



**Lehman Brothers  
2005 Financial Services  
Conference**

**New York City  
September 14, 2005**

# Presentation Outline



- ◆ **Franchise overview**
- ◆ **Where we were**
- ◆ **Where we are**
- ◆ **Performance highlights**
- ◆ **Key objectives**

# Huntington Bancshares Overview – 6/30/05



## Midwest financial services holding company

**Founded** - 1866

**Headquarters** - Columbus, Ohio

**Total Assets** - \$33 billion

**Employees** <sup>(1)</sup> - 7,713

### Franchise:

#### **Regional Banking**

5 States / 7 Regions

#### **- Retail & Commercial Banking**

344 Offices / 818 ATMs

#### **Dealer Sales**

5 States + AZ, FL, GA, NC, PA, TN

#### **Private Financial Group**

5 States / 5 offices  
FL / 4 offices <sup>(2)</sup>

#### **Mortgage Banking** <sup>(3)</sup>

5 States + MD, NJ

(1) Full-time equivalent (FTE)

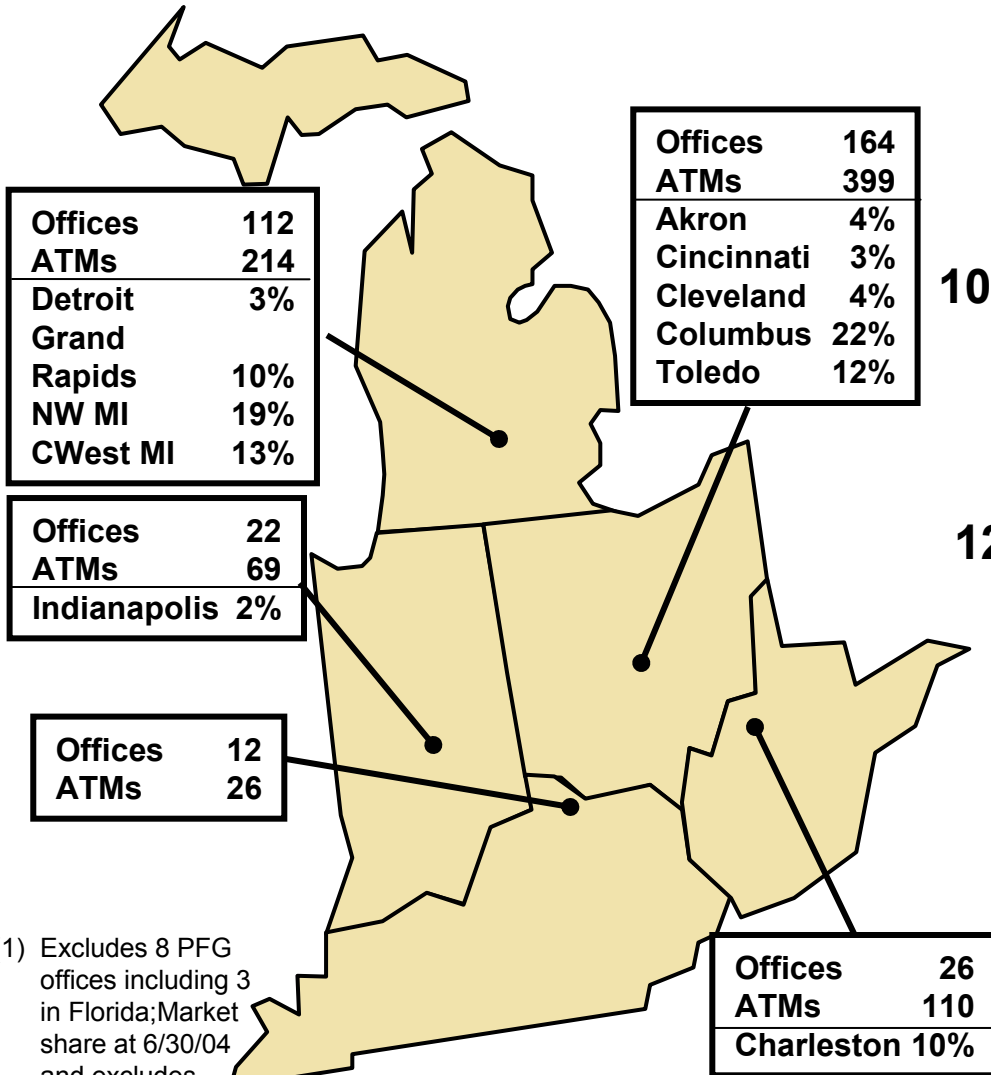
(2) Includes office opened in 3Q05

(3) Part of Regional Banking

# The Huntington Franchise – 6/30/05

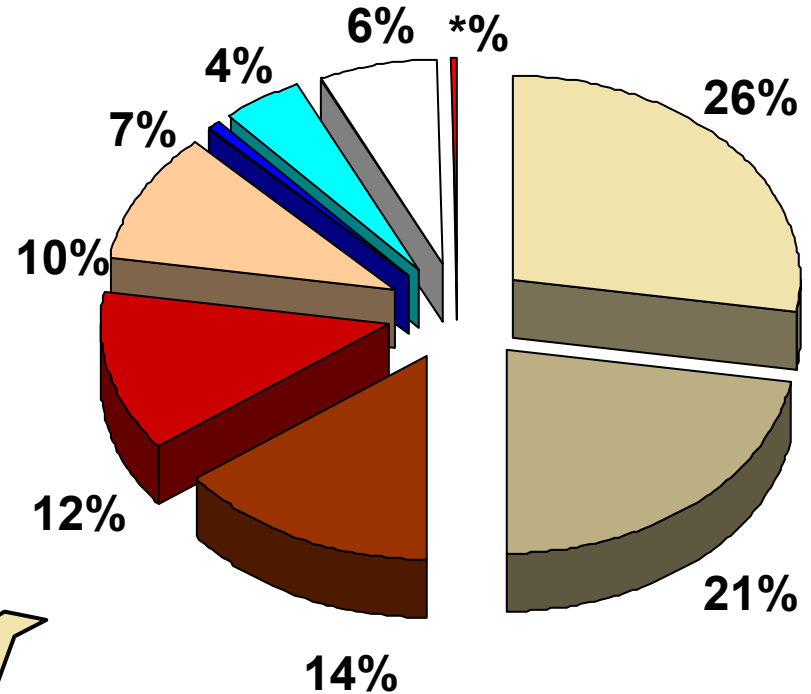


## Focus on the Midwest (1)



(1) Excludes 8 PFG offices including 3 in Florida; Market share at 6/30/04 and excludes Unizan

## Total Deposits by LOB \$18.9 B (2)



- Central Ohio
- W. Michigan
- S. Ohio/KY
- Indiana
- Dealer
- N. Ohio
- E. Michigan
- W. Virginia
- PF& CM Group

(2) Excluding Treasury

\* Less than 1%

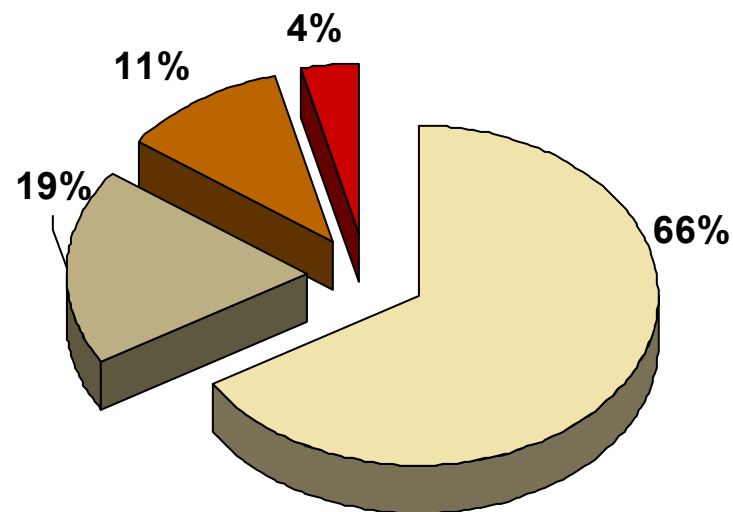
# Line of Business Earnings Contribution – 1H05



## Earnings Contribution

(\$MM)	<b>1H05 Amt</b>	Pct Chg	1H04 Amt
Regional Banking	\$ <b>134.9</b>	14%	\$118.4
Dealer Sales	<b>37.8</b>	15	32.9
Private Financial and Capital Markets Group	<b>22.5</b>	15	19.6
Treasury/Other	<b>7.8</b>	(77)	34.3
<b>Total operating</b>	<b>202.9</b>	(1)	205.3
Gain sale auto loans	--	nm	9.0
<b>Total reported</b>	<b>\$ 202.9</b>	<b>(5)%</b>	<b>\$214.3</b>

## Operating Earnings



- Regional Banking
- Dealer Sales
- Pvt Finl & Cap Mkts
- Treasury/Other

# 2001 – 2002 Issues Needing Attention



- ◆ **Broken business model**
  - No defined market position
  - No defined value proposition
  - Centralized decision making/no local empowerment
  - Lacking a sales/service culture
  - Ineffective management and poor morale
- ◆ **Weak market positioning**
- ◆ **Outdated sales and service technology**
- ◆ **High-risk credit profile**
- ◆ **Stagnant / declining customer bases**
- ◆ **Low level / ineffective use of capital**
- ◆ **Poor financial performance**
  - Little growth in loans and deposits
  - Deteriorating credit quality
  - High efficiency ratio
  - Declining / volatile earnings
  - Low ROE

# 2003 – 2004 Other Issues



- ◆ **Operating lease accounting**
  - Resulted in 1Q03 earnings restatement
- ◆ **Additional earnings restatements**
  - 2Q03 and 3Q03...related to certain deferral accounting issues and other accounting/reporting changes
- ◆ **SEC formal investigation**
  - Resulted in strengthened corporate governance and oversight policies, practices and disciplines
- ◆ **Banking regulatory investigation**
  - Unizan Financial acquisition postponed
  - Formal written supervisory agreements (covering corporate governance, risk management, internal audit, and accounting / financial reporting oversight policies and practices)
  - Much progress to date

# Where We Are



## ◆ **Market Positioning**

- “Local Bank with National Resources”
- Local execution within corporate standards
- Local discretion with performance accountability
- Focus on Ohio, Michigan, West Virginia, Indiana and neighboring markets
- Focus on middle-market commercial, small business, consumer, high-wealth, and auto dealership clients

## ◆ **Value Proposition**

- “Simply the Best” service
- Improving reputation for service

# Recent Service Ranking



## Online Banking

- #5 overall by Gomez with BillPay ranked #1 in service support and #2 in availability and overall system responsiveness

## ATMs

- Best in Class in February, March and May by Gasper Rating... highest uptime among 15 financial institutions

# Recent Service Ranking



## Small Business Banking

- ♦ Winner of three Greenwich excellence awards
  - National award – Overall Customer Satisfaction
  - National award – Branch Service Performance
  - Midwest Regional award – Overall Customer Satisfaction
- ♦ Ranked above major competitors by Greenwich <sup>(1)</sup> in overall customer satisfaction... branch service... in-person solicitations... client loyalty... business internet

