

2009 Fourth Quarter Earnings Review

January 22, 2010



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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 the current quarter earnings release, this presentation, in the Quarterly Financial Review supplement to the current quarter earnings release, or the Form 8-K related to the filed 01/22/10 earnings press release, which can be found on Huntington's website at huntington-ir.com

Annualized data

Certain returns, yields, performance ratios, or quarterly growth rates are presented on an "annualized" basis. 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 and deposit growth rates, as well as net charge-off percentages 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.

Pre-tax, Pre-provision Income

One non-GAAP performance metric that Management believes is useful in analyzing underlying performance trends, particularly in times of economic stress, is pre-tax, pre-provision income. This is the level of earnings adjusted to exclude the impact of:

- provision expense, which is excluded because its absolute level is elevated and volatile in times of economic stress;*
- investment securities gains/losses, which are excluded because in times of economic stress securities market valuations may also become particularly volatile;*
- amortization of intangibles expense, which is excluded because return on tangible common equity is a key metric used by Management to gauge performance trends; and*
- certain items identified by Management (see Significant Items slide) which Management believes may distort the company's underlying performance trends.*



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Basis of Presentation

Significant Items

From time to time, revenue, expenses, or taxes, are impacted by items judged by Management to be outside of ordinary banking activities and/or by items that, while they may be associated with ordinary banking activities, are so unusually large that their outsized impact is believed by Management at that time to be one-time or short-term in nature. We refer to such items as "Significant Items". Most often, these Significant Items result from factors originating outside the company; e.g., regulatory actions/assessments, windfall gains, changes in accounting principles, one-time tax assessments/refunds, etc. In other cases they may result from Management decisions associated with significant corporate actions out of the ordinary course of business; e.g., merger/restructuring charges, recapitalization actions, goodwill impairment, etc.

Even though certain revenue and expense items are naturally subject to more volatility than others due to changes in market and economic environment conditions, as a general rule volatility alone does not define a Significant Item. For example, changes in the provision for credit losses, gains/losses from investment activities, asset valuation writedowns, etc., reflect ordinary banking activities and are, therefore, typically excluded from consideration as a Significant Item.

Management believes the disclosure of "Significant Items" in current and prior period results aids analysts/investors in better understanding corporate performance and trends so that they can ascertain which of such items, if any, they may wish to include/exclude from their analysis of the company's 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. To this end, Management has adopted a practice of listing "Significant Items" in its external disclosure documents (e.g., earnings press releases, investor presentations, Forms 10-Q and 10-K).

"Significant Items" for any particular period are not intended to be a complete list of items that may materially impact current or future period performance. A number of factors could significantly impact these periods, including those described in Huntington's 2008 Annual Report on Form 10-K and other factors described from time to time in Huntington's other filings with the Securities and Exchange Commission.



Basis of Presentation

Fully-taxable equivalent interest income and net interest margin

Income from tax-exempt earning 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.

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 to discern underlying performance trends, such large percent changes are typically "not meaningful" for such trend analysis purposes.



Forward Looking Statements

This presentation contains certain forward-looking statements, including certain plans, expectations, goals, 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) changes in economic conditions; (3) movements in interest rates; (4) competitive pressures on product pricing and services; (5) success and timing of other business strategies; (6) extended disruption of vital infrastructure; and (7) the nature, extent, and timing of governmental actions and reforms, including existing and potential future restrictions and limitations imposed in connection with the Troubled Asset Relief Program's voluntary Capital Purchase Plan or otherwise under the Emergency Economic Stabilization Act of 2008.

Additional factors that could cause results to differ materially from those described above can be found in Huntington's 2008 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 presentation 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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Participants

Presenters

Steve Steinour

- Chairman, President, and Chief Executive Officer

Don Kimble

- Senior Executive Vice President – Chief Financial Officer

Tim Barber

- Senior Vice President – Credit Risk Management

Jay Gould

- Senior Vice President – Investor Relations

Others Present

Dan Neumeyer

- Senior Executive Vice President – Chief Credit Officer

Randy Stickler

- Senior Executive Vice President – Commercial Real Estate



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Discussion Topics

- 2009 Fourth quarter highlights Steinour
- 2009 Fourth quarter financial review Kimble
- Credit quality highlights Barber
- Commercial real estate discussion Barber
- 2010 Outlook and investor takeaways Steinour



