HUNTINGTON BANCSHARES INC/MD
Form 10-Q
October 31, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

QUARTERLY PERIOD ENDED September 30, 2012

Commission File Number 1-34073

Huntington Bancshares Incorporated

Maryland	**31-0724920**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

41 South High Street, Columbus, Ohio 43287

Registrant s telephone number (614) 480-8300

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 and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes ¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨ Yes x No

There were 855,485,376 shares of Registrant s common stock ($0.01 par value) outstanding on September 30, 2012.

Table of Contents

HUNTINGTON BANCSHARES INCORPORATED

INDEX

Table of Contents

Glossary of Acronyms and Terms

The following listing provides a comprehensive reference of common acronyms and terms used throughout the document:

2011 Form 10-K	Annual Report on Form 10-K for the year ended December 31, 2011
ABL	Asset Based Lending
ACL	Allowance for Credit Losses
AFCRE	Automobile Finance and Commercial Real Estate
ALCO	Asset & Liability Management Committee
ALLL	Allowance for Loan and Lease Losses
ARM	Adjustable Rate Mortgage
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	Automated Teller Machine
AULC	Allowance for Unfunded Loan Commitments
AVM	Automated Valuation Methodology
C&I	Commercial and Industrial
CapPR	Capital Plan Review
CCAR	Comprehensive Capital Analysis and Review
CDO	Collateralized Debt Obligations
CDs	Certificates of Deposit
CMO	Collateralized Mortgage Obligations
CRE	Commercial Real Estate
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EPS	Earnings Per Share
EVE	Economic Value of Equity
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FHA	Federal Housing Administration
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FICA	Federal Insurance Contributions Act
FICO	Fair Isaac Corporation
FNMA	Federal National Mortgage Association
FRB	Federal Reserve Bank
FTE	Fully-Taxable Equivalent
FTP	Funds Transfer Pricing
GAAP	Generally Accepted Accounting Principles in the United States of America
HAMP	Home Affordable Modification Program
HARP	Home Affordable Refinance Program
IRS	Internal Revenue Service
ISE	Interest Sensitive Earnings
LIBOR	London Interbank Offered Rate
LGD	Loss-Given-Default
LTV	Loan to Value
MD&A	Management s Discussion and Analysis of Financial Condition and Results of Operations
MSA	Metropolitan Statistical Area

MSR	Mortgage Servicing Rights
NALs	Nonaccrual Loans
NCO	Net Charge-off
NPAs	Nonperforming Assets
NPR	Notice of Proposed Rulemaking
N.R.	Not relevant. Denominator of calculation is a gain in the current period compared with a loss in the prior period, or vice-versa.
OCC	Office of the Comptroller of the Currency
OCI	Other Comprehensive Income (Loss)
OCR	Optimal Customer Relationship
OLEM	Other Loans Especially Mentioned
OREO	Other Real Estate Owned
OTTI	Other-Than-Temporary Impairment
PD	Probability-Of-Default
Plan	Huntington Bancshares Retirement Plan
Problem Loans	Includes nonaccrual loans and leases (Table 17), troubled debt restructured loans (Table 18), accruing loans and leases past due 90 days or more (aging analysis section of Footnote 3), and Criticized commercial loans (credit quality indicators section of Footnote 3).
REIT	Real Estate Investment Trust
ROC	Risk Oversight Committee
SAD	Special Assets Division
SBA	Small Business Administration
SEC	Securities and Exchange Commission
SERP	Supplemental Executive Retirement Plan
SRIP	Supplemental Retirement Income Plan
TDR	Troubled Debt Restructured Loan
U.S. Treasury	U.S. Department of the Treasury
UCS	Uniform Classification System
UPB	Unpaid Principal Balance
USDA	U.S. Department of Agriculture
VA	U.S. Department of Veteran Affairs
VIE	Variable Interest Entity
WGH	Wealth Advisors, Government Finance, and Home Lending

Table of Contents

PART I. FINANCIAL INFORMATION

When we refer to we, our, and us in this report, we mean Huntington Bancshares Incorporated and our consolidated subsidiaries, unless the context indicates that we refer only to the parent company, Huntington Bancshares Incorporated. When we refer to the Bank in this report, we mean our only bank subsidiary, The Huntington National Bank, and its subsidiaries.

Item 2: Management s Discussion and Analysis of Financial Condition and Results of Operations

INTRODUCTION

We are a multi-state diversified regional bank holding company organized under Maryland law in 1966 and headquartered in Columbus, Ohio. Through the Bank, we have 145 years of servicing the financial needs of our customers. Through our subsidiaries, we provide full-service commercial and consumer banking services, mortgage banking services, automobile financing, equipment leasing, investment management, trust services, brokerage services, customized insurance service programs, and other financial products and services. Our over 690 banking offices are located in Indiana, Kentucky, Michigan, Ohio, Pennsylvania, and West Virginia. Selected financial services and other activities are also conducted in various other states. International banking services are available through the headquarters office in Columbus, Ohio and a limited purpose office located in the Cayman Islands and another limited purpose office located in Hong Kong. Our foreign banking activities, in total or with any individual country, are not significant.

This MD&A provides information we believe necessary for understanding our financial condition, changes in financial condition, results of operations, and cash flows. The MD&A included in our 2011 Form 10-K should be read in conjunction with this MD&A as this discussion provides only material updates to the 2011 Form 10-K. This MD&A should also be read in conjunction with the financial statements, notes and other information contained in this report.

Our discussion is divided into key segments:

Executive Overview Provides a summary of our current financial performance, and business overview, including our thoughts on the impact of the economy, legislative and regulatory initiatives, and recent industry developments. This section also provides our outlook regarding our expectations for the remainder of 2012.

Discussion of Results of Operations Reviews financial performance from a consolidated Company perspective. It also includes a Significant Items section that summarizes key issues helpful for understanding performance trends. Key consolidated average balance sheet and income statement trends are also discussed in this section.

Risk Management and Capital Discusses credit, market, liquidity, operational, and compliance risks, including how these are managed, as well as performance trends. It also includes a discussion of liquidity policies, how we obtain funding, and related performance. In addition, there is a discussion of guarantees and / or commitments made for items such as standby letters of credit and commitments to sell loans, and a discussion that reviews the adequacy of capital, including regulatory capital requirements.

Business Segment Discussion Provides an overview of financial performance for each of our major business segments and provides additional discussion of trends underlying consolidated financial performance.

Additional Disclosures Provides comments on important matters including forward-looking statements, critical accounting policies and use of significant estimates, recent accounting pronouncements and developments, and acquisitions.

A reading of each section is important to understand fully the nature of our financial performance and prospects.

5

EXECUTIVE OVERVIEW

Summary of 2012 Third Quarter Results

For the quarter, we reported net income of $167.8 million, or $0.19 per common share, compared with $152.7 million, or $0.17 per common share, in the prior quarter (*see Table 1*).

Fully-taxable equivalent net interest income was $435.6 million for the quarter, up $0.8 million, or less than 1%, from the prior quarter. The increase reflected the benefit of a $0.3 billion, or 1%, increase in average earning assets, partially offset by a 4 basis point decrease in the fully-taxable equivalent net interest margin to 3.38% from 3.42%. The 4 basis point decrease in the net interest margin reflected the negative impact of a 10 basis point decline in the yield on earning assets, 6 basis points of which were related to the yield on loans. This was partially offset by the benefit of a 6 basis point reduction in total funding costs.

The provision for credit losses increased $0.5 million, or 1%, from the prior quarter. This reflected a $20.9 million, or 25%, increase in NCOs to $105.1 million, or an annualized 1.05% of average total loans and leases, from $84.2 million, or an annualized 0.82%, in the prior quarter. Of this quarter s NCOs, $33.0 million related to regulatory guidance requiring loans discharged under Chapter 7 bankruptcy to be charged down to their collateral value. Approximately 90% of these borrowers continue to make payments as scheduled. Partially offsetting the increase in NCOs was significant improvement in asset quality trends, resulting in lower calculated reserves.

Total noninterest income increased $7.2 million, or 3%, from the prior quarter. This included a $6.3 million, or 16%, increase in mortgage banking income and a $3.8 million increase in securities gains. Gain on sale of loans increased $2.5 million, or 60%, due to the sale of $0.2 billion of automobile loans that we classified as held for sale at the end of the prior quarter. These positive impacts were partially offset by a $4.4 million, or 16%, decrease in other income as the prior quarter included a gain on the sale of affordable housing investments.

Noninterest expense increased $14.0 million, or 3%, from the prior quarter. This included a $4.7 million, or 2%, increase in personnel costs primarily reflecting higher healthcare costs and a $4.4 million increase in the cost associated with early extinguishment of trust preferred securities that were redeemed during the quarter. Noninterest expense included $4.5 million of expense related to the development of infrastructure and systems to support the Federal Reserve CCAR process.

The period-end ACL as a percentage of total loans and leases decreased to 2.09% from 2.28% in the prior quarter. The ACL as a percentage of period end NALs was essentially unchanged, decreasing 3 percentage points to 189%. NALs declined by $29.1 million, or 6%, to $445.0 million, or 1.11% of total loans, during the quarter despite a $63.0 million increase associated with the revised treatment of Chapter 7 bankruptcy consumer loans.