## Middle Market Banking

- ♦ “Above average” by Greenwich <sup>(2)</sup> in overall satisfaction... relationship manager performance... cross-sell solicitation... credit services performance... cash management products & services... internet & telephone service

(1) June 2005 syndicated research study

(2) June 2005 proprietary research study compared with normative averages from other surveys



# Where We Are

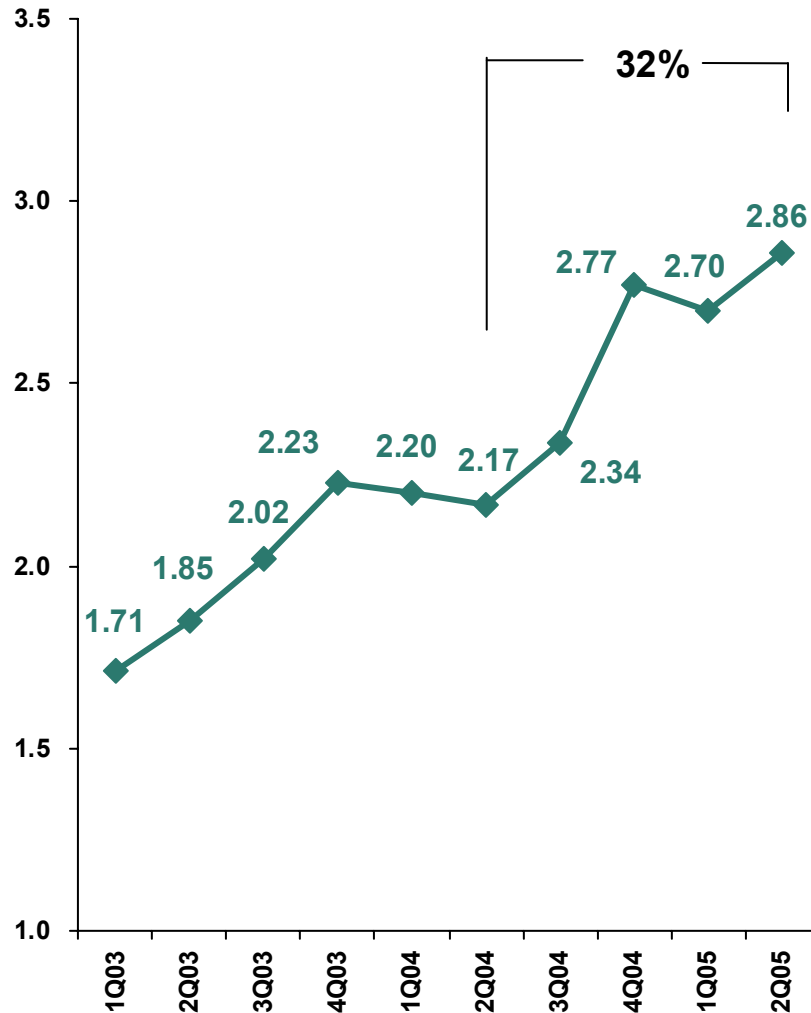
- ◆ **Significantly stronger management team and higher associate morale**
- ◆ **Investments in banking offices, systems, and front-line technology paying off**
- ◆ **Significantly improved credit risk profile**
  - Decreased higher-risk loan portfolios... automobile loans/leases... shared national credits... outsized individual middle market C&I / CRE exposure
  - Increased lower-risk loan portfolios... residential real estate and home equity loans/lines
  - Reduced NPA ratio to historically low levels
  - Net charge-off outlook at bottom end of long-term, stable economy target range
  - Strong reserve position



# Where We Are

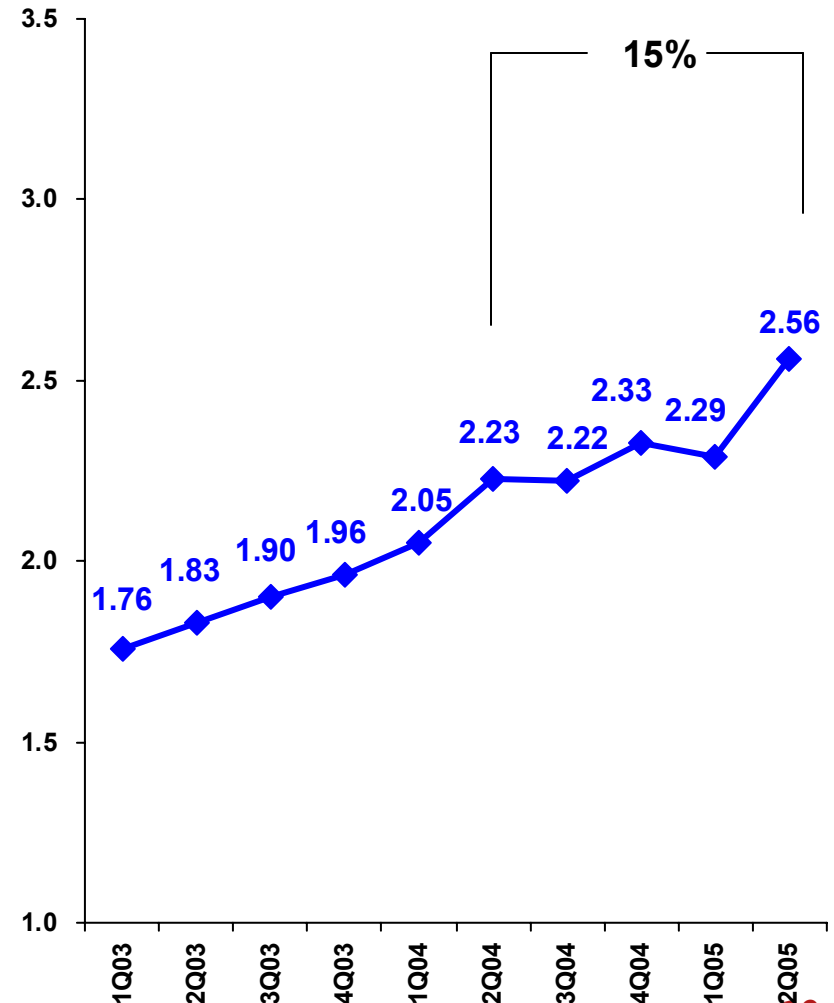
## ◆ Improving 90-day cross sell performance