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2009 Fourth Quarter Highlights

- **\$369.7 million reported net loss or \$(0.56) EPS**
- **\$242.1 million pre-tax, pre-provision income ⁽¹⁾, up \$4.9 million, or 2%, linked-quarter**
 - \$11.2 MM, or 3%, increase in net interest income
- **Reviewed reserving assumptions and practices in view of continued economic weakness and uncertainty to assure capacity and flexibility to address resolution of problem credits going forward**
- **Loan loss reserves strengthened**
 - \$894.0 MM provision, more than double NCOs
 - 4.16% allowance for credit losses ratio, up from 2.90%
 - 80% NAL coverage, up from 50%
- **NALs and NPAs trends improve**
 - \$286.0 MM, or 12%, decline in NPAs
 - \$405.2 MM, or 45% decline in new NPAs
 - Rate of increase in "criticized" and "classified" loans is slowing



(1) See *Basis of Presentation* for definition, as well as reconciliation on slide #13

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2009 Fourth Quarter Highlights

- **Capital remains a positive story**
 - 12.05% and 14.43% Tier 1 and Total risk-based capital ratios, respectively... \$2.6 billion and \$1.9 billion, respectively, above well capitalized thresholds
 - 5.92% tangible common equity ratio, down 54 bps linked-quarter
- **Liquidity position strengthened**
 - 16% annualized linked-quarter growth in average total core deposits
 - 91% period end loan-to-deposit ratio, improved from 94% at September 30, 2009
 - \$1.8 billion reduction in noncore funding
- **Continued to build board strength**
 - Richard W. Neu, Board of Directors



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2009 Fourth Quarter Highlights

- **Investing in key fee businesses with new leadership and teams**
 - Retail and Business Banking
 - Deposit Product Pricing Director
 - Fee Income Director
 - Consumer Lending Director
 - Payments & Channels Director
 - Chief Marketing Officer
 - Treasury Management Director
 - Commercial Banking
 - Large Corporate Director
 - Asset Based Lending Director
 - Private Financial Group
 - Currency Risk Management – 5 FTE
 - Trust Business Development – 7 FTE
 - Brokerage Sales – 14 FTE
 - National Settlements – 4 FTE



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4Q09 Earnings Summary

	<u>After-tax</u>	<u>EPS</u>
Net loss	\$(369.7) MM	
Net loss applicable to common shares	\$(399.0) MM	\$(0.56)

Significant Items

	<u>Favorable/(Unfavorable)</u>	
	<u>Earnings ⁽¹⁾</u>	<u>EPS ⁽²⁾</u>
• Gain on redemption of debt	\$73.6	\$0.07
• Deferred tax valuation allowance benefit ⁽²⁾	12.0	0.02

(1) Impact on GAAP earnings; pre-tax unless otherwise noted

(2) After tax; EPS reflected on a fully diluted basis



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Quarterly Performance Highlights

	<u>4Q09</u>	<u>3Q09</u>	<u>2Q09</u>	<u>1Q09</u>	<u>4Q08</u>
EPS	\$(0.56)	\$(0.33)	\$(0.40)	\$(6.79)	\$(1.20)
Pre-tax pre-provision income ⁽¹⁾ (\$MM)	\$242.1	\$237.1	\$229.3	\$224.6	\$195.1
Net interest margin	3.19%	3.20%	3.10%	2.97%	3.18%
Efficiency ratio ⁽²⁾	49.0%	61.4%	51.0%	60.5%	64.6%
Loan & lease growth ⁽³⁾	(8)%	(12)%	(18)%	(6)%	4%
Core deposit growth ⁽⁴⁾	16%	10%	17%	9%	3%
Net charge-off ratio	4.80%	3.76%	3.43%	3.34%	5.41%
Net charge-off ratio: non-Franklin ⁽⁵⁾	4.84%	3.85%	3.58%	2.12%	1.36%
<u>Period End Ratios</u>					
NPA ratio	5.57%	6.26%	5.18%	4.46%	3.97%
ALLL/loans & leases	4.03%	2.77%	2.38%	2.12%	2.19%
ACL/loans & leases	4.16%	2.90%	2.51%	2.24%	2.30%
Tier 1 risk-based capital ratio	12.05%	13.04%	11.85%	11.14%	10.72%
Total risk-based capital ratio	14.43%	16.23%	14.94%	14.26%	13.91%
Tangible common equity/assets	5.92%	6.46%	5.68%	4.65%	4.04%