Our Tier 1 common risk-based capital ratio at September 30, 2012, was 10.27%, up from 10.08% at June 30, 2012, and our tangible common equity ratio increased to 8.74% from 8.41% over this same period. The regulatory Tier 1 risk-based capital ratio at September 30, 2012, was 11.87%, down from 11.93%, at June 30, 2012. This decline reflected the capital actions taken throughout the quarter and are discussed below.

Over the quarter, and consistent with planned capital actions, we redeemed $114.3 million of trust preferred securities and repurchased 3.7 million common shares at an average price of $6.68 per share. The weighted average coupon of the remaining $300 million of trust preferred securities is LIBOR + 1.02%. Reinvesting excess capital to grow the business organically remains our first priority. Importantly, through dividends and share repurchases, we have the flexibility, subject to market conditions, to return a meaningful amount of our earnings to the owners of the company.

Business Overview

General

Our general business objectives are: (1) grow net interest income and fee income, (2) increase cross-sell and share-of-wallet across all business segments, (3) improve efficiency ratio, (4) continue to strengthen risk management, including sustained improvement in credit metrics, and (5) maintain strong capital and liquidity positions.

The third quarter results clearly showed the continued benefit of the investment we have made over the preceding three years. Adding over 250,000 consumer households, a 27% increase, and 26,000 commercial relationships, or 21% increase, since the first quarter of 2010 has allowed us to grow quarterly total revenue by more than $59 million even with the negative impacts from the low absolute level of interest rates, the flat shape of the yield curve, and the reduction of over $25 million revenue per quarter due to the Durbin amendment and implementation of changes to Regulation E. Not only are we gaining customers, we are selling deeper with 76% of consumer checking account households and 33% of commercial relationships now with 4 or more products or services. Strategic investments have a maximum of two years to break even with many reaching that level in the first year. A portion of our strategic investments remain in the early stages, such as our strategy to build over 180 in-store full service branches. The in-store branches are on target with the estimated aggregate impact to operating income negligible next year and positive in 2014.

Table of Contents

Economy

We continue to see positive trends within our Midwest markets relative to the broader United States. Nevertheless, broad based customer sentiment began to change late in the quarter. Customers have increased concerns, in the near term, regarding the U.S. economy as we approach the election and scheduled impacts of the Budget Control Act of 2011. We are optimistic that once permanent solutions are in place, the strength of the Midwest and the soundness of our strategy will continue to drive growth and improved profitability.

Generally, our footprint large metropolitan statistical areas (MSA) unemployment rates were below the national average as of July 2012. In addition, our footprint states have continued to be strong export states. For the three-month average ending July 2012, exports from our footprint states were 8.5% greater than the same period last year. By comparison, overall U.S. exports were 5.1% higher. Office vacancy rates in our footprint MSAs were above the national vacancy rate in the prior quarter, but have generally remained on declining trends.

While our footprint has clearly benefited from certain aspects of this recovery, the United States and global economies continue to experience elevated levels of volatility and uncertainty.

Legislative and Regulatory

Regulatory reforms continue to be adopted which impose additional restrictions on current business practices. Recent actions affecting us include the Federal Reserve BASEL III proposal and the capital plans rule.

BASEL III and the Dodd-Frank Act In June 2012, the FRB, OCC, and FDIC (collectively, the Agencies) each issued Notices of Proposed Rulemaking (NPRs) that would revise and replace the Agencies current capital rules to align with the BASEL III capital standards and meet certain requirements of the Dodd-Frank Act. Certain requirements of the NPRs would establish more restrictive capital definitions, higher risk-weightings for certain asset classes, capital buffers and higher minimum capital ratios. The NPRs were in a comment period through October 22, 2012, and are subject to further modification by the Agencies. We are currently evaluating the impact of the NPRs on our regulatory capital ratios. We estimate a reduction of approximately 150 basis points to our BASEL I Tier I Common risk-based capital ratio based on our existing balance sheet composition, if the proposed NPRs are adopted as proposed. We anticipate that our capital ratios, on a BASEL III basis, would continue to exceed the well-capitalized minimum requirements. For additional discussion, please see BASEL III and the Dodd-Frank Act section within the Capital section.

Capital Plans Rule / Supervisory and Company-Run Stress Test Requirements During 2011, we participated in the Federal Reserve s Capital Plan Review (CapPR) process and made our capital plan submission in January 2012. On March 14, 2012, we announced that the Federal Reserve had completed its review of our capital plan submission and did not object to our proposed capital actions. The capital planning review process included reviews of our internal capital adequacy assessment process and our plans to make capital distributions, such as dividend payments or stock repurchases, as well as a stress test requirement designed to test our capital adequacy throughout times of economic and financial stress.

In October 2012, the Federal Reserve published two final rules with stress testing requirements for certain bank holding companies, state member banks, and savings and loan holding companies. The final rules implement sections 165(i)(1) and (i)(2) of the Dodd-Frank Act that require supervisory and company-run stress tests. The Federal Reserve will begin conducting supervisory stress tests under the final rules in the 2012 fourth quarter for the 19 bank holding companies that participated in the 2009 Supervisory Capital Assessment Program and subsequent Comprehensive Capital Analysis and Reviews. We were not included in this group of 19 bank holding companies.

Huntington will be subject to the Federal Reserve s supervisory stress tests beginning in late 2013, however as in the prior year, we are subject to CapPR and will conduct internal stress testing as part of the completion of our annual Capital Plan. The Federal Reserve is expected to release the scenarios for this year s supervisory and company-run stress tests no later than November 15, 2012. As required by the Dodd-Frank Act, the scenarios will describe hypothetical baseline, adverse, and severely adverse conditions, with paths for key macroeconomic and financial variables. We must submit our Capital Plan to the Federal Reserve no later than January 5, 2013.

In October 2012, the OCC issued its Annual Stress Test final rule. This final rule implements section 165(i) of the Dodd-Frank Act which requires certain companies to conduct annual stress tests pursuant to regulations prescribed by their respective primary financial regulatory agencies. The OCC has stipulated in its final rule that it will consult closely with the Federal Reserve to provide common stress scenarios for use at both the depository institution and holding company levels. The OCC has deferred the requirement for us to complete separate annual stress tests at the bank-level until next year. For additional discussion, please see Updates to Risk Factors within the Additional Disclosures section.

Table of Contents

Expectations

For the next several quarters, average net interest income is expected to be relatively stable from the third quarter s level as we anticipate an increase in total loans, excluding the impacts of any future loan securitizations. Those benefits to net interest income are expected to be mostly offset, however, by slight downward net interest margin pressure due to the anticipated competitive pressures on loan pricing, as well as reinvestment into lower rate securities, and declining positive impacts from deposit repricing. The C&I portfolio is expected to continue to show growth. Although, given the most recent trend, we are expecting near-term growth to be slower than the strong growth we experienced earlier this year. Our C&I sales pipeline remains robust with much of this reflecting the positive impact from our strategic initiatives, focused OCR sales process, and continued support of middle market and small business lending in the Midwest. We will continue to evaluate the use of automobile loan securitizations to limit total on-balance sheet exposure due to our expectation of continued strong levels of originations. On October 11, 2012, a $1.0 billion automobile loan securitization was completed and resulted in a gain of approximately $17 million. Residential mortgages and home equity loan balances are expected to be relatively stable in response to the proposed capital rules recently released by our regulators. CRE loans likely will experience declines from current levels.

Excluding potential future automobile loan securitizations, we anticipate the increase in total loans will modestly outpace growth in total deposits. This reflects our continued focus on our overall cost of funds and the continued shift towards low- and no-cost demand deposits and money market deposit accounts.

Noninterest income, excluding the impact of any automobile loan sales or security gains and any net MSR impact, is expected to be relatively stable at current levels. Continued growth in new customers and increased contribution from increased cross-sell are expected to be offset by a slowdown in mortgage banking activity.

Noninterest expense is expected to modestly increase above the 2012 third quarter level. For the full year, we continue to anticipate positive operating leverage and modest improvement in our expense efficiency ratio. Additional regulatory costs and expenses associated with strategic actions, including the planned opening of over 80 in-store branches this year, are expected to be partially offset by our focus on improving expense efficiencies throughout the company.

Credit quality is expected to experience improvement. The level of provision for credit losses in the first three quarters of the year was at the low end of our long-term expectation, and we expect some quarterly volatility given the absolute low level of the provision for credit losses and the uncertain and uneven nature of the economic recovery.

We anticipate the effective tax rate for the 2012 fourth quarter to approximate 24% to 26%, which includes permanent tax benefits primarily related to tax-exempt income, tax-advantaged investments, and general business credits.

Table of Contents

DISCUSSION OF RESULTS OF OPERATIONS

This section provides a review of financial performance from a consolidated perspective. It also includes a Significant Items section that summarizes key issues important for a complete understanding of performance trends. Key Unaudited Condensed Consolidated Balance Sheet and Unaudited Condensed Statement of Income trends are discussed. All earnings per share data are reported on a diluted basis. For additional insight on financial performance, please read this section in conjunction with the Business Segment Discussion.