### Consumers <sup>(1)</sup>



(1) Total cross sells on new relationships at 90 days

### Small Business <sup>(1)</sup>

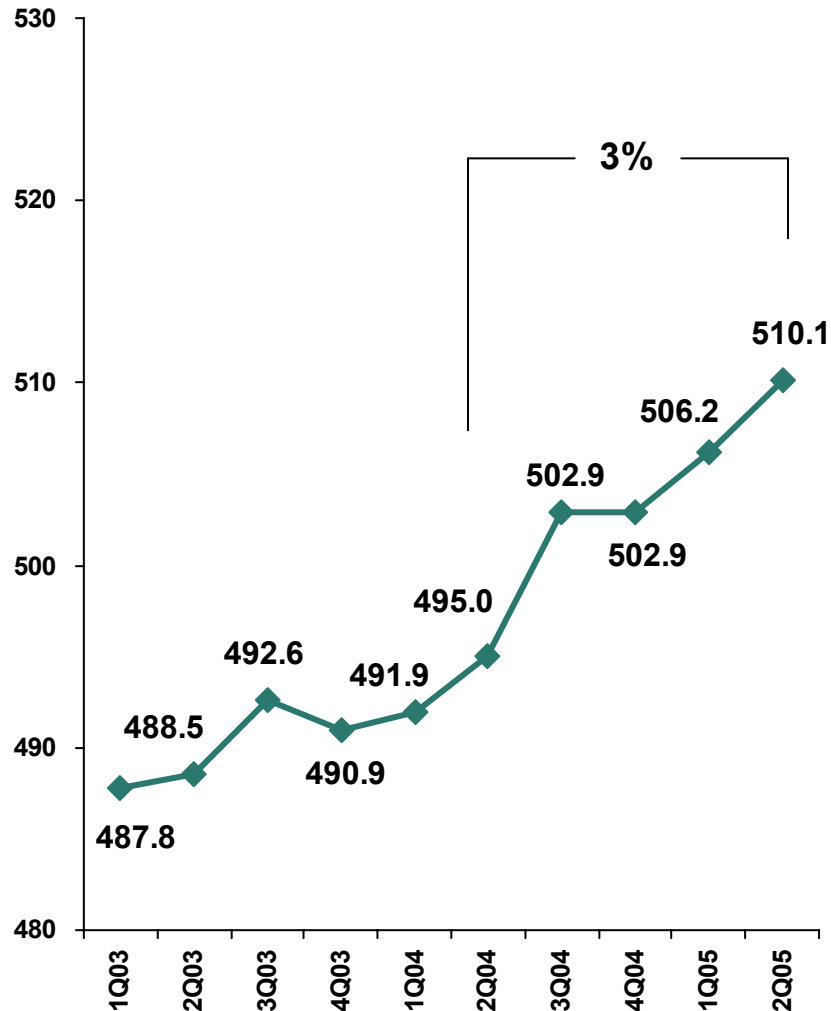




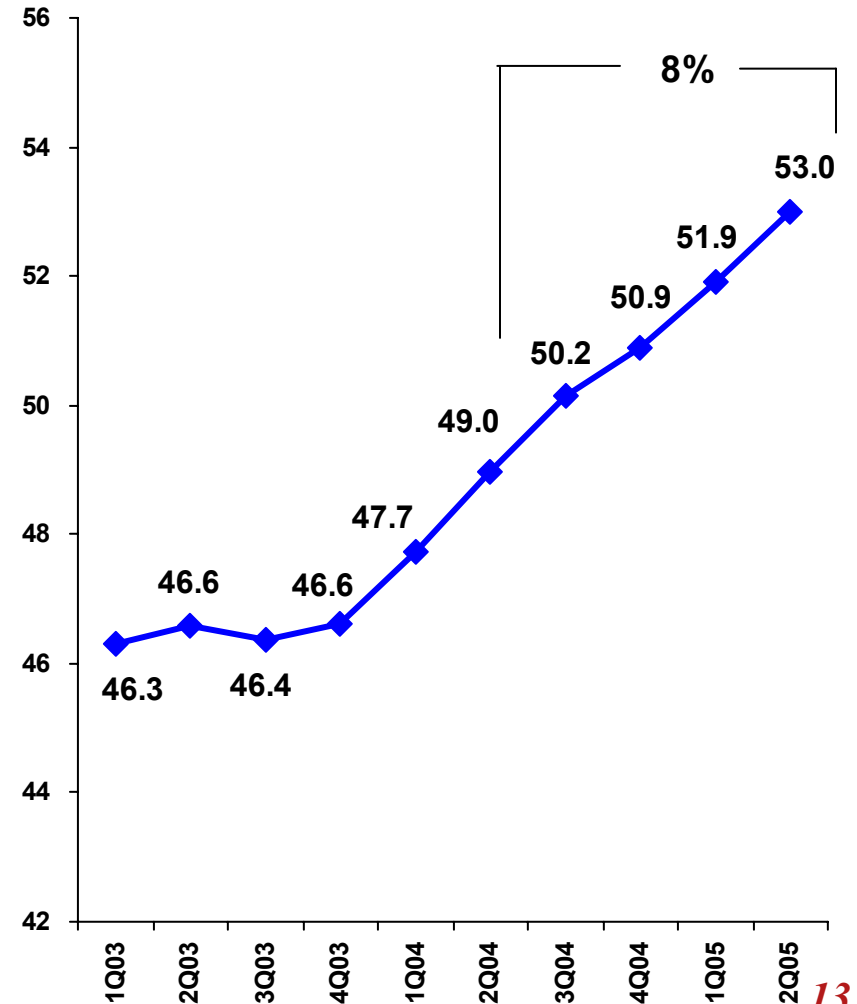
# Where We Are

## ◆ Growing DDA relationships

(000) Consumer Households



(000) Small Business Relationships



# 2001 – 1H05 Performance Highlights



	<u>1H05</u>	<u>2004</u>	<u>2001</u>
EPS	<b>\$0.86</b>	\$1.71	\$0.54
ROA	<b>1.26%</b>	1.27%	0.48%
ROE	<b>15.9%</b>	16.8%	5.8%
Net interest margin	<b>3.34%</b>	3.33%	3.29%
Efficiency ratio	<b>62.7%</b>	65.0%	79.2%
Loan & lease growth <sup>(1)</sup>	<b>12%</b>	11%	1%
Auto loan exposure <sup>(2) (3)</sup>	<b>19%</b>	21%	32%
Core deposit growth <sup>(1)</sup>	<b>7%</b>	5%	3%
Net charge-offs <sup>(4)</sup>	<b>0.37%</b>	0.35%	0.81%
NPA ratio <sup>(2)</sup>	<b>0.40%</b>	0.46%	1.23%
ALLL/loans & leases <sup>(2)</sup>	<b>1.04%</b>	1.29%	2.00%
ACL/NPLs <sup>(2)</sup>	<b>349%</b>	476%	167%
Tang. com. equity/risk weighted assets <sup>(2)</sup>	<b>8.05%</b>	7.86%	5.86%

(1) Average

(2) Period end

(3) Total loans and leases + operating leases + securitized loans

(4) 1H05 = annualized

ALLL = allowance for loan and lease losses

ACL = ALLL + allowance for unfunded loan commitments

# 2006 – 2008 Expectations



## Good Underlying Fundamentals

- ◆ **Improving sales and service performance**
- ◆ **Growing business/consumer relationships**
- ◆ **Business expansion opportunities expected**
- ◆ **Steadily improving financial performance**
  - Less volatile earnings
    - Improved credit risk profile
    - Balance sheet/organizational restructurings are completed
    - Improved corporate governance/management oversight
  - Stable net interest margin
  - Expense discipline
  - Aggressive management of excess capital

# 2006 – 2008 Expectations



## A Challenging Environment

- ◆ **Pressure on...**
  - Loan growth... competitive pressure on structure and pricing
  - Deposit growth... competitive pricing
  - Revenue growth
- ◆ **Loan loss provisions will be increasing**

*EPS growth expected to be less than our  
10% long-term objective*

# 2005 6 Month Highlights



## Financial Performance vs. 2004 6 Months

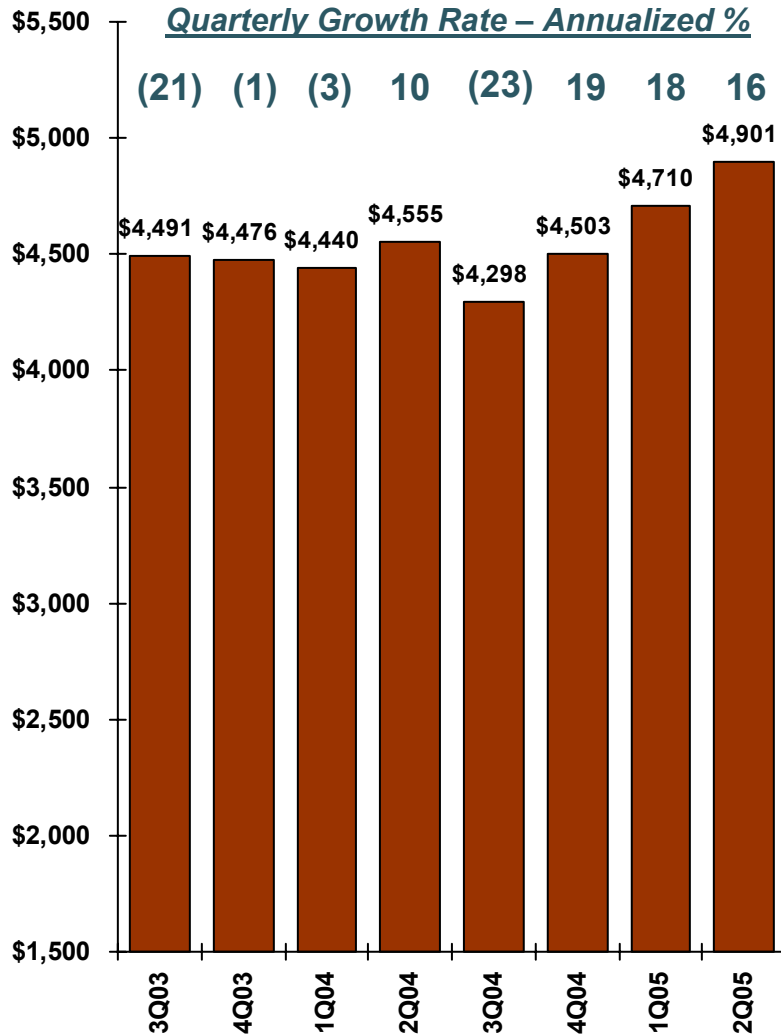
- ◆ **\$0.86 EPS**
- ◆ **12% growth in average total loans and leases**
  - 14% growth in average total consumer loans
  - 9% growth in average total commercial loans
- ◆ **7% growth in average core deposits**
- ◆ **Continued growth in consumer and small business relationships**
- ◆ **Higher net interest margin**
- ◆ **Mixed fee income performance**
  - Growth in trust income with declines in deposit service charges and brokerage and insurance... improving 2Q05 trends in most key categories
- ◆ **Good expense control**
- ◆ **Stable credit quality**
- ◆ **Continued strong capital levels**

# Growing Loans



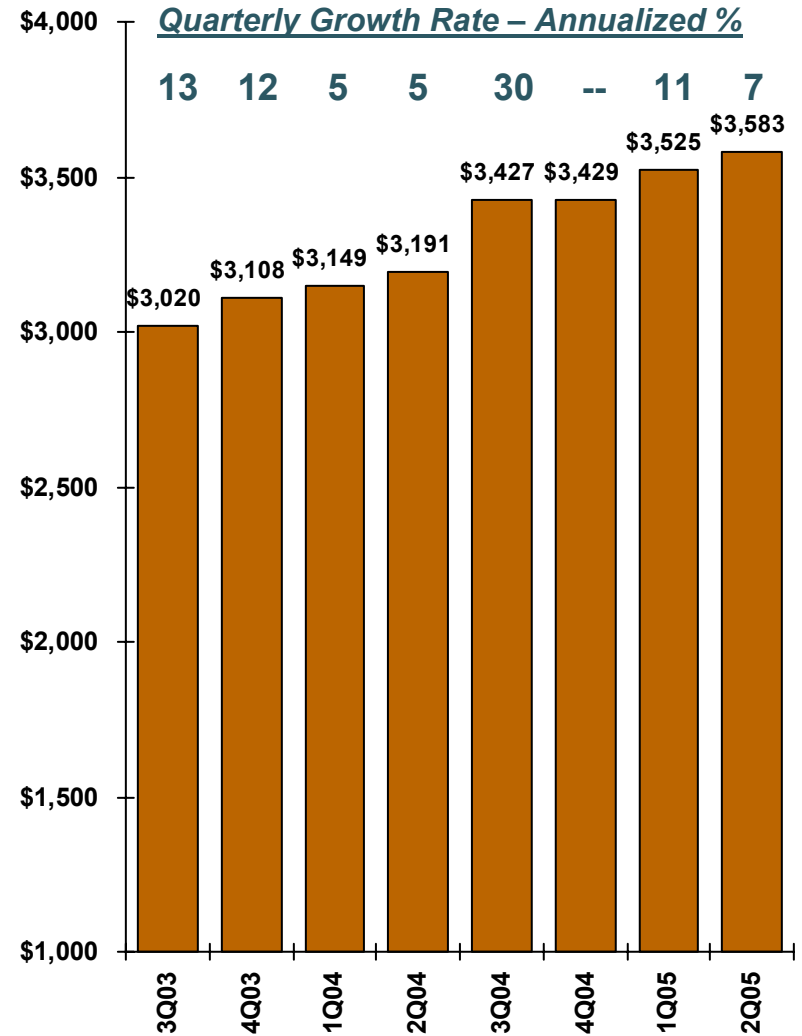
## Middle-market C&I

(Average in \$MM)



## Middle-market CRE

(Average in \$MM)



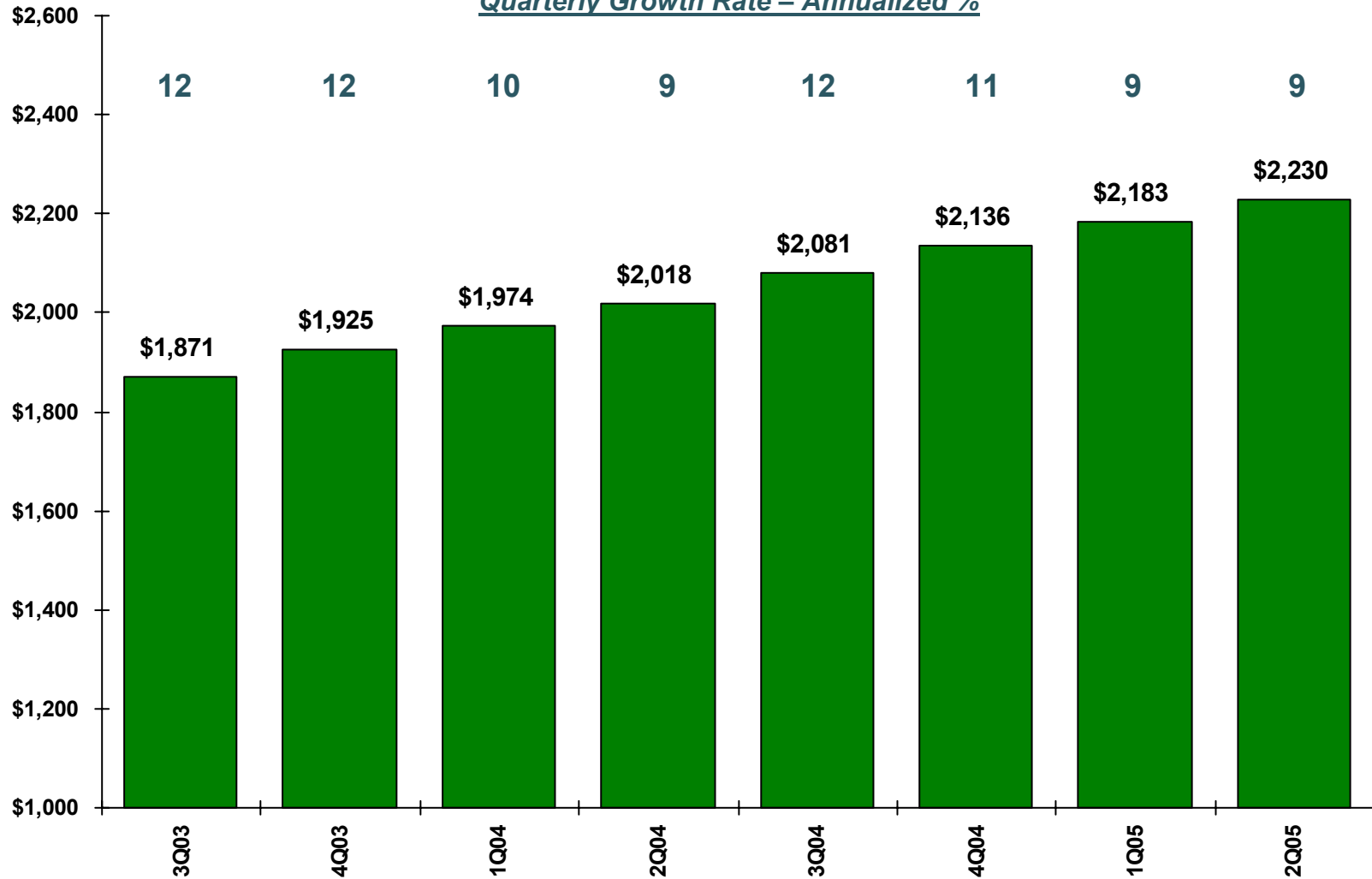
# Growing Loans



## Small Business C&I/CRE

(Average in \$MM)

