Mae debt securities	\$123.1 MM		
Freddie Mac debt securities	\$225.9 MM		
<b>Asset Backed Securities</b>			
	<u>Book Value</u>	<u>Market Value</u>	<u>OCI</u>
<b>Alt-A mortgage backed securities</b>	<b>\$545.3 MM</b>	<b>\$458.4 MM</b>	<b>\$(86.8) MM</b>
- Purchased 2006			
- 24 securities – senior tranche			
- 10/1 ARMs or 15 / 30 year fixed; no option ARMs			
- Cash flow analysis performed monthly to test for OTTI impairment with quarterly third party validation			
<b>Trust preferred securities</b>	<b>299.6</b>	<b>212.7</b>	<b>(86.8)</b>
- Purchased 2003-2005			
- 16 pools with 400 separate issues			
- 80% = 1 <sup>st</sup> / 2 <sup>nd</sup> tier bank trust preferred securities with no REIT trust preferreds			
- 20% = senior tranche of insurance company trust preferred securities			
<b>Other securities</b>	<b>2.6</b>	<b>2.6</b>	<b>--</b>
<b>Total</b>	<b>\$847.4 MM</b>	<b>\$673.7 MM</b>	<b>\$(173.7) MM</b>



(1) 6/30/08

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## Funding Assessment <sup>(1)</sup>

### Holding Company

- \$665 million of parent company cash
- Next debt maturity not until 2013: \$50 million

### Bank Level

- \$1.1 billion of unsecured debt maturities over the next 12 months
- Funding expected to be met primarily through:
  1. Core deposits
  2. Auto loan on-balance sheet securitizations
  3. Mortgage loan sales
  4. FHLB advances
- \$7 billion of unused credit available
  - Discount window capacity \$6.1 billion
  - FHLB advances \$1.3 billion

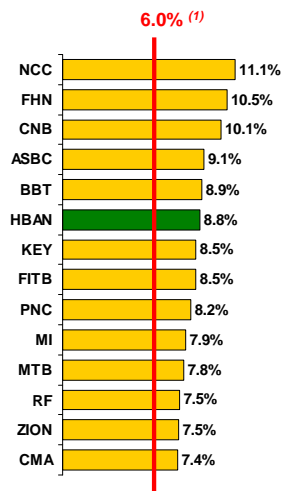


(1) 6/30/08

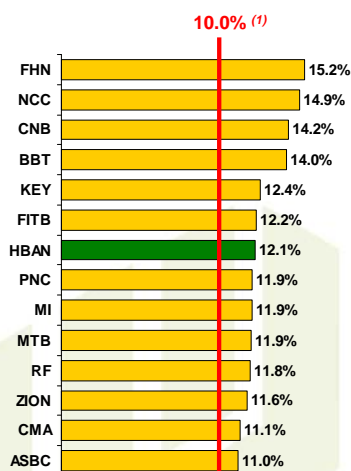
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## Regulatory Capital – 6/30/08

### Tier 1 Capital



### Total Capital



Source: 6/30/08 Form 10-Q.



(1) Regulatory "well capitalized" threshold

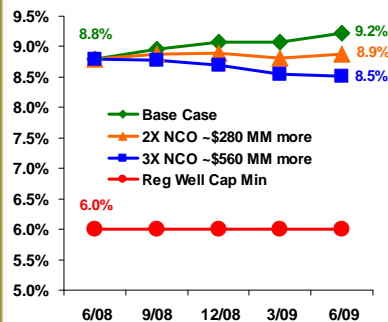
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## Regulatory Capital Stress Test <sup>(1)</sup>

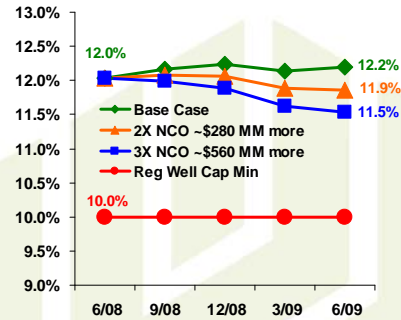
### Next 12-Month Assumptions <sup>(1)</sup>

- 3% annualized asset growth
- \$1.30 EPS base case
- 0.70% annualized NCO rate or approximately \$70 million / quarter or \$280 million / year
- Dividend held constant
- No new capital issuances

### Tier 1 Capital Ratio



### Total Capital Ratio



<sup>(1)</sup> For analytical purposes only, not to be interpreted as projected or targeted performance

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## 2008 Earnings – Assessment <sup>(1)</sup>

<b>2008 Full Year EPS target</b>	<b>\$1.25 – \$1.35</b>	
<b>1H08 vs. 2H08 EPS</b>	<b>\$0.59 actual</b>	<b>\$0.66 – \$0.76 implied</b>
<b>2Q08 EPS actual vs adjusted <sup>(2)</sup></b>	<b>\$0.25 actual</b>	<b>\$0.28 adjusted <sup>(2)</sup></b>

- Primary reasons for expected improvement in 2H08 EPS vs. 1H08:
  - Higher net interest income
    - Net interest margin <sup>(3)</sup> flat / up slightly
    - Loan growth <sup>(4)</sup> low-single digit
  - Expenses <sup>(5)</sup> down slightly
  - Less reserve build relative to 1H08
  - 3Q08 debt extinguishment gain (\$21 MM pre-tax) \$0.03 EPS