Table of Contents

Table 1 - Selected Quarterly Income Statement Data (1)

	2012			2011	
(dollar amounts in thousands, except per share amounts)	**Third**	Second	First	Fourth	Third
Interest income	**$ 483,787**	$ 487,544	$ 479,937	$ 485,216	$ 490,996
Interest expense	**53,489**	58,582	62,728	70,191	84,518
Net interest income	**430,298**	428,962	417,209	415,025	406,478
Provision for credit losses	**37,004**	36,520	34,406	45,291	43,586
Net interest income after provision for credit losses	**393,294**	392,442	382,803	369,734	362,892
Service charges on deposit accounts	**67,806**	65,998	60,292	63,324	65,184
Trust services	**29,689**	29,914	30,906	28,775	29,473
Electronic banking	**22,135**	20,514	18,630	18,282	32,901
Mortgage banking income	**44,614**	38,349	46,418	24,098	12,791
Brokerage income	**16,526**	19,025	19,260	18,688	20,349
Insurance income	**17,792**	17,384	18,875	17,906	17,220
Bank owned life insurance income	**14,371**	13,967	13,937	14,271	15,644
Capital markets fees	**11,805**	13,455	9,982	9,811	11,256
Gain on sale of loans	**6,591**	4,131	26,770	2,884	19,097
Automobile operating lease income	**2,146**	2,877	3,775	4,727	5,890
Securities gains (losses)	**4,169**	350	(613)	(3,878)	(1,350)
Other income	**23,423**	27,855	37,088	30,464	30,104
Total noninterest income	**261,067**	253,819	285,320	229,352	258,559
Personnel costs	**247,709**	243,034	243,498	228,101	226,835
Outside data processing and other services	**49,880**	48,149	42,058	53,422	49,602
Net occupancy	**27,599**	25,474	29,079	26,841	26,967
Equipment	**25,950**	24,872	25,545	25,884	22,262
Deposit and other insurance expense	**15,534**	15,731	20,738	18,481	17,492
Marketing	**20,178**	21,365	16,776	16,379	22,251
Professional services	**18,024**	15,458	11,230	16,769	20,281
Amortization of intangibles	**11,431**	11,940	11,531	13,175	13,387
Automobile operating lease expense	**1,619**	2,183	2,854	3,362	4,386
OREO and foreclosure expense	**4,982**	4,106	4,950	5,009	4,668
Loss (Gain) on early extinguishment of debt	**1,782**	(2,580)		(9,697)	
Other expense	**33,615**	34,537	54,417	32,548	30,987
Total noninterest expense	**458,303**	444,269	462,676	430,274	439,118
Income before income taxes	**196,058**	201,992	205,447	168,812	182,333
Provision for income taxes	**28,291**	49,286	52,177	41,954	38,942
Net income	**$ 167,767**	$ 152,706	$ 153,270	$ 126,858	$ 143,391
Dividends on preferred shares	**7,983**	7,984	8,049	7,703	7,703
Net income applicable to common shares	**$ 159,784**	$ 144,722	$ 145,221	$ 119,155	$ 135,688
Average common shares basic	**857,871**	862,261	864,499	864,136	863,911
Average common shares diluted	**863,588**	867,551	869,164	868,156	867,633
Net income per common share basic	**$ 0.19**	$ 0.17	$ 0.17	$ 0.14	$ 0.16
Net income per common share diluted	**0.19**	0.17	0.17	0.14	0.16

Cash dividends declared per common share	**0.04**	0.04	0.04	0.04	0.04
Return on average total assets	**1.19%**	1.10%	1.13%	0.92%	1.05%
Return on average common shareholders equity	**11.9**	11.1	11.4	9.3	10.8
Return on average tangible common shareholders equity (2)	**13.9**	13.1	13.5	11.2	13.0
Net interest margin (3)	**3.38**	3.42	3.40	3.38	3.34
Efficiency ratio (4)	**64.5**	62.8	63.8	64.0	63.5
Effective tax rate	**14.4**	24.4	25.4	24.9	21.4
Revenue FTE					
Net interest income	**$ 430,298**	$ 428,962	$ 417,209	$ 415,025	$ 406,478
FTE adjustment	**5,254**	5,747	3,935	3,479	3,658
Net interest income (3)	**435,552**	434,709	421,144	418,504	410,136
Noninterest income	**261,067**	253,819	285,320	229,352	258,559
Total revenue (3)	**$ 696,619**	$ 688,528	$ 706,464	$ 647,856	$ 668,695

(1) Comparisons for presented periods are impacted by a number of factors. Refer to Significant Items.

(2) Net income excluding expense for amortization of intangibles for the period divided by average tangible common shareholders equity. Average tangible common shareholders equity equals average total common shareholders equity less average intangible assets and goodwill. Expense for amortization of intangibles and average intangible assets are net of deferred tax liability, and calculated assuming a 35% tax rate.

(3) On a fully-taxable equivalent (FTE) basis assuming a 35% tax rate.

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

Table of Contents

Table 2 - Selected Year to Date Income Statement Data(1)

(dollar amounts in thousands, except per share amounts)	Nine Months Ended September 30, **2012**	2011	Change Amount	Percent
Interest income	**$ 1,451,268**	$ 1,485,010	$ (33,742)	(2)%
Interest expense	**174,799**	270,865	(96,066)	(35)
Net interest income	**1,276,469**	1,214,145	62,324	5
Provision for credit losses	**107,930**	128,768	(20,838)	(16)
Net interest income after provision for credit losses	**1,168,539**	1,085,377	83,162	8
Service charges on deposit accounts	**194,096**	180,183	13,913	8
Trust services	**90,509**	90,607	(98)	
Electronic banking	**61,279**	93,415	(32,136)	(34)
Mortgage banking income	**129,381**	59,310	70,071	118
Brokerage income	**54,811**	61,679	(6,868)	(11)
Insurance income	**54,051**	51,564	2,487	5
Bank owned life insurance income	**42,275**	48,065	(5,790)	(12)
Capital markets fees	**35,242**	26,729	8,513	32
Gain on sale of loans	**37,492**	29,060	8,432	29
Automobile operating lease income	**8,798**	22,044	(13,246)	(60)
Securities gains (losses)	**3,906**	197	3,709	1,883
Other income	**88,366**	88,418	(52)	
Total noninterest income	**800,206**	751,271	48,935	7
Personnel costs	**734,241**	664,433	69,808	11
Outside data processing and other services	**140,087**	133,773	6,314	5
Net occupancy	**82,152**	82,288	(136)	
Equipment	**76,367**	66,660	9,707	15
Deposit and other insurance expense	**52,003**	59,211	(7,208)	(12)
Marketing	**58,319**	59,248	(929)	(2)
Professional services	**44,712**	53,826	(9,114)	(17)
Amortization of intangibles	**34,902**	40,143	(5,241)	(13)
Automobile operating lease expense	**6,656**	16,656	(10,000)	(60)
OREO and foreclosure expense	**14,038**	12,997	1,041	8
Gain on early extinguishment of debt	**(798)**		(798)	
Other expense	**122,569**	108,991	13,578	12
Total noninterest expense	**1,365,248**	1,298,226	67,022	5
Income before income taxes	**603,497**	538,422	65,075	12
Provision for income taxes	**129,754**	122,667	7,087	6
Net income	**$ 473,743**	$ 415,755	$ 57,988	14%
Dividends declared on preferred shares	**24,016**	23,110	906	4
Net income applicable to common shares	**$ 449,727**	$ 392,645	$ 57,082	15%
Average common shares basic	**861,543**	863,542	(1,999)	%
Average common shares diluted (2)	**866,768**	867,446	(678)	
Per common share				

Net income per common share - basic	**$ 0.52**	$ 0.45	$ 0.07	16%
Net income per common share - diluted	**0.52**	0.45	0.07	16
Cash dividends declared	**0.12**	0.06	0.06	100
Return on average total assets	**1.14%**	1.04%	0.10%	10%
Return on average common shareholders equity	**11.5**	10.9	0.6	6
Return on average tangible common shareholders equity (3)	**13.5**	13.2	0.3	2
Net interest margin (4)	**3.40**	3.39	0.01	
Efficiency ratio (5)	**63.7**	63.6	0.1	
Effective tax rate	**21.5**	22.8	(1.3)	(6)
Revenue FTE				
Net interest income	**$ 1,276,469**	$ 1,214,145	$ 62,324	5%
FTE adjustment	**14,936**	11,437	3,499	31
Net interest income (4)	**1,291,405**	1,225,582	65,823	5
Noninterest income	**800,206**	751,271	48,935	7
Total revenue (4)	**$ 2,091,611**	$ 1,976,853	$ 114,758	6%

12

Table of Contents

(1) Comparisons for presented periods are impacted by a number of factors. Refer to Significant Items.

(2) For all periods presented, the impact of the preferred stock issued in 2008 and the warrants issued to the U.S. Department of the Treasury in 2008 related to Huntington s participation in the voluntary Capital Purchase Program was excluded from the diluted share calculation because the result was more than basic earnings per common share (anti-dilutive) for the periods. The preferred stock and warrants were repurchased in December 2010 and January 2011, respectively.

(3) Net income excluding expense for amortization of intangibles for the period divided by average tangible common shareholders equity. Average tangible common shareholders equity equals average total common shareholders equity less average intangible assets and goodwill. Expense for amortization of intangibles and average intangible assets are net of deferred tax liability, and calculated assuming a 35% tax rate.

(4) On a fully-taxable equivalent (FTE) basis assuming a 35% tax rate.

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

Significant Items

Definition of Significant Items

From time-to-time, revenue, expenses, or taxes, are impacted by items judged by us 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 us at that time to be infrequent 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, litigation actions, etc. In other cases, they may result from our decisions associated with significant corporate actions outside 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.