Quarterly Growth Rate – Annualized %

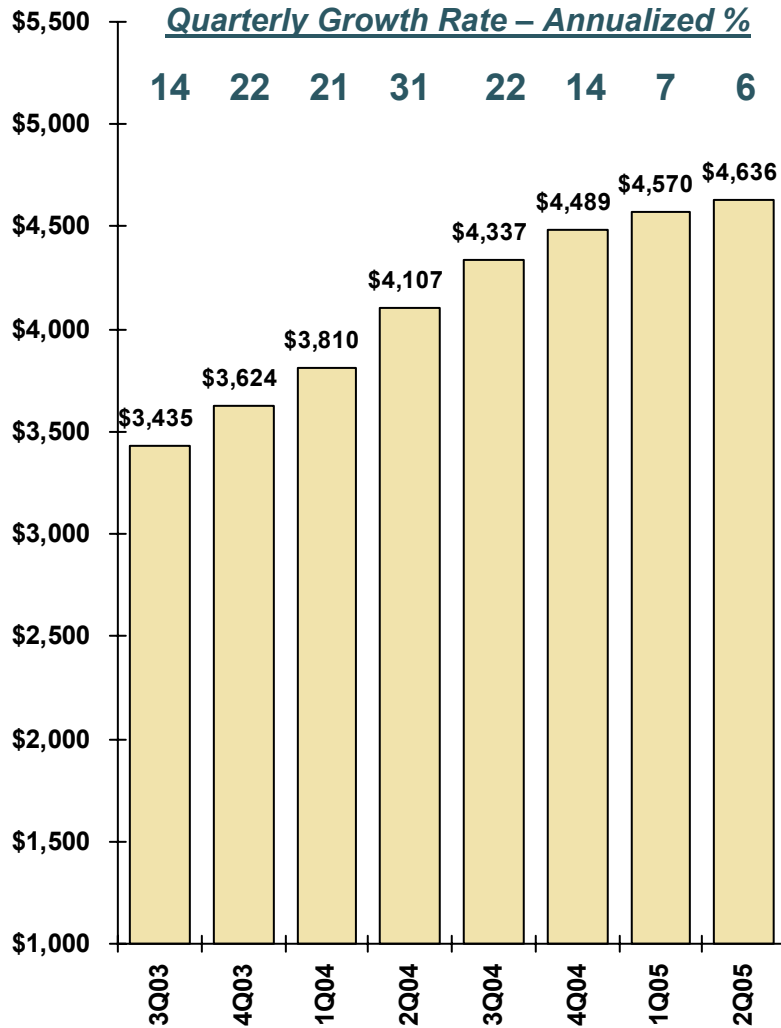


# Growing Loans



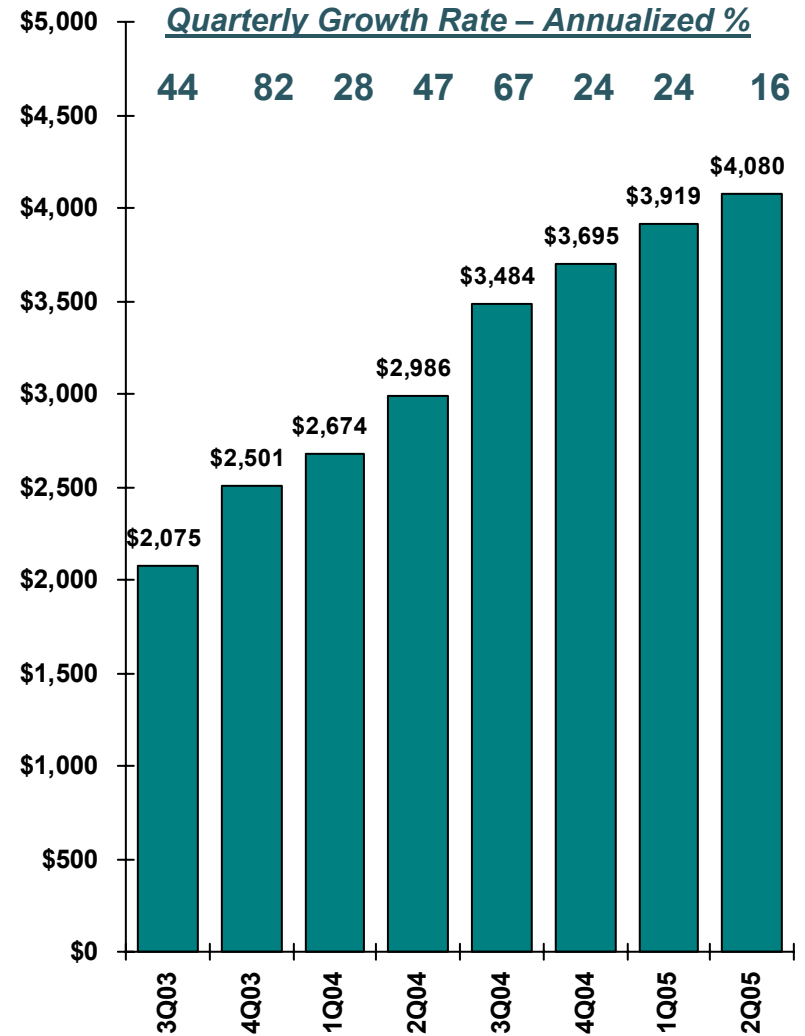
## Home Equity Loans/Lines

(Average in \$MM)



## Residential Mortgages

(Average in \$MM)



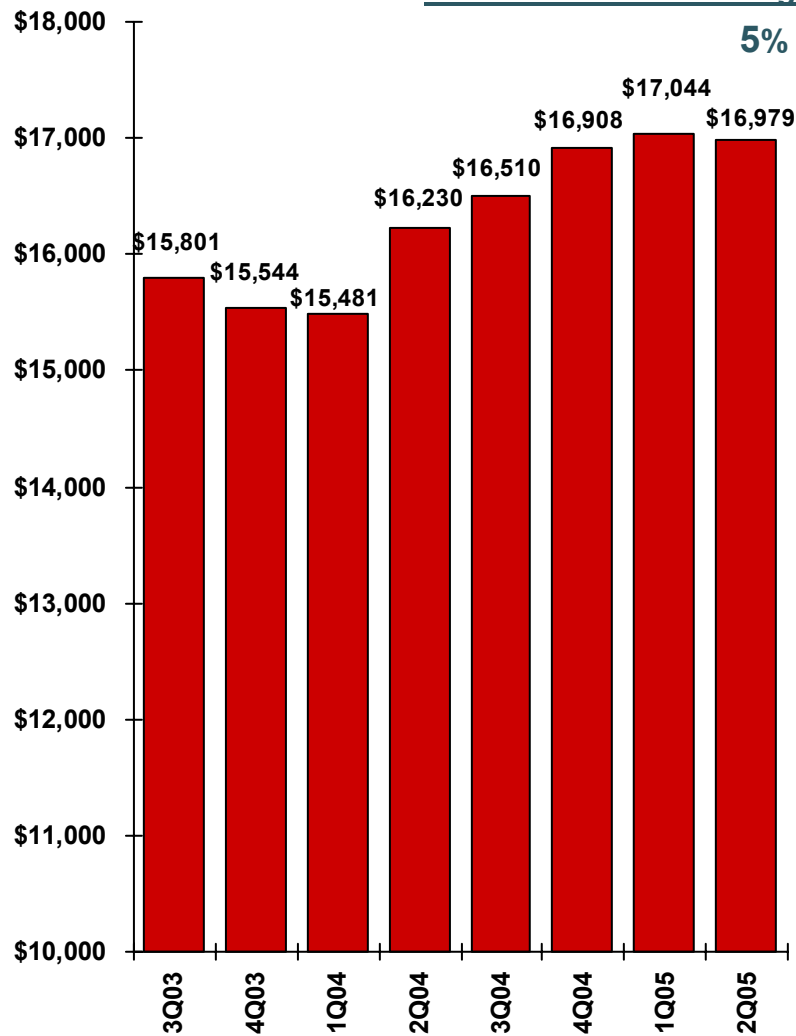
# Growing Core Deposits



## Total Core Deposits

(Average in \$MM)

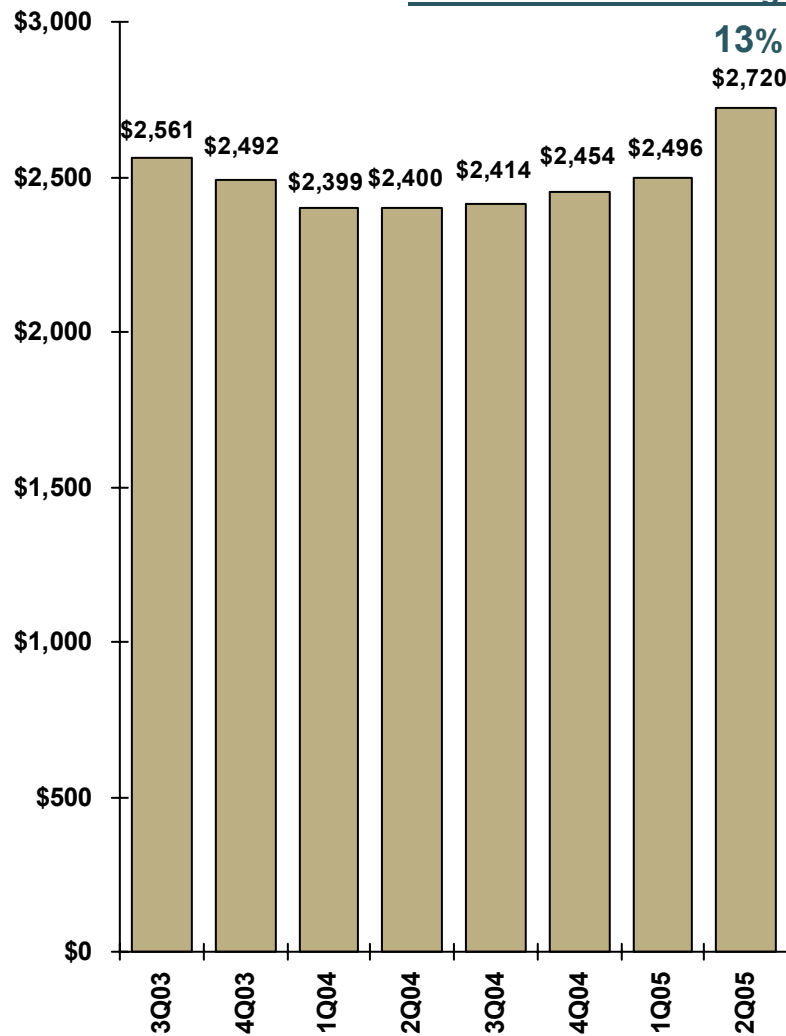
Year-over-Year % Change



## Retail CDs (1)

(Average in \$MM)