(1) See pre-tax pre-provision reconciliation slide

(2) Noninterest expense less amortization of intangibles divided by the sum of FTE net interest income and noninterest income excluding securities (losses) gains

(3) Linked-quarter annualized average balance growth rate; impacted by loan sales

(4) Linked-quarter annualized average balance growth rates

(5) See non-Franklin credit metrics reconciliation



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Pre-Tax, Pre-Provision Income ⁽¹⁾

(in millions)	2009				2008
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter
(Loss) Income Before Income Taxes	\$(598.0)	\$(257.4)	\$(137.8)	\$(2,685.0)	\$(669.2)
Add: Provision for credit losses	894.0	475.1	413.7	291.8	722.6
Less: Securities gains (losses)	(2.6)	(2.4)	(7.3)	2.1	(127.1)
Add: Amortization of intangibles	17.1	17.0	17.1	17.1	19.2
Less Significant items: ⁽¹⁾					
Gain on early extinguishment of debt ⁽²⁾	73.6	-	67.4	-	-
Goodwill impairment	-	-	(4.2)	(2,602.7)	-
Gain related to Visa® stock	-	-	31.4	-	-
FDIC special assessment	-	-	(23.6)	-	-
Visa® anti-trust indemnification	-	-	-	-	4.6
Pre-tax, Pre-provision Income ⁽¹⁾	\$ 242.1	\$ 237.1	\$ 229.3	\$ 224.6	\$ 195.1
LQ Change - Amount	\$ 4.9	\$ 7.8	\$ 4.7	\$ 29.5	\$ (94.3)
LQ Change - Percent	2.1%	3.4%	2.1%	15.1%	-32.6%

⁽¹⁾ See Basis of Presentation for definition

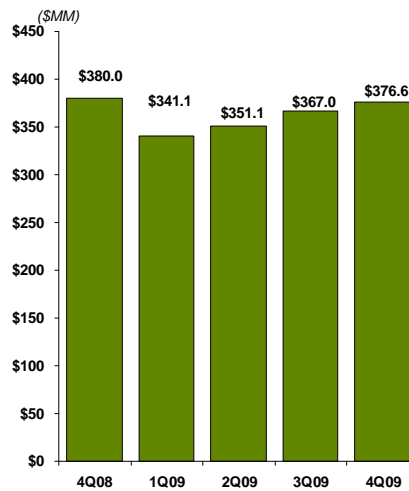
⁽²⁾ Only significant transactions



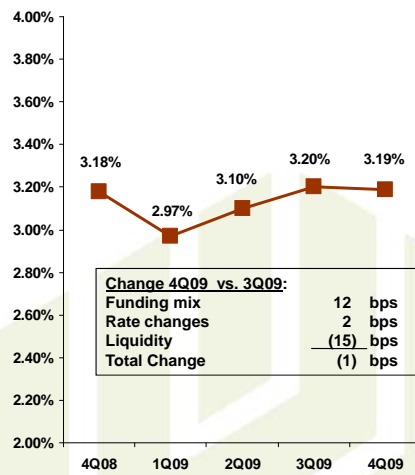
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Net Interest Income & Margin Trends ⁽¹⁾

Net Interest Income (FTE)



Net Interest Margin (FTE)



Change 4Q09 vs. 3Q09:

Funding mix	12 bps
Rate changes	2 bps
Liquidity	(15) bps
Total Change	(1) bps



(1) Fully-taxable equivalent basis

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Investment Securities Trends

Linked Quarter - Average

<i>(in millions)</i>	Fourth Quarter 2009	Third Quarter 2009	Change	
			Amount	%
U.S. Treasury & agency debt	\$ 3,183	\$ 2,483	\$ 700	28.2 %
Agency CMOs	2,572	1,461	1,111	76.0
Agency MBS	1,085	944	141	14.9
Auto and student loan ABS	635	220	415	188.6
Non agency MBS	617	743	(126)	(17.0)
Munis	137	127	10	7.9
Pooled trust preferred	118	129	(11)	(8.5)
Other	487	532	(45)	(8.5)
Total securities available for sale	\$ 8,834	\$ 6,639	\$ 2,195	33.1 %