We believe the disclosure of Significant Items provides a better understanding of our performance and trends to ascertain which of such items, if any, to include or exclude from an analysis of our performance; i.e., within the context of determining how that performance differed from expectations, as well as how, if at all, to adjust estimates of future performance accordingly. To this end, we adopted a practice of listing Significant Items in our 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.

Significant Items Influencing Financial Performance Comparisons

Earnings comparisons were impacted by the Significant Items summarized below:

1. **Litigation Reserve.** $23.5 million and $17.0 million of additions to litigation reserves were recorded as other noninterest expense in the first quarter of 2012 and 2011, respectively. This resulted in a negative impact of $0.02 per common share in 2012 and $0.01 per common share in 2011 for both the quarterly and year-to-date basis.

2. **Bargain Purchase Gain.** During the 2012 first quarter, an $11.4 million bargain purchase gain associated with the FDIC-assisted Fidelity Bank acquisition was recorded in noninterest income. This resulted in a positive impact of $0.01 per common share for both the quarterly and year-to-date basis.

3. **State deferred tax asset valuation allowance adjustment.** During the 2012 third quarter, a valuation allowance of $19.5 million (net of tax) was released for the portion of the deferred tax asset and state net operating loss carryforwards expected to be realized. This resulted in a positive impact of $0.02 per common share for both the quarterly and year-to-date basis. Additional information

can be found in the Provision for Income Taxes section within this MD&A.

13

Table of Contents

The following table reflects the earnings impact of the above-mentioned Significant Items for periods affected by this Results of Operations discussion:

Table 3 - Significant Items Influencing Earnings Performance Comparison

	Three Months Ended					
	September 30, 2012		June 30, 2012		September 30, 2011	
(dollar amounts in thousands, except per share amounts)	**After-tax**	**EPS (2)**	After-tax	EPS (2)	After-tax	EPS (2)
Net income	**$ 167,767**		$ 152,706		$ 143,391	
Earnings per share, after-tax		**$ 0.19**		$ 0.17		$ 0.16
Change from prior quarter - $		**0.02**				
Change from prior quarter - %		**12%**		%		%
Change from year-ago - $		**$ 0.03**		$ 0.01		$ 0.06
Change from year-ago - %		**19%**		6%		60%
Significant Items - favorable (unfavorable) impact:	**Earnings (1)**	**EPS (2)**	Earnings (1)	EPS (2)	Earnings (1)	EPS (2)
State deferred tax asset valuation allowance adjustment (2)	**$ 19,513**	**$ 0.02**	$	$	$	$

(1) Pretax unless otherwise noted.
(2) After-tax.

	Nine Months Ended			
	September 30, 2012		September 30, 2011	
(dollar amounts in thousands)	**After-tax**	**EPS (2)**	After-tax	EPS (2)
Net income	**$ 473,743**		$ 415,755	
Earnings per share, after-tax		**$ 0.52**		$ 0.45
Change from a year-ago - $		**0.07**		0.31
Change from a year-ago - %		**16%**		221%
Significant Items favorable (unfavorable) impact:	**Earnings (1)**	**EPS (2)**	Earnings (1)	EPS (2)
State deferred tax asset valuation allowance adjustment (2)	**$ 19,513**	**$ 0.02**	$	$
Bargain purchase gain	**11,409**	**0.01**		
Litigation reserves addition	**(23,500)**	**(0.02)**	(17,028)	(0.01)

(1) Pretax unless otherwise noted.
(2) After-tax.

Net Interest Income / Average Balance Sheet

The following tables detail the change in our average balance sheet and the net interest margin:

Table of Contents

Table 4 - Consolidated Quarterly Average Balance Sheets

	Average Balances					Change	
	2012			2011		3Q12 vs. 3Q11	
(dollar amounts in millions)	**Third**	Second (2)	First	Fourth	Third	Amount	Percent
Assets:							
Interest-bearing deposits in banks	**$ 82**	$ 124	$ 100	$ 107	$ 164	$ (82)	(50)%
Trading account securities	**66**	54	50	81	92	(26)	(28)
Loans held for sale	**1,829**	410	1,265	316	237	1,592	672
Available-for-sale and other securities:							
Taxable	**8,014**	8,285	8,171	8,065	7,902	112	1
Tax-exempt	**423**	387	404	409	421	2	
Total available-for-sale and other securities	**8,437**	8,672	8,575	8,474	8,323	114	1
Held-to-maturity securities taxable	**796**	611	632	650	665	131	20
Loans and leases: (1)							
Commercial:							
Commercial and industrial	**16,343**	16,094	14,824	14,219	13,664	2,679	20
Commercial real estate:							
Construction	**569**	584	598	533	670	(101)	(15)
Commercial	**5,153**	5,491	5,254	5,425	5,441	(288)	(5)
Commercial real estate	**5,722**	6,075	5,852	5,958	6,111	(389)	(6)
Total commercial	**22,065**	22,169	20,676	20,177	19,775	2,290	12
Consumer:							
Automobile	**4,065**	4,985	4,576	5,639	6,211	(2,146)	(35)
Home equity	**8,369**	8,310	8,234	8,149	8,002	367	5
Residential mortgage	**5,177**	5,253	5,174	5,043	4,788	389	8
Other consumer	**444**	462	485	511	521	(77)	(15)
Total consumer	**18,055**	19,010	18,469	19,342	19,522	(1,467)	(8)
Total loans and leases	**40,120**	41,179	39,145	39,519	39,297	823	2
Allowance for loan and lease losses	**(855)**	(908)	(961)	(1,014)	(1,066)	211	(20)
Net loans and leases	**39,265**	40,271	38,184	38,505	38,231	1,034	3
Total earning assets	**51,330**	51,050	49,767	49,147	48,778	2,552	5
Cash and due from banks	**960**	928	1,012	1,671	1,700	(740)	(44)
Intangible assets	**597**	609	613	625	639	(42)	(7)
All other assets	**4,106**	4,158	4,225	4,221	4,142	(36)	(1)
Total assets	**$ 56,138**	$ 55,837	$ 54,656	$ 54,650	$ 54,193	$ 1,945	4%
Liabilities and Shareholders Equity:							
Deposits:							
Demand deposits - noninterest-bearing	**$ 12,329**	$ 12,064	$ 11,273	$ 10,716	$ 8,719	$ 3,610	41%
Demand deposits - interest-bearing	**5,814**	5,939	5,646	5,570	5,573	241	4
Money market deposits	**14,515**	13,182	13,141	13,594	13,321	1,194	9
Savings and other domestic deposits	**4,975**	4,978	4,817	4,706	4,752	223	5
Core certificates of deposit	**6,131**	6,618	6,510	6,769	7,592	(1,461)	(19)
Total core deposits	**43,764**	42,781	41,387	41,355	39,957	3,807	10

Other domestic time deposits of $250,000 or more	**300**	298	347	405	387	(87)	(22)
Brokered deposits and negotiable CDs	**1,878**	1,421	1,301	1,410	1,533	345	23
Deposits in foreign offices	**356**	357	430	434	401	(45)	(11)
Total deposits	**46,298**	44,857	43,465	43,604	42,278	4,020	10
Short-term borrowings	**1,329**	1,391	1,512	1,728	2,251	(922)	(41)
Federal Home Loan Bank advances	**107**	626	419	29	285	(178)	(62)
Subordinated notes and other long-term debt	**1,638**	2,251	2,652	2,866	3,030	(1,392)	(46)
Total interest-bearing liabilities	**37,043**	37,061	36,775	37,511	39,125	(2,082)	(5)
All other liabilities	**1,035**	1,094	1,116	978	1,017	18	2
Shareholders equity	**5,731**	5,618	5,492	5,445	5,332	399	7
Total liabilities and shareholders equity	**$ 56,138**	$ 55,837	$ 54,656	$ 54,650	$ 54,193	$ 1,945	4%

(1) For purposes of this analysis, NALs are reflected in the average balances of loans.
(2) The acquisition of Fidelity Bank on March 30, 2012, contributed to the increase in average loans and deposits

Table of Contents

Table 5 - Consolidated Quarterly Net Interest Margin Analysis

	Average Rates (2)				
Fully-taxable equivalent basis (1)	**2012**			2011	
	Third	Second	First	Fourth	Third
Assets					
Interest-bearing deposits in banks	**0.21%**	0.31%	0.05%	0.06%	0.04%
Trading account securities	**1.07**	1.64	1.65	0.97	1.41
Loans held for sale	**3.18**	3.46	3.80	3.96	4.46
Available-for-sale and other securities:					
Taxable	**2.29**	2.33	2.39	2.37	2.43
Tax-exempt	**4.15**	4.23	4.17	4.22	4.17
Total available-for-sale and other securities	**2.39**	2.41	2.47	2.46	2.52
Held-to-maturity securities taxable	**2.81**	2.97	2.98	2.99	3.04
Loans and leases: (3)					
Commercial:					
Commercial and industrial	**3.90**	3.99	4.01	4.01	4.13
Commercial real estate:					
Construction	**3.84**	3.66	3.85	4.78	3.87
Commercial	**3.85**	3.93	3.82	3.91	3.91
Commercial real estate	**3.85**	3.89	3.82	3.99	3.91
Total commercial	**3.89**	3.97	3.96	4.01	4.06
Consumer:					
Automobile	**4.87**	4.68	4.87	4.80	4.89
Home equity	**4.27**	4.30	4.30	4.41	4.45
Residential mortgage	**4.02**	4.14	4.17	4.30	4.47
Other consumer	**7.16**	7.42	7.47	7.32	7.57
Total consumer	**4.40**	4.43	4.49	4.57	4.68
Total loans and leases	**4.12**	4.18	4.21	4.28	4.37
Total earning assets	**3.79%**	3.89%	3.91%	3.95%	4.02%
Liabilities					
Deposits:					
Demand deposits - noninterest-bearing	**%**	%	%	%	%
Demand deposits - interest-bearing	**0.07**	0.07	0.06	0.08	0.10
Money market deposits	**0.33**	0.30	0.26	0.32	0.41
Savings and other domestic deposits	**0.37**	0.39	0.45	0.52	0.69
Core certificates of deposit	**1.25**	1.38	1.60	1.69	1.95
Total core deposits	**0.47**	0.50	0.54	0.61	0.77
Other domestic time deposits of $250,000 or more	**0.68**	0.66	0.68	0.78	0.93
Brokered deposits and negotiable CDs	**0.71**	0.75	0.79	0.77	0.77
Deposits in foreign offices	**0.18**	0.19	0.18	0.19	0.26
Total deposits	**0.48**	0.51	0.55	0.61	0.77
Short-term borrowings	**0.16**	0.16	0.16	0.18	0.16
Federal Home Loan Bank advances	**0.50**	0.21	0.21	2.09	0.32