Year-over-Year % Change

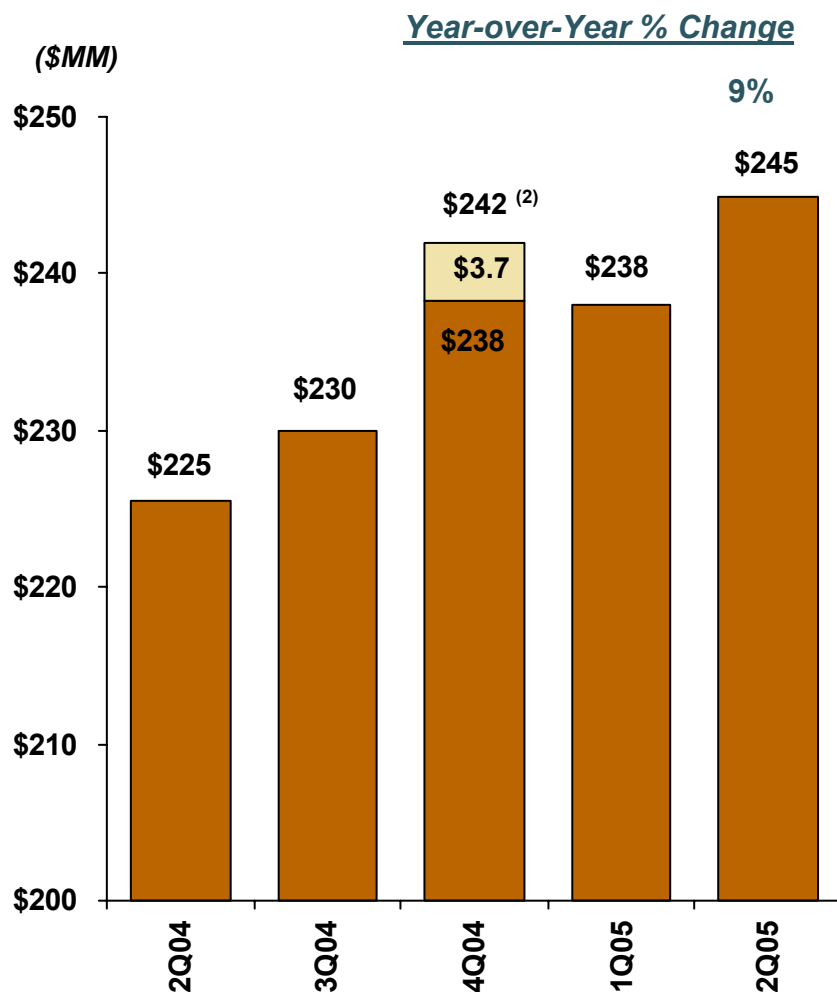


(1) Included in total core deposits

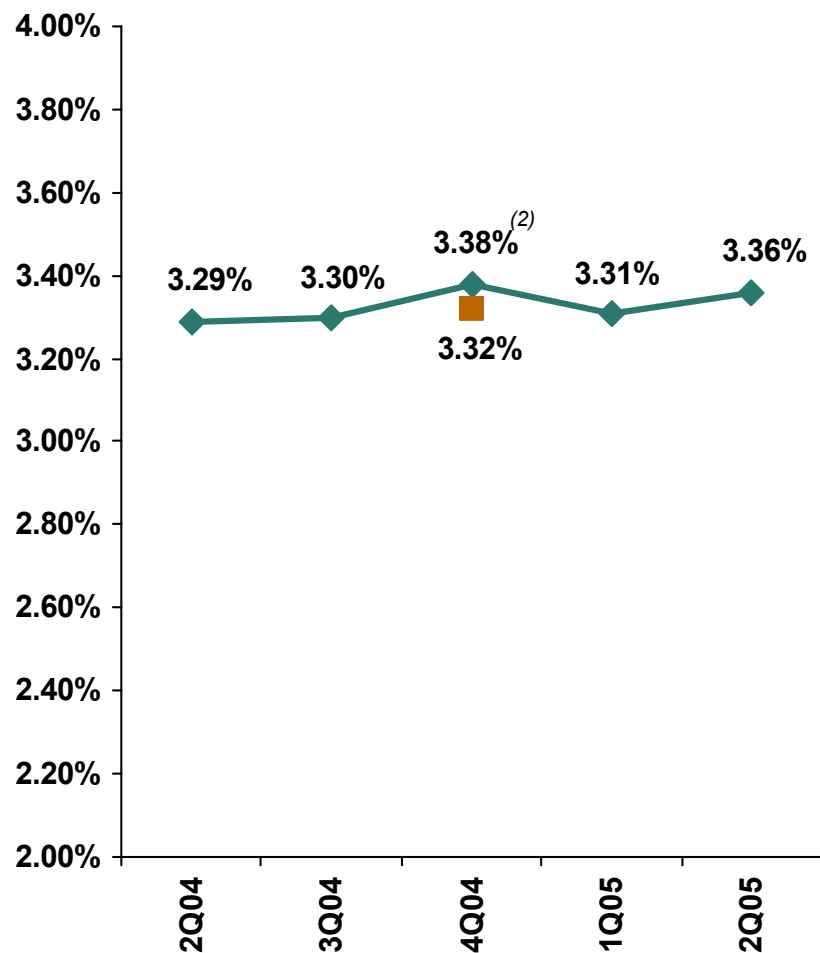
# Net Interest Income & Margin Trends <sup>(1)</sup>



## Net Interest Income (FTE)



## Net Interest Margin (FTE)



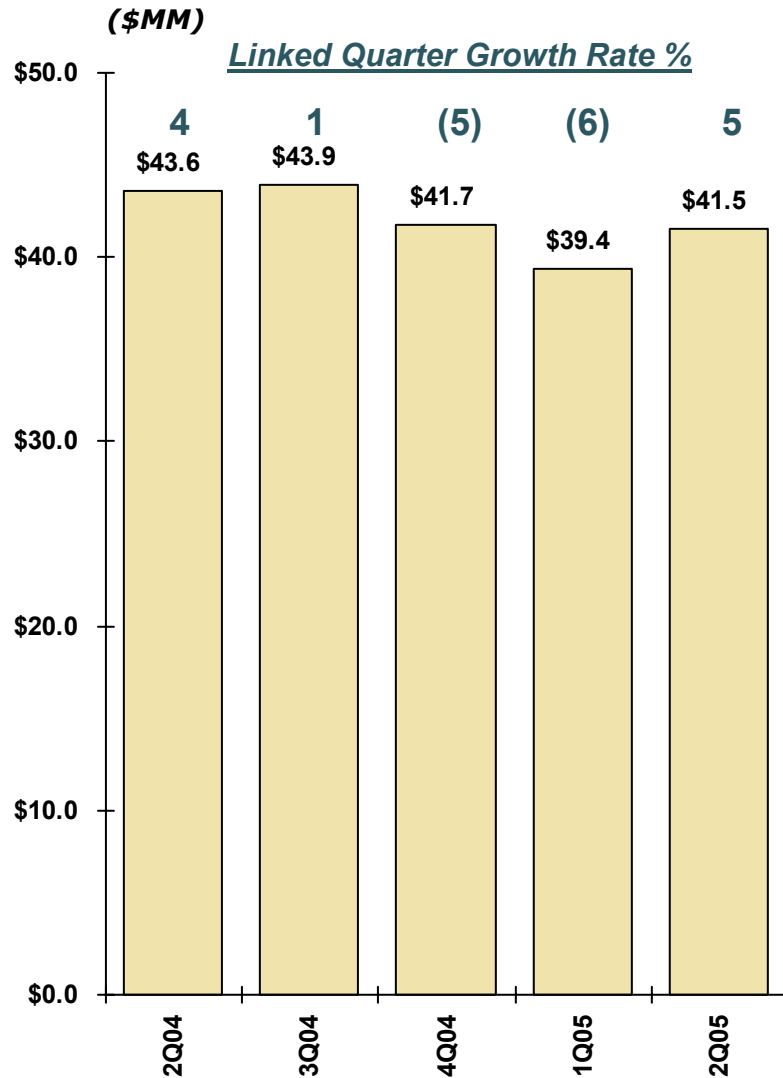
(1) Fully taxable equivalent basis

(2) Includes \$3.7 million or 6 bps impact from one-time adjustment to consolidated securitization