- Treasury/Agency debt with final maturities less < 2 years
- Agency CMOs with weighted average life of 2.5 years

Loan and Lease Trends

Linked Quarter - Average

<i>(in billions)</i>	Fourth Quarter 2009	Third Quarter 2009	Change	
			Amount	%
Average Loans and Leases				
Commercial and industrial	\$ 12.6	\$ 12.9	\$ (0.4)	(3) %
Commercial real estate	8.5	8.9	(0.4)	(5)
Total commercial	21.0	21.8	(0.8)	(4)
Automobile loans and leases	3.3	3.2	0.1	3
Home equity	7.6	7.6	(0.0)	(0)
Residential mortgage	4.4	4.5	(0.1)	(2)
Other consumer	0.8	0.8	0.0	0
Total consumer	16.1	16.1	0.0	0
Total loans and leases	\$ 37.1	\$ 37.9	\$ (0.8)	(2) %

Deposit Trends

Linked Quarter - Average

<i>(in billions)</i>	Fourth	Third	Change	
	Quarter	Quarter	Amount	%
	2009	2009		
Average Deposits				
Demand deposits - noninterest bearing	\$ 6.5	\$ 6.2	\$ 0.3	5 %
Demand deposits - interest bearing	5.5	5.1	0.3	7
Money market deposits	9.3	7.6	1.7	22
Savings and other domestic deposits	4.7	4.8	(0.1)	(2)
Core certificates of deposit	10.9	11.6	(0.8)	(7)
Total core deposits	36.8	35.3	1.4	4
Other domestic deposits of \$250,000 or more	0.7	0.7	(0.1)	(11)
Brokered deposits and negotiable CDs	2.4	3.1	(0.7)	(23)
Other deposits	0.4	0.4	(0.0)	(5)
Total deposits	\$ 40.2	\$ 39.6	\$ 0.6	2 %

Noninterest Income Trends

Linked Quarter

<i>(in millions)</i>	Fourth	Third	Change	
	Quarter	Quarter	Amount	%
	2009	2009		
Noninterest Income				
Service charges on deposit accounts	\$ 76.8	\$ 80.8	\$ (4.1)	(5) %
Brokerage and insurance income	32.2	34.0	(1.8)	(5)
Mortgage banking income	24.6	21.4	3.2	15
Trust services	27.3	25.8	1.4	6
Electronic banking income	25.2	28.0	(2.8)	(10)
Bank owned life insurance income	14.1	13.6	0.4	3
Automobile operating lease income	12.7	12.8	(0.1)	(1)
Securities losses	(2.6)	(2.4)	(0.2)	(10)
Other income	34.4	41.9	(7.5)	(18)
Total noninterest income	\$ 244.5	\$ 256.1	\$ (11.5)	(4) %

Noninterest Expense Trends

Linked Quarter

(in millions)	Fourth	Third	Change	
	Quarter 2009	Quarter 2009	Amount	%
Noninterest Expense				
Personnel costs	\$ 180.7	\$ 172.2	\$ 8.5	5 %
Outside data processing and other services	36.8	38.3	(1.5)	(4)
Deposit and other insurance expense	24.4	23.9	0.6	2
Net occupancy	26.3	25.4	0.9	4
OREO and foreclosure expense	18.5	39.0	(20.4)	(52)
Equipment	20.5	21.0	(0.5)	(2)
Professional services	25.1	18.1	7.0	39
Amortization of intangibles	17.1	17.0	0.1	0
Automobile operating lease expense	10.4	10.6	(0.1)	(1)
Marketing	9.1	8.3	0.8	10
Telecommunications	6.1	5.9	0.2	3
Printing and supplies	3.8	4.0	(0.1)	(4)
Gain on early extinguishment of debt	(73.6)	(0.1)	(73.6)	NM
Other expense	17.4	17.7	(0.3)	(2)
Total noninterest expense	\$ 322.6	\$ 401.1	\$ (78.5)	(20) %

(in thousands)

Number of employees (full-time equivalent)	10.3	10.2	0.1	1 %
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Capital ⁽¹⁾