Subordinated notes and other long-term debt	**2.91**	2.83	2.74	2.56	2.43
Total interest-bearing liabilities	**0.58%**	0.63%	0.68%	0.74%	0.86%
Net interest rate spread	**3.15%**	3.18%	3.15%	3.15%	3.11%
Impact of noninterest-bearing funds on margin	**0.22**	0.25	0.25	0.23	0.22
Net interest margin	**3.38%**	3.42%	3.40%	3.38%	3.34%

(1) FTE yields are calculated assuming a 35% tax rate.
(2) Loan and lease and deposit average rates include impact of applicable derivatives, non-deferrable fees, and amortized deferred fees.
(3) For purposes of this analysis, NALs are reflected in the average balances of loans.

Table of Contents

Table 6 - Average Loans/Leases and Deposits

	Third Quarter		Second Quarter	3Q12 vs 3Q11		3Q12 vs 2Q12	
(dollar amounts in millions)	**2012**	2011	2012	Amount	Percent	Amount	Percent
Loans/Leases:							
Commercial and industrial	**$ 16,343**	$ 13,664	$ 16,094	$ 2,679	20%	$ 249	2%
Commercial real estate	**5,722**	6,111	6,075	(389)	(6)	(353)	(6)
Total commercial	**22,065**	19,775	22,169	2,290	12	(104)	(0)
Automobile	**4,065**	6,211	4,985	(2,146)	(35)	(920)	(18)
Home equity	**8,369**	8,002	8,310	367	5	59	1
Residential mortgage	**5,177**	4,788	5,253	389	8	(76)	(1)
Other loans	**444**	521	462	(77)	(15)	(18)	(4)
Total consumer	**18,055**	19,522	19,010	(1,467)	(8)	(955)	(5)
Total loans and leases	**$ 40,120**	$ 39,297	$ 41,179	$ 823	2%	$ (1,059)	(3)%
Deposits:							
Demand deposits noninterest-bearing	**$ 12,329**	$ 8,719	$ 12,064	$ 3,610	41%	$ 265	2%
Demand deposits interest-bearing	**5,814**	5,573	5,939	241	4	(125)	(2)
Total demand deposits	**18,143**	14,292	18,003	3,851	27	140	1
Money market deposits	**14,515**	13,321	13,182	1,194	9	1,333	10
Savings and other domestic time deposits	**4,975**	4,752	4,978	223	5	(3)	(0)
Core certificates of deposit	**6,131**	7,592	6,618	(1,461)	(19)	(487)	(7)
Total core deposits	**43,764**	39,957	42,781	3,807	10	983	2
Other deposits	**2,534**	2,321	2,076	213	9	458	22
Total deposits	**$ 46,298**	$ 42,278	$ 44,857	$ 4,020	10%	$ 1,441	3%

2012 Third Quarter versus 2011 Third Quarter

Fully-taxable equivalent net interest income increased $25.4 million, or 6%, from the year-ago quarter. This reflected a $2.6 billion, or 5%, increase in average total earning assets and a 4 basis point increase in the FTE net interest margin. The increase in average earning assets reflected:

- $0.8 billion, or 2%, increase in average total loans and leases.

- $1.6 billion, 672%, increase in average loans held for sale, primarily reflecting a $1.3 billion reclassification to loans held for sale in the 2012 second quarter for a securitization that was completed in October 2012.

The 4 basis point increase in the FTE net interest margin reflected the positive impact from the reduction in the cost of average total interest-bearing liabilities, partially offset by a negative impact from lower earning asset yields.

The $0.8 billion, or 2%, increase in average total loans and leases primarily reflected:

$2.7 billion, or 20%, growth in the average C&I portfolio primarily reflecting a combination of factors, including growth across multiple business lines including middle market and equipment finance.

Partially offset by:

$2.1 billion, or 35%, decrease in the average automobile portfolio. This reflected the impact of our program of securitization and sale of such loans. Specifically, securitizations of $1.0 billion in the 2011 third quarter and $1.3 billion in the 2012 first quarter, as well as the reclassification to loans held for sale of $1.3 billion in the 2012 second quarter in preparation for a securitization that was completed in October 2012.

The $4.0 billion, or 10%, increase in average total deposits from the year-ago quarter reflected:

$3.8 billion, or 10%, growth in average total core deposits. The drivers of this change were a $3.6 billion, or 41%, growth in average noninterest-bearing demand deposits and more modest growth in money market deposits, partially offset by $1.5 billion, or 19%, decline in average core certificates of deposit.

Table of Contents

2012 Third Quarter versus 2012 Second Quarter

Fully-taxable equivalent net interest income increased $0.8 million, or less than 1%, from the 2012 second quarter. This reflected the benefit of a $0.3 billion, or 1%, increase in average earning assets partially offset by a 4 basis point decrease in the FTE net interest margin to 3.38%. The increase in average earnings assets reflected a $1.4 billion increase in average loans held for sale and a $0.2 billion increase in average C&I, partially offset by the $0.9 billion decrease in average automobile loans, reflecting the prior quarter s reclassification of $1.3 billion of automobile loans into held for sale, and a $0.4 billion decrease in CRE loans. The primary items impacting the decrease in the net interest margin were:

- 6 basis point reduction related to the impact of the extended low rate environment on asset yields and mix.
- 4 basis point reduction related to balance sheet management changes.

Partially offset by:

- 6 basis point increase from the reduction in deposit rates and improvement in deposit mix.

The $1.1 billion, or 3%, decrease in average total loans and leases from the 2012 second quarter reflected:

- $0.9 billion, or 18%, decrease in average automobile loans. The decline reflected the reclassification of $1.3 billion of automobile loans to loans held for sale at the end of the prior quarter in preparation of a securitization that was completed in October 2012. Automobile loan originations continued to be strong during the 2012 third quarter, exceeding $1.0 billion.
- $0.4 billion, or 6%, decrease in average CRE loans, primarily reflecting the continued runoff of the noncore CRE portfolio, as well as a reduction in the core portfolio due to lower levels of new loan production.

Partially offset by:

- $0.2 billion, or 2%, growth in average C&I loans. This reflected the continued growth across multiple business lines including middle market and equipment finance, although there was a relative slowing of growth late in the quarter as borrowers expressed increased concerns, in the near term, around the U.S. economy.

The $1.0 billion, or 2%, increase in average total core deposits from the 2012 second quarter reflected:

- $1.3 billion, or 10%, increase in average money market deposits.
- $0.3 billion, or 2%, increase in average noninterest-bearing demand deposits reflecting an improved deposit mix as a result of growing total number of households and consumer checking accounts.

Partially offset by:

- $0.5 billion, or 7%, decrease in average core certificates of deposit primarily reflecting the continued focus on reducing the overall cost of deposits.

Noncore funding sources displayed a significant mix shift due to the decision to replace maturing FHLB advances with brokered deposits, reflecting the following changes from the prior quarter:

$0.5 billion, or 32%, increase in average brokered deposits and negotiable CDs.

$0.5 billion, or 83%, decrease in average FHLB advances.