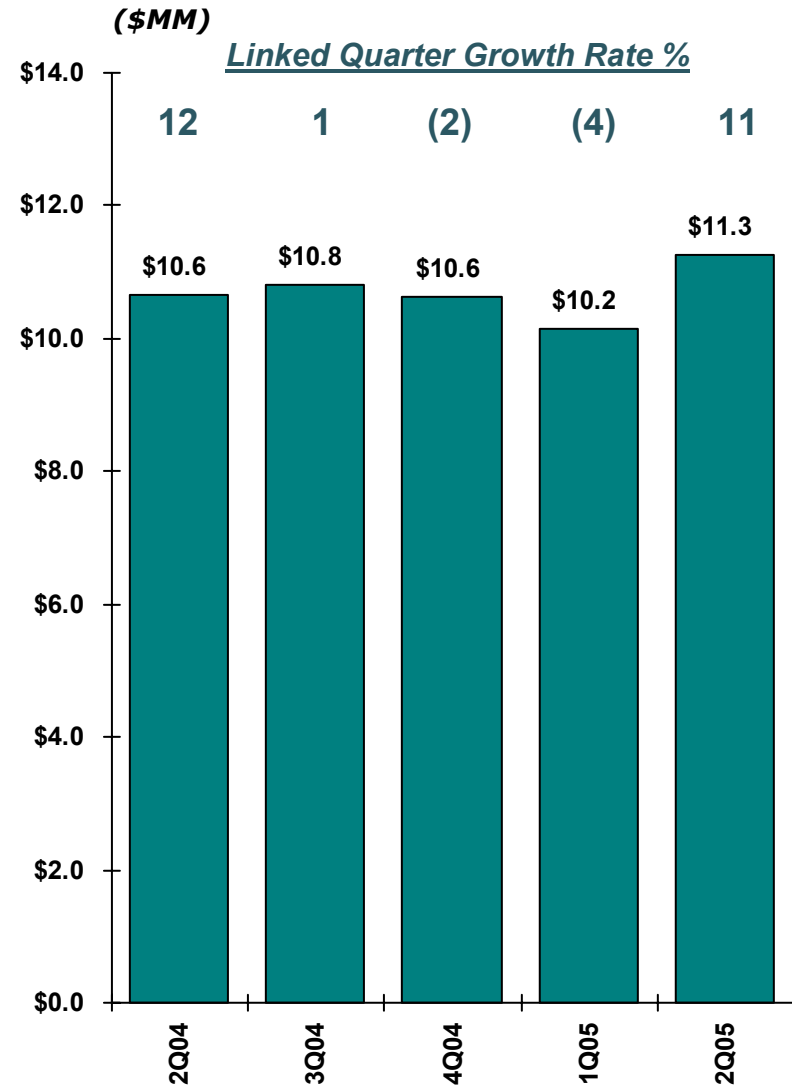


# Deposit and Other Service Charges

## Deposit Service Charges



## Other Service Charges <sup>(1)</sup>

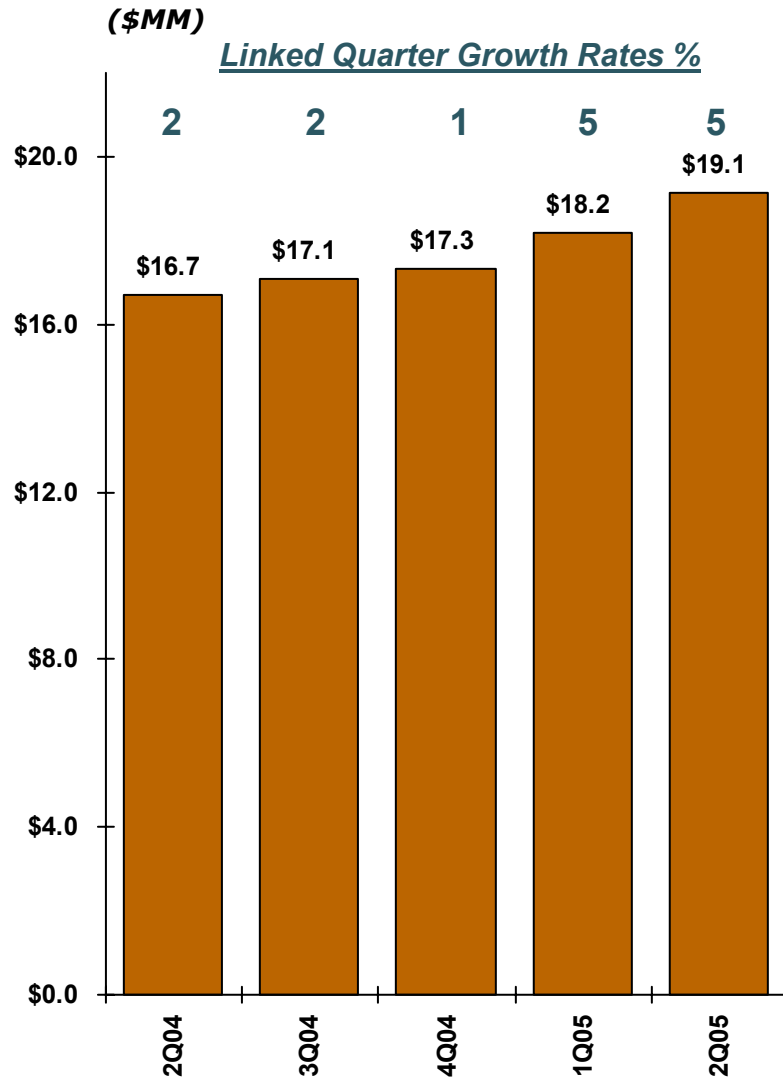


(1) Includes check card and ATM fees

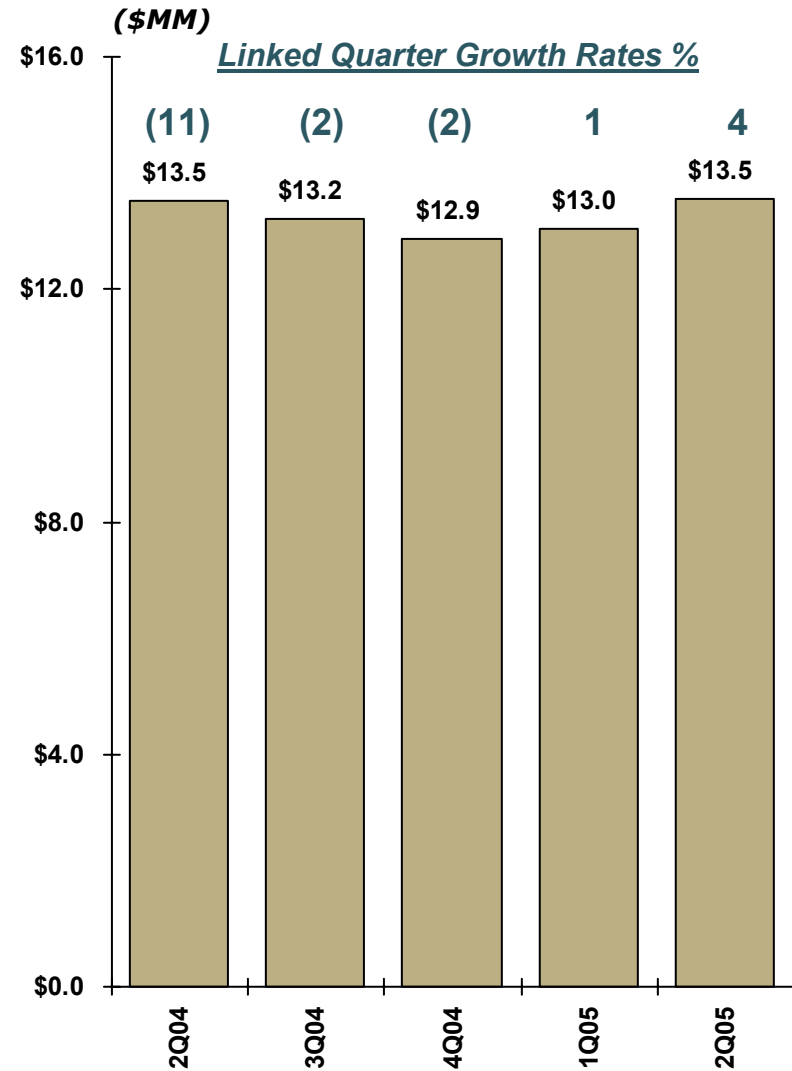
# Trust and Brokerage / Insurance Income



## Trust Services



## Brokerage/Insurance

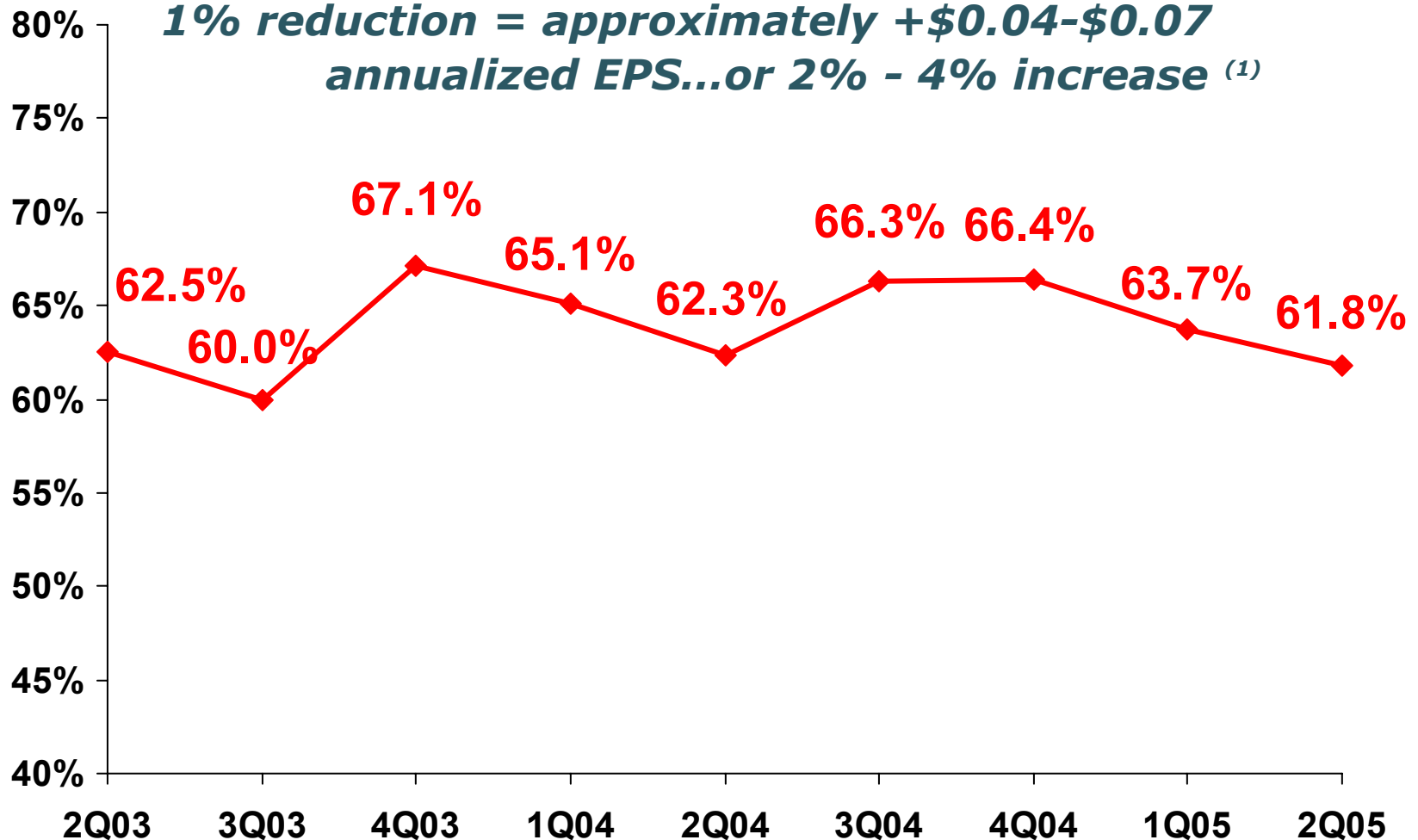


# Efficiency Ratio Trends



**Objective: Reduce 1-2% per year**

**1% reduction = approximately +\$0.04-\$0.07  
annualized EPS...or 2% - 4% increase <sup>(1)</sup>**



(1) Based on 2Q05 GAAP results annualized and 2005 EPS analyst mean of \$1.76

# Adjusted Revenue & Expense Trends <sup>(1)</sup>



(\$MM)	2Q05	Better or (Worse) vs.		
		1Q05 <sup>(2)</sup>	2Q04	
<b>Non-interest income – adj.</b>	<b>\$134.0</b>	\$4.4	3.4%	(10.4)%
<b>Net interest inc. – FTE – adj.</b>	<b>244.3</b>	7.1	3.0	8.4
<b>Total revenue – FTE - adjusted</b>	<b>\$378.3</b>	\$11.5	3.2%	0.9%
<b>Non-interest expense - adjusted</b>	<b>\$214.0</b>	\$4.4	2.0%	2.2%
<b>Adjusted Revenue / expense spread</b>			<b>5.2%</b>	3.1%
<b>Efficiency ratio <sup>(3)</sup> – adjusted</b>	<b>56.6%</b>	59.5%		58.3%