	4Q09	3Q09	2Q09	1Q09	4Q08
Total risk-weighted assets (\$B)	\$43.2	\$44.1	\$45.5	\$46.4	\$47.0
Tier 1 leverage	10.09%	11.30%	10.62%	9.67%	9.82%
Tier 1 risk-based capital	12.05	13.04	11.85	11.14	10.72
Total risk-based capital	14.43	16.23	14.94	14.26	13.91
Tangible common equity/assets	5.92	6.46	5.68	4.65	4.04
Tangible equity/assets	9.24	9.71	8.99	8.12	7.72
Tier 1 common risk-based capital ratio	6.70	7.82	6.80	5.63	5.05
Double leverage ⁽²⁾	68	71	74	78	85

(1) Period end

(2) (Parent company investments in subsidiaries + goodwill) / equity



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Net Charge-offs

(\$MM)	4Q09	3Q09	2Q09	1Q09	4Q08
Commercial and industrial	\$109.8	\$68.8	\$98.3	\$210.6 ⁽²⁾	\$473.4 ⁽¹⁾
Commercial real estate	258.1	169.2	172.6	82.8	38.4
Total commercial	367.9	238.1	270.9	293.4	511.8
Auto loans	11.4	9.0	12.4	15.0	14.9
Auto leases	1.6	1.8	2.2	3.1	3.7
Home equity loans / lines	35.8	28.0	24.7	17.7	19.2
Residential mortgages	17.8	69.0 ⁽³⁾	17.2	6.3	7.3
Other	10.3	10.1	7.0	6.0	3.8
Total consumer	76.8	117.9	63.5	48.1	48.8
Total	\$444.7	\$355.9 ⁽⁴⁾	\$334.4	\$341.5	\$560.6

(1) Included \$423.3 MM of Franklin

(2) Included \$128.3 MM of Franklin

(3) \$19.4 MM excluding \$32.0 MM impact due to implementation of more conservative loss recognition and \$17.6 MM impact due to loan sale

(4) \$306.3 MM excluding residential mortgage impacts



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Net Charge-off Ratios ⁽¹⁾

	4Q09	3Q09	2Q09	1Q09	4Q08
Commercial and industrial	3.49%	2.13%	2.91%	6.22% ⁽³⁾	13.78% ⁽²⁾
Commercial real estate	12.21	7.62	7.51	3.27	1.50
Total commercial	7.00	4.37	4.77	4.96	8.54
Auto loans	1.49	1.25	1.73	1.56	1.53
Auto leases	2.25	2.04	2.11	2.39	2.31
Home equity loans / lines	1.89	1.48	1.29	0.93	1.02
Residential mortgages	1.61	6.15 ⁽⁴⁾	1.47	0.55	0.62
Other	5.47	5.36	4.03	3.59	2.22
Total consumer	1.91	2.94	1.56	1.12	1.12
Total	4.80%	3.76% ⁽⁵⁾	3.43%	3.34%	5.41%

(1) Annualized

(2) 1.58% excluding impact of Franklin

(3) 2.55% excluding impact of Franklin

(4) 1.73%, excluding impact due to implementation of more conservative loss recognition and loan sale

(5) 3.24%, excluding residential mortgage impacts



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Nonaccrual Loans, Nonperforming Assets and Accruing Restructured Loans

(in millions)

	2009		Change	
	December 31,	September 30,	Amount	%
Nonaccrual loans and leases (NALs):				
Commercial and industrial	\$ 578.4	\$ 612.7	\$ (34.3)	(6) %
Commercial real estate	935.8	1,133.7	(197.8)	(17)
Residential mortgage	362.6	390.5	(27.9)	(7)
Home equity	40.1	44.2	(4.1)	(9)
Total nonaccrual loans and leases	1,917.0	2,181.1	(264.1)	(12)
Other real estate, net:				
Residential	71.4	81.8	(10.4)	(13)
Commercial	68.7	60.8	7.9	13
Total other real estate, net	140.1	142.6	(2.4)	(2)
Impaired loans held for sale	1.0	20.4	(19.4)	(95)
Total nonperforming assets (NPAs)	2,058.1	2,344.0	(286.0)	(12)
Accruing restructured loans (ARLs):				
Commercial	157.0	153.0	4.0	3
Residential mortgage	219.6	204.5	15.2	7
Other	52.9	42.4	10.5	25
Total accruing restructured loans	429.6	399.9	29.7	7
Total NPAs and ARLs	\$ 2,487.7	\$ 2,743.9	\$ (256.3)	(9) %