Table of Contents

Table 7 - Consolidated YTD Average Balance Sheets and Net Interest Margin Analysis

	YTD Average Balances				YTD Average Rates (2)	
Fully-taxable equivalent basis (1)	Nine Months Ended September 30,		Change		Nine Months Ended September 30,	
(dollar amounts in millions)	**2012**	2011	Amount	Percent	**2012**	2011
Assets:						
Interest-bearing deposits in banks	**$ 102**	$ 141	$ (39)	(28)%	**0.20%**	0.12%
Trading account securities	**57**	116	(59)	(51)	**1.42**	1.46
Federal funds sold and securities purchased under resale agreement		7	(7)	(100)	**0.29**	0.09
Loans held for sale	**1,170**	279	891	319	**3.43**	4.39
Available-for-sale and other securities:						
Taxable	**8,156**	8,475	(319)	(4)	**2.34**	2.52
Tax-exempt	**405**	434	(29)	(7)	**4.18**	4.30
Total available-for-sale and other securities	**8,561**	8,909	(348)	(4)	**2.42**	2.61
Held-to-maturity securities taxable	**680**	282	398	141	**2.91**	3.00
Loans and leases: (3)						
Commercial:						
Commercial and industrial	**15,756**	13,387	2,369	18	**3.97**	4.33
Commercial real estate:						
Construction	**584**	612	(28)	(5)	**3.78**	3.55
Commercial	**5,299**	5,676	(377)	(7)	**3.87**	3.91
Commercial real estate	**5,883**	6,288	(405)	(6)	**3.86**	3.88
Total commercial	**21,639**	19,675	1,964	10	**3.94**	4.19
Consumer:						
Automobile	**4,540**	5,958	(1,418)	(24)	**4.80**	5.05
Home equity	**8,305**	7,869	436	6	**4.29**	4.49
Residential mortgage	**5,201**	4,607	594	13	**4.11**	4.61
Other consumer	**463**	539	(76)	(14)	**7.35**	7.73
Total consumer	**18,509**	18,973	(464)	(2)	**4.44**	4.79
Total loans and leases	**40,148**	38,648	1,500	4	**4.17**	4.48
Allowance for loan and lease losses	**(908)**	(1,141)	233	(20)		
Net loans and leases	**39,240**	37,507	1,733	5		
Total earning assets	**50,718**	48,382	2,336	5	**3.86%**	4.14%
Cash and due from banks	**967**	1,358	(391)	(29)		
Intangible assets	**606**	652	(46)	(7)		
All other assets	**4,163**	4,196	(33)	(1)		
Total assets	**$ 55,546**	$ 53,447	$ 2,099	4%		
Liabilities and Shareholders Equity:						
Deposits:						

Demand deposits noninterest-bearing	**$ 11,890**	$ 7,958	$ 3,932	49%	**%**	%
Demand deposits interest-bearing	**5,800**	5,499	301	5	**0.07**	0.10
Money market deposits	**13,616**	13,230	386	3	**0.30**	0.44
Savings and other domestic deposits	**4,924**	4,744	180	4	**0.40**	0.75
Core certificates of deposit	**6,418**	8,017	(1,599)	(20)	**1.41**	2.02
Total core deposits	**42,648**	39,448	3,200	8	**0.50**	0.83
Other domestic time deposits of $250,000 or more	**315**	486	(171)	(35)	**0.67**	1.02
Brokered deposits and negotiable CDs	**1,535**	1,426	109	8	**0.74**	0.92
Deposits in foreign offices	**381**	374	7	2	**0.18**	0.24
Total deposits	**44,879**	41,734	3,145	8	**0.51**	0.83
Short-term borrowings	**1,410**	2,166	(756)	(35)	**0.16**	0.17
Federal Home Loan Bank advances	**383**	138	245	178	**0.24**	0.64
Subordinated notes and other long-term debt	**2,179**	3,266	(1,087)	(33)	**2.81**	2.38
Total interest-bearing liabilities	**36,961**	39,346	(2,385)	(6)	**0.63**	0.92
All other liabilities	**1,081**	975	106	11		
Shareholders equity	**5,614**	5,168	446	9		
Total liabilities and shareholders equity	**$ 55,546**	$ 53,447	$ 2,099	4%		
Net interest rate spread					**3.16**	3.17
Impact of noninterest-bearing funds on margin					**0.24**	0.22
Net interest margin					**3.40%**	3.39%

Table of Contents

(1) FTE yields are calculated assuming a 35% tax rate.
(2) Loan, lease, and deposit average rates include the impact of applicable derivatives, non-deferrable fees, and amortized deferred fees.
(3) For purposes of this analysis, nonaccrual loans are reflected in the average balances of loans.

2012 First Nine Months versus 2011 First Nine Months

Fully-taxable equivalent net interest income for the first nine-month period of 2012 increased $65.8 million, or 5%, from the comparable year-ago period. This reflected the benefit of a 5% increase in average total earning assets. The fully-taxable equivalent net interest margin increased to 3.40% from 3.39%. The increase in average earning assets reflected a combination of factors including:

- $1.5 billion, or 4%, increase in average total loans and leases.
- $0.9 billion, or 319%, increase in average loans held for sale, primarily reflecting reclassifications to loans held for sale in preparation for expected automobile securitizations.
- $0.4 billion, or 141%, increase in average held-to-maturity securities.

Partially offset by:

- $0.3 billion, or 4%, decline in average total available-for-sale and other securities.

The following table details the change in our reported loans and deposits:

Table 8 - Average Loans/Leases and Deposits - 2012 First Nine Months vs. 2011 First Nine Months

	Nine Months Ended September 30,		Change	
(dollar amounts in millions)	**2012 (1)**	2011	Amount	Percent
Loans/Leases:				
Commercial and industrial	**$ 15,756**	$ 13,387	$ 2,369	18%
Commercial real estate	**5,883**	6,288	(405)	(6)
Total commercial	**21,639**	19,675	1,964	10
Automobile	**4,540**	5,958	(1,418)	(24)
Home equity	**8,305**	7,869	436	6
Residential mortgage	**5,201**	4,607	594	13
Other consumer	**463**	539	(76)	(14)
Total consumer	**18,509**	18,973	(464)	(2)
Total loans and leases	**$ 40,148**	$ 38,648	$ 1,500	4%
Deposits:				
Demand deposits noninterest-bearing	**$ 11,890**	$ 7,958	$ 3,932	49%
Demand deposits interest-bearing	**5,800**	5,499	301	5
Total demand deposits	**17,690**	13,457	4,233	31
Money market deposits	**13,616**	13,230	386	3
Savings and other domestic deposits	**4,924**	4,744	180	4
Core certificates of deposit	**6,418**	8,017	(1,599)	(20)

Total core deposits	**42,648**	39,448	3,200	8
Other deposits	**2,231**	2,286	(55)	(2)
Total deposits	**$ 44,879**	$ 41,734	$ 3,145	8%

(1) The acquisition of Fidelity Bank on March 30, 2012, contributed to the increase in average loans and deposits.

The $1.5 billion, or 4%, increase in average total loans and leases primarily reflected:

- $2.4 billion, or 18%, increase in the average C&I portfolio, primarily reflecting a combination of factors, including growth across multiple business lines including middle market and equipment finance as well as the impact of the Fidelity acquisition in March 2012.

- $0.6 billion, or 13%, increase in the average residential mortgage portfolio, primarily reflecting a 31% increase in originations, as well as a lower percentage of mortgages sold in the secondary market.

- $0.4 billion, or 6%, increase in the average home equity portfolio with 75% of new originations in 2012 in a first-lien position.

Partially offset by:

- $1.4 billion, or 24%, decline in the average automobile portfolio. This reflected the impact of our continued program of the securitization and sale of such loans. Specifically, securitizations of $1.0 billion in the 2011 third quarter and $1.3 billion in the 2012 first quarter, as well as the reclassification to loans held for sale of $1.3 billion in the 2012 second quarter in preparation for a securitization that was completed in October 2012.

- $0.4 billion, or 6%, decline in the average CRE portfolio, primarily reflecting the continued execution of our plan to reduce the total CRE exposure, primarily in the noncore CRE portfolio. Declines were partially offset by additions to the core CRE portfolio associated with the FDIC-assisted acquisition of Fidelity Bank.

The $3.1 billion, or 8%, increase in average total deposits reflected:

- $3.9 billion, or 49%, increase in noninterest-bearing demand deposits reflecting an improved deposit mix as a result of growing total number of households and consumer checking accounts as well as our treasury management and OCR focus on growing commercial demand deposits.

Partially offset by:

- $1.6 billion, or 20%, decline in core certificates of deposits, primarily reflecting our continued focus on reducing our overall costs of deposits.

Table of Contents

Provision for Credit Losses

(This section should be read in conjunction with the Credit Risk section.)

The provision for credit losses is the expense necessary to maintain the ALLL and the AULC at levels appropriate to absorb our estimate of inherent credit losses in the loan and lease portfolio and the portfolio of unfunded loan commitments and letters-of-credit.

The provision for credit losses for the 2012 third quarter increased $0.5 million, or 1%, from the prior quarter to $37.0 million from $36.5 million, however declined $6.6 million, or 15%, from the year-ago quarter. On a year-to-date basis, provision for credit losses for the first nine-month period of 2012 declined $20.8 million, or 16%, compared to year-ago period. The current quarter s provision for credit losses was $68.1 million less than total NCOs and the provision for credit losses for the first nine-month period of 2012 was $164.4 million less than total NCOs. *(See Credit Quality discussion).*

Noninterest Income

(This section should be read in conjunction with Significant Item 2.)