(1) Adjusted for operating lease expense, MSR recovery (impairment) net of hedge-related trading losses (gains), securities gains (losses), 2Q05 write-off of equity investment, loan sale gains, 2Q05 severance and consolidation expense, and SEC/regulatory expenses; see Appendix for a complete reconciliation between GAAP and adjusted revenue and expenses

(2) Linked quarter percentage growth is not annualized

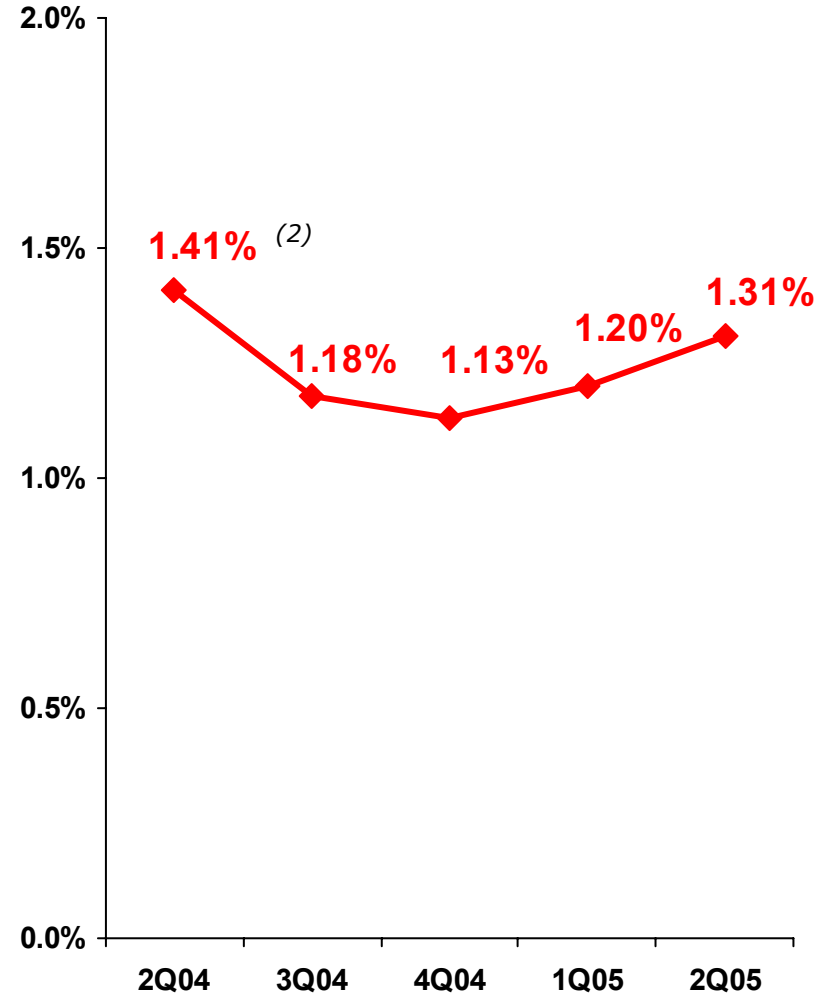
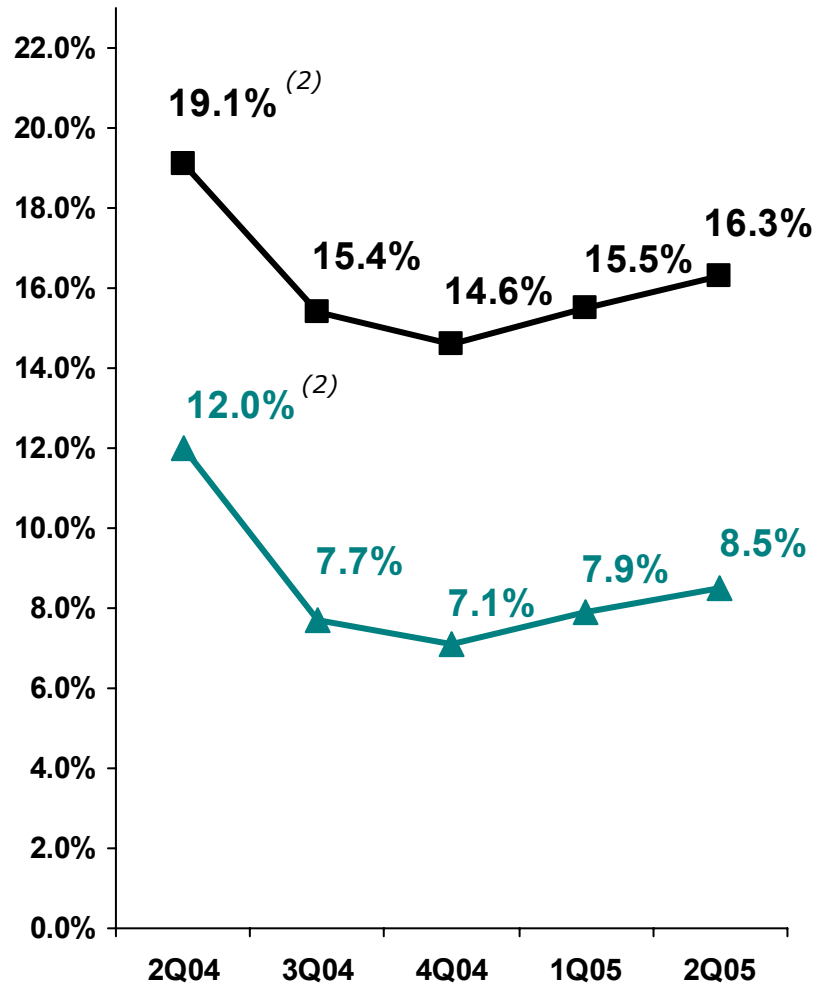
(3) Non-interest expense less amortization of intangibles divided by the sum of FTE net interest income and non-interest income excluding securities gains (losses)



# Performance Trends

■ Return on Avg. Common Equity  
▲ Internal Capital Generation Rate (1)

◆ Return on Avg. Assets



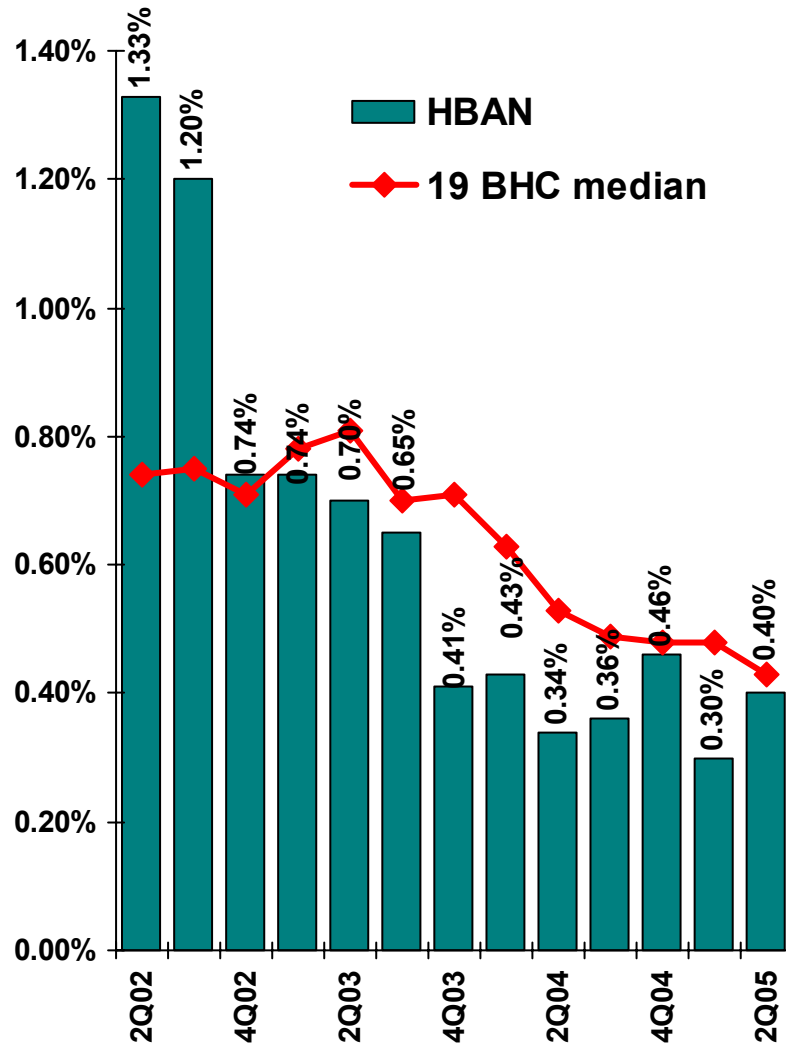
(1)  $ICG = ROE \times (1 - (\text{dividend declared per share} / \text{earnings per share}))$

(2) 2Q04 results positively impacted by \$4.9mm gain on sale of automobile loans and \$9.7mm C&I recovery