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Nonperforming Asset Flow Analysis

Period End

(\$MM)	4Q09	3Q09	2Q09	1Q09	4Q08
NPA beginning of period	\$2,344.0	\$2,002.6	\$1,775.7	\$1,636.6	\$675.3
Additions / increases	494.6	899.9 ⁽¹⁾	750.3	622.5	509.3
Franklin – net impact	(31.0)	(18.8)	(57.4)	(204.5)	650.2
Return to accruing status	(85.9)	(52.5)	(40.9)	(36.1)	(13.8)
Loan and lease losses	(391.6)	(305.4)	(282.7)	(168.4)	(95.7)
OREO losses	(7.4)	(30.6)	(20.6)	(4.0)	(4.6)
Payments	(222.8)	(117.7)	(95.1)	(61.5)	(66.5)
Sales	(41.9)	(33.4)	(26.7)	(9.0)	(17.6)
NPA end-of-period	\$2,058.1	\$2,344.0	\$2,002.6	\$1,775.7	\$1,636.6



(1) Over 55% of newly identified nonaccrual commercial loans less than 30 days past due

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Credit Quality Trends Overview

	4Q09	3Q09	2Q09	1Q09	4Q08
NAL ratio ⁽¹⁾	5.21%	5.85%	4.72%	3.93%	3.66%
NPA ratio ⁽²⁾	5.57	6.26	5.18	4.46	3.97
Net charge-off ratio	4.80	3.76	3.43	3.34	5.41
90+ days PD & accruing ⁽³⁾	0.40	0.34	0.38	0.35	0.46

ALLL ratio	4.03	2.77	2.38	2.12	2.19
ALLL / NAL coverage	77	47	50	54	60
ALLL / NAL coverage excld. FCMC	93	56	62	71	90
ALLL / NPA coverage	72	44	46	47	55
ALLL / NPA coverage excld. FCMC	86	52	57	63	78

ACL ratio	4.16	2.90	2.51	2.24	2.30
ACL / NAL coverage	80	50	53	57	63
ACL / NAL coverage excld. FCMC	96	59	65	75	96
ACL / NPA coverage	74	46	48	50	58
ACL / NPA coverage excld. FCMC	89	55	60	67	83

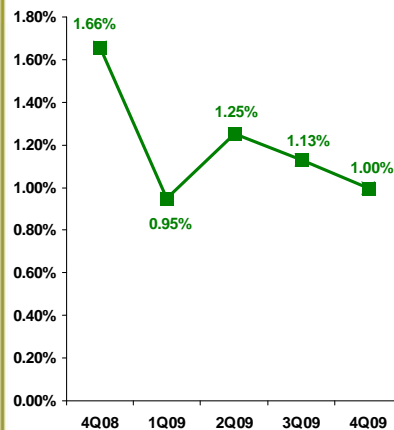


- (1) NALs divided by total loans and leases
 (2) NPAs divided by the sum of loans and leases, impaired loans held for sale, net other real estate and other NPAs
 (3) Excludes government guaranteed loans

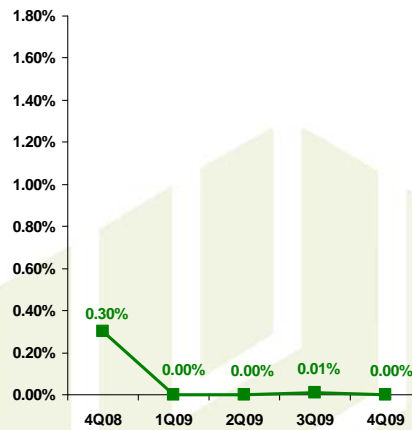
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Total Commercial Loan Delinquencies ⁽¹⁾