The following table reflects noninterest income for each of the past five quarters:

Table 9 - Noninterest Income

	2012			2011		3Q12 vs 3Q11		3Q12 vs 2Q12	
(dollar amounts in thousands)	**Third**	Second	First	Fourth	Third	Amount	Percent	Amount	Percent
Service charges on deposit accounts	**$ 67,806**	$ 65,998	$ 60,292	$ 63,324	$ 65,184	$ 2,622	4%	$ 1,808	3%
Trust services	**29,689**	29,914	30,906	28,775	29,473	216	1	(225)	(1)
Electronic banking	**22,135**	20,514	18,630	18,282	32,901	(10,766)	(33)	1,621	8
Mortgage banking income	**44,614**	38,349	46,418	24,098	12,791	31,823	249	6,265	16
Brokerage income	**16,526**	19,025	19,260	18,688	20,349	(3,823)	(19)	(2,499)	(13)
Insurance income	**17,792**	17,384	18,875	17,906	17,220	572	3	408	2
Bank owned life insurance income	**14,371**	13,967	13,937	14,271	15,644	(1,273)	(8)	404	3
Capital markets fees	**11,805**	13,455	9,982	9,811	11,256	549	5	(1,650)	(12)
Gain on sale of loans	**6,591**	4,131	26,770	2,884	19,097	(12,506)	(65)	2,460	60
Automobile operating lease income	**2,146**	2,877	3,775	4,727	5,890	(3,744)	(64)	(731)	(25)
Securities gains (losses)	**4,169**	350	(613)	(3,878)	(1,350)	5,519	N.R.	3,819	1,091
Other income	**23,423**	27,855	37,088	30,464	30,104	(6,681)	(22)	(4,432)	(16)
Total noninterest income	**$ 261,067**	$ 253,819	$ 285,320	$ 229,352	$ 258,559	$ 2,508	1%	$ 7,248	3%

2012 Third Quarter versus 2011 Third Quarter

The $2.5 million, or 1%, increase in total noninterest income from the year-ago quarter reflected:

- $31.8 million, or 249%, increase in mortgage banking income. This primarily reflected a $25.2 million increase in origination and secondary marketing income. Additionally, we recorded a $4.1 million net trading loss related to MSR hedging in the current quarter compared to a net trading loss related to MSR hedging of $9.2 million in the year-ago quarter.

$5.5 million increase in securities gains.

$2.6 million, or 4%, increase in service charges on deposits, due to continued strong customer growth.

Partially offset by:

$12.5 million, or 65%, decrease in gain on sale of loans, as the year ago quarter included a $15.5 million automobile loan securitization gain.

$10.8 million, or 33%, decrease in electronic banking income related to implementing the lower debit card interchange fee structure mandated in the Durbin Amendment of the Dodd-Frank Act.

$6.7 million, or 22%, decrease in other income, primarily related to the reimbursement of third party costs in the year-ago quarter.

Table of Contents

$3.8 million, or 19%, decline in brokerage income primarily related to reduced sales of market-linked CDs given lower market interest rates.

$3.7 million, or 64%, decline in automobile operating lease income, reflecting the impact of a declining portfolio as a result of having exited that business in 2008.

2012 Third Quarter versus 2012 Second Quarter

The $7.2 million, or 3%, increase in total noninterest income from the prior quarter reflected:

$6.3 million, or 16%, increase in mortgage banking income. This primarily reflected a $10.7 million increase in origination and secondary marketing income. This increase was partially offset by as we recorded a $4.1 million net trading loss related to MSR hedging in the current quarter compared to a net trading gain related to MSR hedging of $0.8 million in the prior quarter.

$3.8 million increase in securities gains. Certain securities designated as available-for-sale were sold, and the proceeds from those sales were reinvested into the held-to-maturity portfolio. At quarter end, $1.6 billion, or 17%, of the investment portfolio was designated as held-to-maturity.

$2.5 million, or 60%, increase in gain on sale of loans, which included a $1.9 million gain on the sale of automobile loans in the current quarter.

Partially offset by:

$4.4 million decrease in other income, as the prior quarter included a gain on the sale of affordable housing investments.

2012 First Nine Months versus 2011 First Nine Months

Noninterest income for the first nine-month period of 2012 increased $48.9 million, or 7%, from the comparable year-ago period.

Table 10 - Noninterest Income - 2012 First Nine Months vs. 2011 First Nine Months

	Nine Months Ended September 30,		Change	
(dollar amounts in thousands)	**2012**	2011	Amount	Percent
Service charges on deposit accounts	**$ 194,096**	$ 180,183	$ 13,913	8%
Trust services	**90,509**	90,607	(98)	
Electronic banking	**61,279**	93,415	(32,136)	(34)
Mortgage banking income	**129,381**	59,310	70,071	118
Brokerage income	**54,811**	61,679	(6,868)	(11)
Insurance income	**54,051**	51,564	2,487	5
Bank owned life insurance income	**42,275**	48,065	(5,790)	(12)
Capital markets fees	**35,242**	26,729	8,513	32
Gain on sale of loans	**37,492**	29,060	8,432	29
Automobile operating lease income	**8,798**	22,044	(13,246)	(60)
Securities gains (losses)	**3,906**	197	3,709	1,883
Other income	**88,366**	88,418	(52)	
Total noninterest income	**$ 800,206**	$ 751,271	$ 48,935	7 %

The $48.9 million, or 7%, increase in total noninterest income reflected:

$70.1 million, or 118%, increase in mortgage banking income. This primarily reflected a $55.4 million increase in origination and secondary marketing income as originations increased 31% from the year-ago period. Additionally, we recorded a $4.4 million net trading gain related to MSR hedging in the first nine-month period of 2012 compared to net trading loss related to MSR hedging of $7.9 million in the year-ago period.

Table of Contents

$13.9 million, or 8%, increase in service charges of deposit account, due to continued strong customer growth.

$8.5 million, or 32%, increase in capital market fees, primarily reflecting strong customer demand for derivatives and other risk management products.

$8.4 million, or 29%, increase in gain on sale of loans, as the current year-to-date period included gains totaling $24.9 million from automobile loan securitizations and sales, partially offset by a $15.5 million automobile securitization gain in the year-ago period.

Partially offset by:

$32.1 million, or 34%, decline in electronic banking income, primarily reflecting the implementation of the lower debit card interchange fee structure mandated in the Durbin Amendment of the Dodd-Frank Act.

$13.2 million, or 60%, decline in automobile operating lease expense primarily reflecting the impact of a declining portfolio as a result of having exited that business in 2008.

Other income was little changed. The current year-to-date period included an $11.4 million bargain purchase gain associated with the FDIC-assisted Fidelity Bank acquisition, almost entirely offset by the reimbursement of third party costs and larger gains on the sale of SBA loans in the year-ago period.

Noninterest Expense

(This section should be read in conjunction with Significant Item 1.)

The following table reflects noninterest expense for each of the past five quarters:

Table 11 - Noninterest Expense

	2012			2011		3Q12 vs 3Q11		3Q12 vs 2Q12	
(dollar amounts in thousands)	**Third**	Second	First	Fourth	Third	Amount	Percent	Amount	Percent
Personnel costs	**$ 247,709**	$ 243,034	$ 243,498	$ 228,101	$ 226,835	$ 20,874	9%	$ 4,675	2%
Outside data processing and other services	**49,880**	48,149	42,058	53,422	49,602	278	1	1,731	4
Net occupancy	**27,599**	25,474	29,079	26,841	26,967	632	2	2,125	8
Equipment	**25,950**	24,872	25,545	25,884	22,262	3,688	17	1,078	4
Deposit and other insurance expense	**15,534**	15,731	20,738	18,481	17,492	(1,958)	(11)	(197)	(1)
Marketing	**20,178**	21,365	16,776	16,379	22,251	(2,073)	(9)	(1,187)	(6)
Professional services	**18,024**	15,458	11,230	16,769	20,281	(2,257)	(11)	2,566	17
Amortization of intangibles	**11,431**	11,940	11,531	13,175	13,387	(1,956)	(15)	(509)	(4)
Automobile operating lease expense	**1,619**	2,183	2,854	3,362	4,386	(2,767)	(63)	(564)	(26)
OREO and foreclosure expense	**4,982**	4,106	4,950	5,009	4,668	314	7	876	21
Loss (Gain) on early extinguishment of debt	**1,782**	(2,580)		(9,697)		1,782		4,362	N.R.
Other expense	**33,615**	34,537	54,417	32,548	30,987	2,628	8	(922)	(3)
Total noninterest expense	**$ 458,303**	$ 444,269	$ 462,676	$ 430,274	$ 439,118	$ 19,185	4%	$ 14,034	3%

Number of employees (full-time equivalent), at period-end	**11,731**	11,417	11,166	11,245	11,473	258	2%	314	3%

2012 Third Quarter versus 2011 Third Quarter

The $19.2 million, or 4%, increase in total noninterest expense from the year-ago quarter reflected:

$20.9 million, or 9%, increase in personnel costs reflecting an increase in the number of full-time equivalent employees as well as increased salaries and benefits.

$3.7 million, or 17%, increase in equipment expense reflecting the impact of depreciation from our in-store branch expansions and other technology investments.

Table of Contents

Partially offset by:

$2.8 million, or 63%, decline in automobile operating lease expense as the portfolio continued its planned runoff as we exited that business in 2008.

2012 Third Quarter versus 2012 Second Quarter

The $14.0 million, or 3%, increase in total noninterest expense from the prior quarter reflected:

$4.7 million, or 2%, increase in personnel costs, primarily reflecting higher healthcare costs.

$4.5 million total increase across several noninterest expense categories related to the development of infrastructure and systems to support the Federal Reserve CCAR process.

$4.4 million increase in the cost of extinguishment of debt related to a loss on trust preferred securities redemption in the current quarter compared with a gain in the prior quarter.

2012 First Nine Months versus 2011 First Nine Months

Noninterest expense for the first nine-month period of 2012 increased $67.0 million, or 5%, from the comparable year-ago period.