(1) Per 7/17/08 earnings conference call  
 (2) See GAAP / non-GAAP reconciliation in the Appendix  
 (3) Compared with 3.29% in 2Q08  
 (4) Annualized growth rates from the 2Q08 level, adjusted for 2Q08 mortgage loan sale  
 (5) Annualized growth rates from the 2Q08 level, adjusted for seasonal items and Significant Items



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## Investor Takeaways

### Franklin Credit

- Cash flows are expected to continue to exceed requirements
- Performance consistent with expectations and terms of the restructuring
- We monitor cash flows and all performance aspects continually
- Significant outside interest expressed in their business / servicing platform

### Credit Quality Excluding FCMC

- Net charge-offs
  - Expected higher 2H08 NCOs consistent with the 1H08 increase in the ACL
  - If economic conditions worsen, NCOs could increase, but not by multiples
- ACL will continue to increase, though with less build in 2H08 vs. 1H08
- Expect credit quality performance will remain better relative to Midwest peers

### Investment Portfolio and Liquidity

- Investment securities portfolio constructed conservatively with minimal valuation risk
- Funding at the bank and holding company levels is in good shape
- Capital is strong with no additional capital actions anticipated

### 2008 GAAP Earnings Per Share

- 2H08 is expected to be stronger than 1H08 actuals of \$0.59 EPS
- Expect to exceed \$1.13 EPS analyst consensus



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## Basis of Presentation

### Use of non-GAAP financial measures

*This presentation contains GAAP financial measures and non-GAAP financial measures where management believes it to be helpful in understanding Huntington's results of operations or financial position. Where non-GAAP financial measures are used, the comparable GAAP financial measure, as well as the reconciliation to the comparable GAAP financial measure, can be found in current quarter earnings release, this presentation, or in the Quarterly Financial Review supplement to the current quarter earnings release, and the Form 8-K filed today, which can be found on Huntington's website at [huntington-ir.com](http://huntington-ir.com)*

### Significant Items

*Certain components of the Income Statement are naturally subject to more volatility than others. As a result, analysts/investors may view such items differently in their assessment of performance compared with their expectations and/or any implications resulting from them on their assessment of future performance trends. It is a general practice of analysts/investors to try and determine their perception of what "underlying" or "core" earnings performance is in any given reporting period, as this typically forms the basis for their estimation of performance in future periods. Therefore, Management believes the disclosure of certain "Significant Items" in current and prior period results aids analysts/investors in better understanding corporate performance so that they can ascertain for themselves what, if any, items they may wish to include/exclude from their analysis of performance; i.e., within the context of determining how that performance differed from their expectations, as well as how, if at all, to adjust their estimates of future performance accordingly.*

### Annualized data

*Certain returns, yields, performance ratios, or growth rates for a quarter are "annualized" in this presentation to represent an annual time period. This is done for analytical and decision-making purposes to better discern underlying performance trends when compared to full-year or year-over-year amounts. For example, loan growth rates are most often expressed in terms of an annual rate like 8%. As such, a 2% growth rate for a quarter would represent an annualized 8% growth rate.*

### Fully taxable equivalent interest income and net interest margin

*Income from tax-exempt earnings assets is increased by an amount equivalent to the taxes that would have been paid if this income had been taxable at statutory rates. This adjustment puts all earning assets, most notably tax-exempt municipal securities and certain lease assets, on a common basis that facilitates comparison of results to results of competitors.*

### Rounding

*Please note that columns of data in the following slides may not add due to rounding.*



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## Basis of Presentation

### Earnings per share equivalent data

Significant income or expense items may be expressed on a per common share basis. This is done for analytical and decision-making purposes to better discern underlying trends in total corporate earnings per share performance excluding the impact of such items. Investors may also find this information helpful in their evaluation of the company's financial performance against published earnings per share consensus amounts, which typically exclude the impact of significant items. Earnings per share equivalents are usually calculated by applying a 35% effective tax rate to a pre-tax amount to derive an after-tax amount which is divided by the average shares outstanding during the respective reporting period. Occasionally, when the item involves special tax treatment, the after-tax amount is separately disclosed, with this then being the amount used to calculate the earnings per share equivalent.

### NM or nm

Percent changes of 100% or more are typically shown as "nm" or "not meaningful" unless required. Such large percent changes typically reflect the impact of unusual or particularly volatile items within the measured periods. Since the primary purpose of showing a percent change is for discerning underlying performance trends, such large percent changes are typically "not meaningful" for trend analysis purposes.

### Estimating the Impact on Balance Sheet and Income Statement Results Due to the Sky Financial Group Inc. Merger

Given the significant impact of the Sky Financial merger effective July 1, 2007, on reported 2008 and 2007 results, Management believes that an understanding of the impacts of the merger is necessary to understand better underlying performance trends. When comparing post-merger period results to pre-merger periods, the following terms are used when discussing financial performance:

- "Merger related" refers to amounts and percentage changes representing the impact attributable to the merger.
- "Merger costs" represent non-interest expenses primarily associated with merger integration activities.
- "Non-merger related" refers to performance not attributable to the merger and include "merger efficiencies", which represent non-interest expense reductions realized as a result of the merger.

The methodology used to estimate the impacts are described in the current quarter earnings press release.

## Appendix