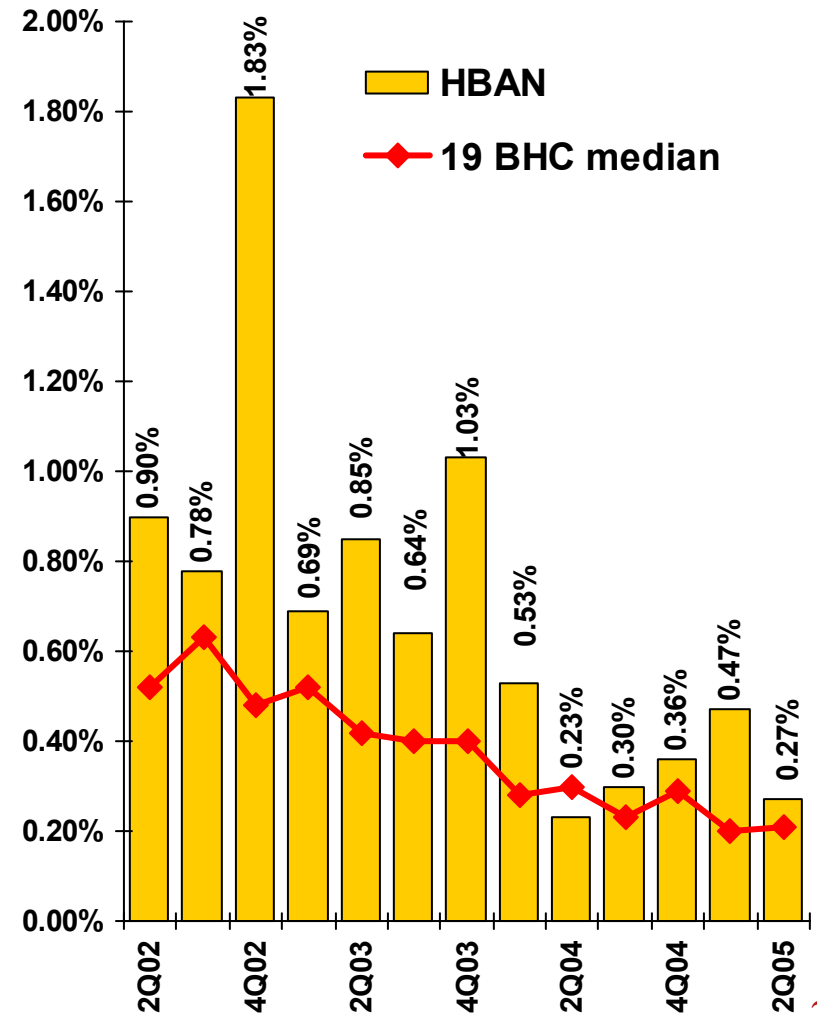
# Credit Quality Trends



## NPA Ratio



## NCO Ratio <sup>(1)</sup>

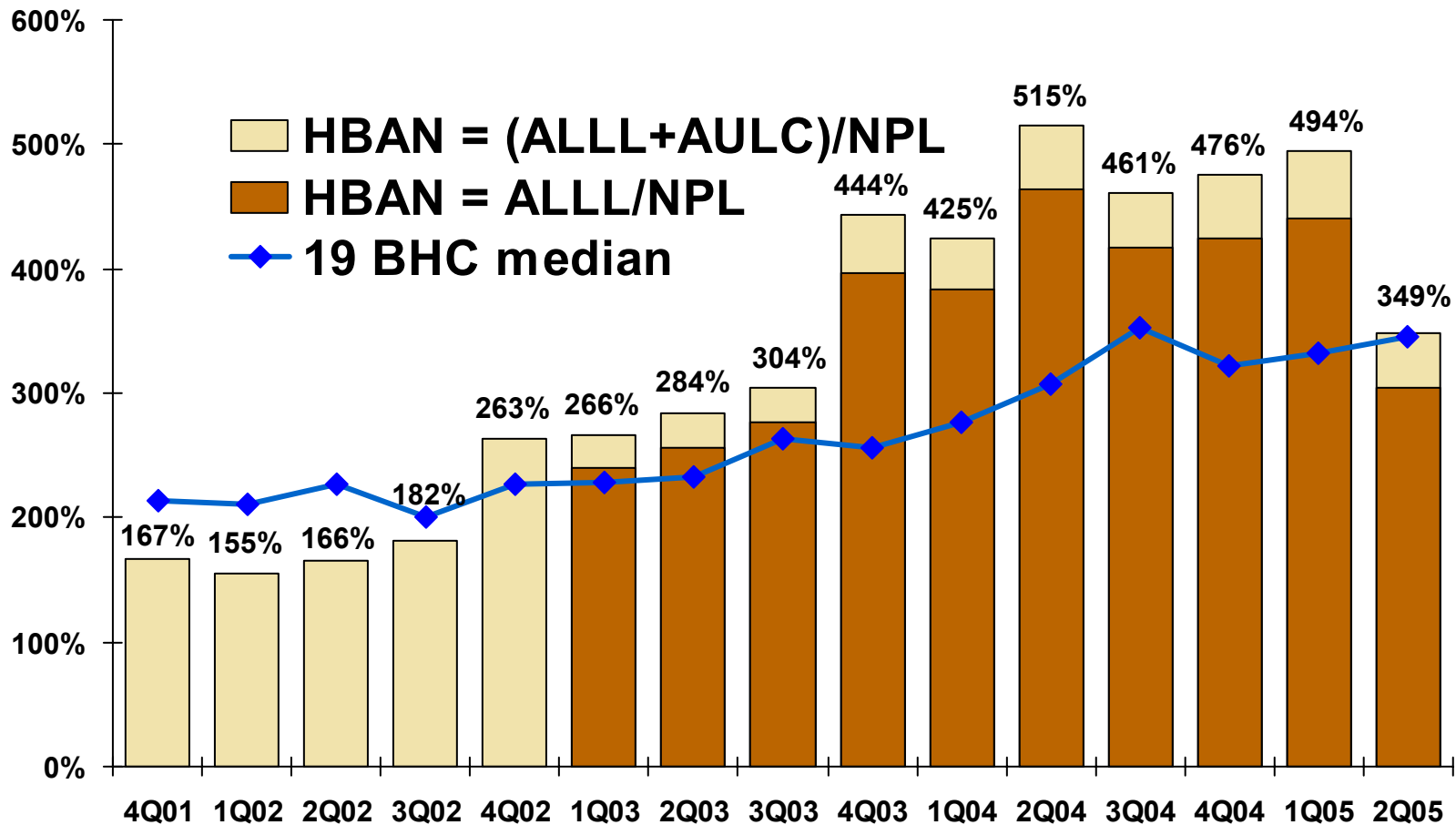


(1) Annualized

# Reserve Adequacy

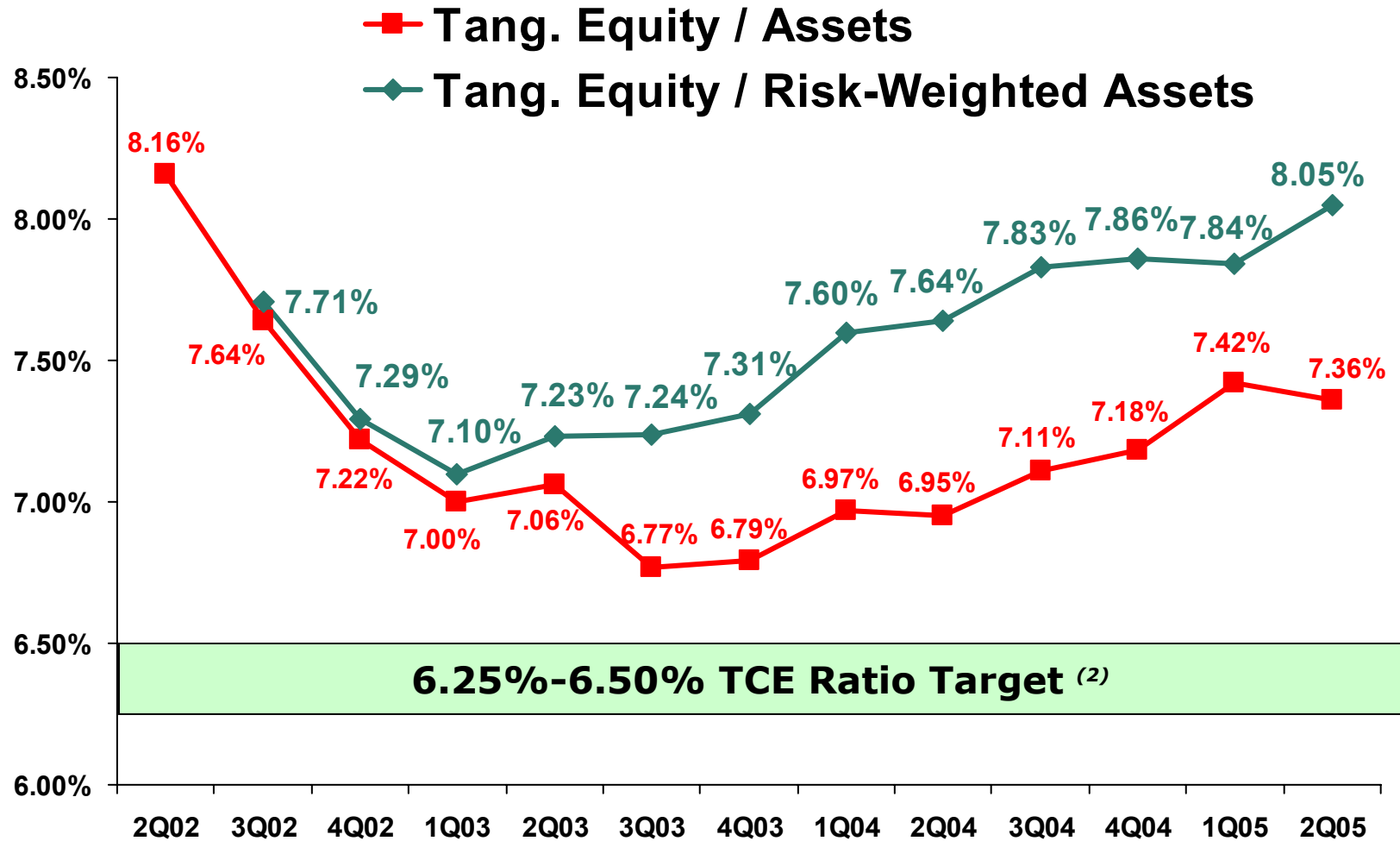


## ALLL / NPL Ratio (1)



(1) Effective 1Q04 the Allowance for Unfunded Loan Commitments (AULC) was reclassified out of the Allowance for Loan and Lease Losses (ALLL), with quarterly data restated to 1Q03.

# Capital Trends <sup>(1)</sup>



(1) End of period

(2) Established 7/05. . . Prior target was 6.50%-6.75% established in 9/03

# 2006 – 2008 Key Objectives



<u>Objective</u>	<u>Expectation</u>
♦ <b>EPS growth target</b>	<b>mid/high-single digit</b>
♦ <b>Loan growth</b>	<b>mid-single digit</b>
♦ <b>Deposit growth</b>	<b>low/mid-single digit</b>
♦ <b>Revenue growth</b>	<b>2-3% &gt; expenses</b>
♦ <b>Reduce efficiency ratio <sup>(1)</sup></b>	<b>1%/ yr</b>
♦ <b>Manage capital effectively</b>	
♦ <b>Strong credit risk management</b>	
♦ <b>Increase cross sell</b>	
♦ <b>Grow customer base and market share</b>	
♦ <b>Great sales and service execution</b>	
♦ <b>Live up to our expectations</b>	
– <b>The “local bank” in all our markets</b>	
– <b>Provide a customer experience that is “Simply the Best”</b>	

(1) Excluding operating lease impact

# 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 this presentation or in the Quarterly Financial Review supplement to the current Earnings Press Release, which can be found on Huntington's website at [huntington-ir.com](http://huntington-ir.com).*

## 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.*

## Earnings per share equivalent data

*Significant and/or one-time 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 and/or one-time 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.*

## Rounding

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

## NM or nm

*Percent changes of 100% or more are shown as "nm" or "not meaningful". Such large percent changes typically reflect the impact of one-time 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 "not meaningful" for this purpose.*

# Forward Looking Comments



This presentation contains certain forward-looking statements, including certain plans, expectations, goals, and projections, and including statements about the pending merger between Huntington and Unizan and regulatory matters, all of 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: the required governmental approvals of the Unizan merger may not be obtained on the proposed terms and schedule; no assurances can be made as to the timing of a resolution to the regulatory matters; changes in economic conditions; movements in interest rates; competitive pressures on product pricing and services; success and timing of other business strategies; the nature, extent, and timing of governmental actions and reforms; and extended disruption of vital infrastructure; and other factors described in Huntington's 2004 Annual Report on Form 10-K and documents subsequently filed by Huntington with the Securities and Exchange Commission.

All forward-looking statements included in these materials are based on information available at the time they are issued.

Huntington assumes no obligation to update any forward-looking statement.



*The Local Bank*  
*With*  
*National Resources*