30+ Days



90+ Days

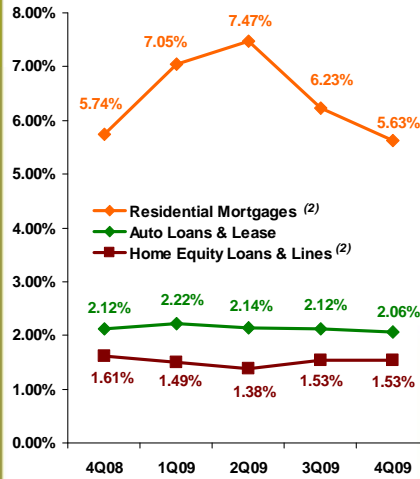


- (1) Period end; delinquent but accruing as a % of related outstandings at EOP

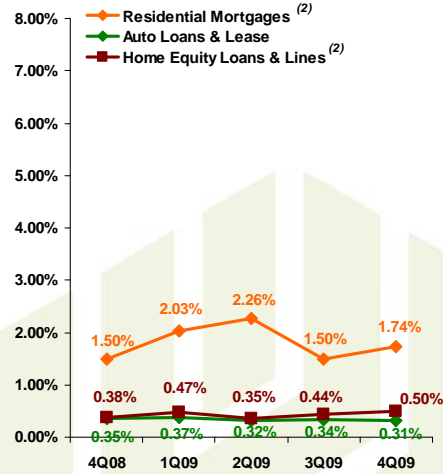
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Consumer Loan Delinquencies ⁽¹⁾

30+ Days



90+ Days



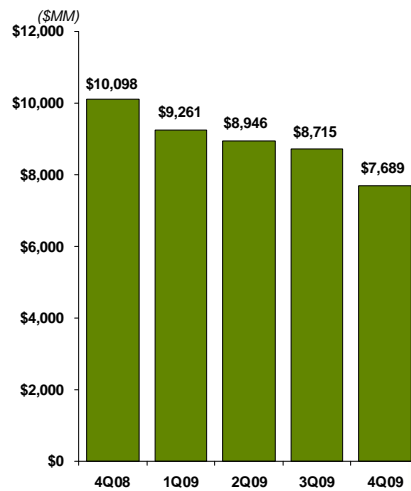
(1) Period end; delinquent but accruing as a % of related outstandings at EOP

(2) Excludes GNMA FAS 140 government guaranteed and Franklin

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CRE – Trends

Period-End Balances



Change Analysis – 4Q09 vs. 4Q08

	(\$MM)
Originations	\$ 255
Takedowns	1,082
Payments	(1,703)
Reclassifications	(1,355)
Charge-offs	(688)
Net change	\$(2,409)



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CRE – Credit Quality Overview

By Segment – 12/31/09

(\$MM)					Current Coverage		
	O/S	30+ PD Accruing	Class.	NAL's	ACL	Write- downs ⁽¹⁾	Credit Mark ⁽²⁾
CRE (Exc. SFHB & Retail)	\$4,717	1.20%	18.06%	8.90%	7.38%	3.60%	10.9%
SFHB	857	2.57	59.87	30.61	19.94	16.47	31.3
Retail	2,115	1.98	21.78	11.99	11.58	10.69	20.2
Total CRE	\$7,689	1.57%	23.75%	12.17%	9.94%	6.98%	15.8%

(1) Writedowns represent prior charge-offs associated with loans in the portfolio as of 12/31/09
 (2) Credit mark = (ACL + prior charge-offs) / (outstandings + prior charge-offs)

CRE – Portfolio Positioning

Segmented CRE Into “Core” and “Noncore” Portfolios

Core

- Well-seasoned regional or institutional owners, developers, and organizations
- Meaningful relationship in place – opportunities for additional cross-sell
- Midwest footprint projects generating adequate return on capital

Noncore

- Limited opportunity to gain overall banking relationship
- Includes numerous performing, pass-rated loans not meeting desired return on capital
- Includes most “criticized” loans from the overall CRE portfolio

CRE – Core vs. Noncore

(\$MM)	O/S	ACL	Criticized	NAL's	Prior Charge-offs ⁽¹⁾	ACL	Credit Mark ⁽²⁾
9/30/09							
Total CRE	\$8,715	\$451	\$1,942	\$1,134	\$343	5.17%	8.77%
12/31/09							
Core	\$4,038	\$168	\$530	\$4	\$--	4.16%	4.16%
Noncore	\$3,651	\$596	\$2,269	\$932	\$537	16.32%	27.05%
Total CRE	\$7,689	\$764	\$2,799	\$936	\$537	9.94%	15.82%

- Core has superior aggregated credit metrics
- Core relationships have a 10% deposit / loan ratio vs. 3% for noncore
- Noncore includes a 40% credit mark on Special Assets credits
- Minimal incremental loss associated with any sale of noncore portfolio based on an external valuation



(1) Prior charge-offs represents activity on existing accounts as of 12/31/09, not cumulative for the portfolio

(2) Credit mark = (ACL + prior charge-offs) / (outstandings + prior charge-offs)

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2010 Outlook

- Economy stabilizes at or near its current level throughout the year
- Net charge-offs and provision expense meaningfully below 2009 levels
- Allowance for credit losses expected to decline on an absolute basis from 12/31/09 level, reflecting utilization of existing reserves for elevated inherent losses
- Net interest margin that is up from 3.19% level of 4Q09
- Core deposit growth expected to remain strong
- Loans expected to be flat-to-up slightly, reflecting increases in C&I and certain consumer segments with CRE declining
- Fee income that is flat-to-down slightly from 4Q09 level, primarily reflecting increases in asset management and brokerage/insurance revenues, offset by NSF/OD challenges in deposit service charges
- Expenses that increase, reflecting investments in growth, and implementation of key strategic initiatives

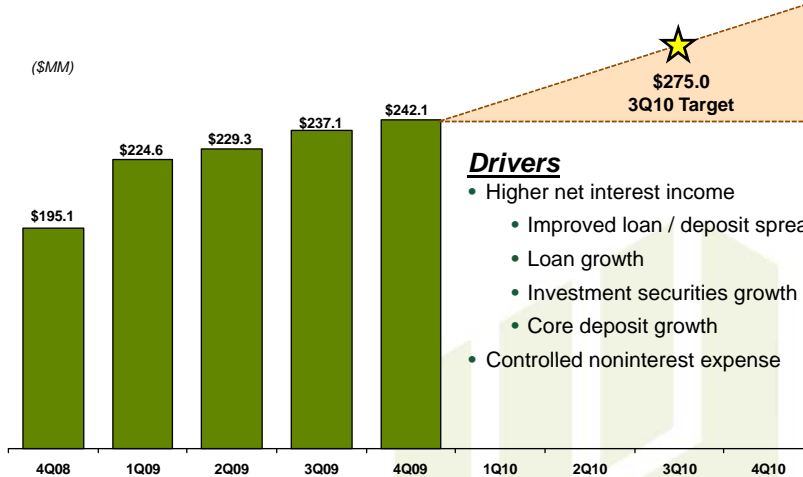
Return to quarterly profitability expected some time during 2010



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Improve Pre-Tax, Pre-Provision Income ⁽¹⁾

(\$MM)



Drivers

- Higher net interest income
 - Improved loan / deposit spreads
 - Loan growth
 - Investment securities growth
 - Core deposit growth
- Controlled noninterest expense



(1) See Basis of Presentation for definition, as well as reconciliation slide in the Appendix

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Important Messages

- In-depth review of portfolios, as well as the strengthening of our credit management and review process begun in January 2009, is completed
- Reserves are strong and we are better positioned to continue to address the resolution of problem credits
- Rate of increase in "criticized" and "classified" loans, and inflow into NPAs, are slowing
- Net charge-offs and provision expense peaked in 2009
- The segmentation of our CRE portfolio provides greater transparency and facilitates its further reduction, which will improve our loan mix
- Significant progress in addressing key commercial portfolio concerns
 - Franklin
 - CRE – Single family homebuilder
- Consumer portfolio continues to perform within expectations, and we believe will continue to outperform on a relative basis to peers
- We are not yet out of this economic cycle with negative credit migration still expected, although at slower rates than in 2009



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Important Messages

- Liquidity is very strong
- Funding mix is much stronger and balanced with the significant increase in core deposits as we grow households and business relationships
- Sufficient capital to weather a stressed economic scenario with no current plans to raise new capital
- Better positioned to repay TARP capital
- Continuing to make progress in growing pre-tax, pre-provision earnings... set an aggressive, yet achievable, goal of \$275 million for 3Q10
- Continuing to strengthen management team and depth of expertise at all levels
- Shifted to offense with the implementation of the strategic plan underway and impacting decisions
- Making investments targeted to grow key fee businesses

Return to quarterly profitability expected some time during 2010