Table 12 - Noninterest Expense - 2012 First Nine Months vs. 2011 First Nine Months

	Nine Months Ended September 30,		Change	
(dollar amounts in thousands)	**2012**	2011	Amount	Percent
Personnel costs	**$ 734,241**	$ 664,433	$ 69,808	11%
Outside data processing and other services	**140,087**	133,773	6,314	5
Net occupancy	**82,152**	82,288	(136)	
Equipment	**76,367**	66,660	9,707	15
Deposit and other insurance expense	**52,003**	59,211	(7,208)	(12)
Marketing	**58,319**	59,248	(929)	(2)
Professional services	**44,712**	53,826	(9,114)	(17)
Amortization of intangibles	**34,902**	40,143	(5,241)	(13)
Automobile operating lease expense	**6,656**	16,656	(10,000)	(60)
OREO and foreclosure expense	**14,038**	12,997	1,041	8
Gain on early extinguishment of debt	**(798)**		(798)	
Other expense	**122,569**	108,991	13,578	12
Total noninterest expense	**$ 1,365,248**	$ 1,298,226	$ 67,022	5%
Number of employees (full-time equivalent), at period-end	**11,731**	11,473	258	2%

The $67.0 million, or 5%, increase in total noninterest expense reflected:

$69.8 million, or 11%, increase in personnel costs, primarily reflecting an increase in bonuses, commissions, and full-time equivalent employees, as well as increased salaries and benefits.

$13.6 million, or 12%, increase in other expense, primarily reflecting higher litigation reserves and an increase in the provision for mortgage representations and warranties.

$9.7 million, or 15%, increase in equipment, primarily reflecting the impact of depreciation from our in-store branch expansions and other technology investments.

Partially offset by:

$10.0 million, or 60%, decline in automobile operating lease expense, primarily reflecting the impact of a declining portfolio as a result of having exited that business in 2008.

$9.1 million, or 17%, decline in professional services, primarily reflecting lower legal-related expenses.

$7.2 million, or 12%, decline in deposit and other insurance expense.

Table of Contents

Provision for Income Taxes

The provision for income taxes in the 2012 third quarter was $28.3 million. This compared with a provision for income taxes of $49.3 million in the 2012 second quarter and $38.9 million in the 2011 third quarter. All three quarters included the benefits from tax-exempt income, tax-advantaged investments, and general business credits. In prior periods, we established a full valuation allowance against state deferred tax assets and state net operating loss carryforwards based on the uncertainty of forecasted state taxable income expected in applicable jurisdictions in order to utilize the state deferred tax asset and net operating loss carryforwards. Based on current analysis of both positive and negative evidence and projected forecasted state taxable income, we believe that it is more likely than not that a portion of the state deferred tax asset and state net operating loss carryforwards will be realized. As a result of this analysis, a $19.5 million reduction in the 2012 third quarter provision for income taxes was recorded. At September 30, 2012, a state valuation allowance of $62.7 million remains for certain net operating loss carryforwards that are not expected to be realized within the carryforward periods.

At September 30, 2012, we had a net deferred tax asset of $201.5 million. Based on both positive and negative evidence and our level of forecasted future taxable income, there was no impairment to the deferred tax asset at September 30, 2012. As of September 30, 2012, there is no disallowed deferred tax asset for regulatory capital purposes compared to $39.1 million at December 31, 2011.

We file income tax returns with the IRS and various state, city, and foreign jurisdictions. Federal income tax audits have been completed for tax years through 2007. We have appealed certain proposed adjustments resulting from the IRS examination of our 2006 and 2007 tax returns. We believe our positions related to such proposed adjustments are correct and supported by applicable statutes, regulations, and judicial authority, and intend to vigorously defend them. In 2011, we entered into discussions with the Appeals Division of the IRS. It is possible the ultimate resolution of the proposed adjustments, if unfavorable, may be material to the results of operations in the period it occurs. Nevertheless, although no assurances can be given, we believe the resolution of these examinations will not, individually or in the aggregate, have a material adverse impact on our consolidated financial position. In the 2011 third quarter, the IRS began its examination of our 2008 and 2009 consolidated federal income tax returns. Various state and other jurisdictions remain open to examination, including Kentucky, Indiana, Michigan, Pennsylvania, West Virginia, and Illinois.

RISK MANAGEMENT AND CAPITAL

Risk awareness, identification and assessment, reporting, and active management are key elements in overall risk management. We manage risk to an aggregate moderate-to-low risk profile through a control framework and by monitoring and responding to identified potential risks. Controls include, among others, effective segregation of duties, access, authorization and reconciliation procedures, as well as staff education and a disciplined assessment process.

We identify primary risks, and the sources of those risks, within each business unit. We utilize Risk and Control Self-Assessments (RCSA) to identify exposure risks. Through this RCSA process, we continually assess the effectiveness of controls associated with the identified risks, regularly monitor risk profiles and material exposure to losses, and identify stress events and scenarios to which we may be exposed. Our chief risk officer is responsible for ensuring that appropriate systems of controls are in place for managing and monitoring risk across the Company. Potential risk concerns are shared with the Risk Management Committee, Risk Oversight Committee, and the board of directors, as appropriate. Our internal audit department performs on-going independent reviews of the risk management process and ensures the adequacy of documentation. The results of these reviews are reported regularly to the audit committee and board of directors.

We believe that our primary risk exposures are credit, market, liquidity, operational, and compliance oriented. More information on risk can be found in the Risk Factors section included in Item 1A of our 2011 Form 10-K and subsequent filings with the SEC. Additionally, the MD&A included in our 2011 Form 10-K should be read in conjunction with this MD&A as this discussion provides only material updates to the 2011 Form 10-K. Our definition, philosophy, and approach to risk management have not materially changed from the discussion presented in the 2011 Form 10-K.

Credit Risk

Credit risk is the risk of financial loss if a counterparty is not able to meet the agreed upon terms of the financial obligation. The majority of our credit risk is associated with lending activities, as the acceptance and management of credit risk is central to profitable lending. We also have significant credit risk associated with our available-for-sale and other investment and held-to-maturity securities portfolios *(see Note 4 and Note 5 of the Notes to the Unaudited Condensed Consolidated Financial Statements)*. We engage with other financial counterparties for a variety of purposes including investing, asset and liability management, mortgage banking, and for trading activities. While there is credit risk associated with derivative activity, we believe this exposure is minimal. The significant change in the economic conditions and the resulting changes in borrower behavior over the past several years resulted in our continuing focus on the identification, monitoring, and managing of our credit risk. In addition to the traditional credit risk mitigation strategies of credit policies and processes, market risk management activities, and portfolio diversification, we use additional quantitative measurement capabilities utilizing external data sources, enhanced use of modeling technology, and internal stress testing processes. Our portfolio management resources demonstrate our commitment to maintaining an aggregate moderate-to-low risk profile. In our efforts to continue to identify risk mitigation techniques, we have focused on product design features, origination policies, and treatment strategies for delinquent or stressed borrowers.

Loan and Lease Credit Exposure Mix

At September 30, 2012, our loans and leases totaled $40.3 billion, representing a $1.3 billion, or 3%, increase compared to $38.9 billion at December 31, 2011, primarily reflecting growth in the C&I portfolio, partially offset by declines in the automobile portfolio as a result of our securitization program and the CRE portfolio reflecting the continued runoff in the noncore portfolio. The C&I loan increase included the impacts related to a continuation of the growth in high quality loans originated over recent quarters and the purchase of a portfolio of high quality municipal equipment leases. The decline in the automobile portfolio reflected the transfer of automobile loans to loans held for sale related to automobile securitizations *(see Automobile Portfolio discussion),* partially offset by continued strong originations.

At September 30, 2012, commercial loans and leases totaled $22.0 billion, and represented 54% of our total credit exposure. Our commercial portfolio is diversified along product type, customer size, and geography within our footprint, and is comprised of the following (*see Commercial Credit discussion)*:

C&I C&I loans and leases are made to commercial customers for use in normal business operations to finance working capital needs, equipment purchases, or other projects. The majority of these borrowers are customers doing business within our geographic regions. C&I loans and leases are generally underwritten individually and secured with the assets of the company and/or the personal guarantee of the business owners. The financing of owner occupied facilities is considered a C&I loan even though there is improved real estate as collateral. This treatment is a result of the credit decision process, which focuses on cash flow from operations of the business to repay the debt. The operation, sale, rental, or refinancing of the real estate is not considered the primary repayment source for these types of loans. As we look to grow our C&I portfolio, we have further developed our ABL capabilities by adding experienced ABL professionals to take advantage of market opportunities resulting in better leveraging of the manufacturing base in our primary markets. Our Equipment Finance area is targeting larger equipment financings in the manufacturing sector in addition to our core products, while appropriately managing the level of residual risk incurred as a result of the leasing activity.

CRE CRE loans consist of loans for income-producing real estate properties, real estate investment trusts, and real estate developers. We mitigate our risk on these loans by requiring collateral values that exceed the loan amount and underwriting the loan with projected cash flow in excess of the debt service requirement. These loans are made to finance properties such as apartment buildings, office and industrial buildings, and retail shopping centers, and are repaid through cash flows related to the operation, sale, or refinance of the property.

Construction CRE Construction CRE loans are loans to individuals, companies, or developers used for the construction of a commercial or residential property for which repayment will be generated by the sale or permanent financing of the property. Our construction CRE portfolio primarily consists of retail, residential (land, single family, and condominiums), office, and warehouse project types. Generally, these loans are for construction projects that have been presold or preleased, or have secured permanent financing, as well as loans to real estate companies with significant equity invested in each project. These loans are underwritten and managed by a specialized real estate lending group that actively monitors the construction phase and manages the loan disbursements according to the predetermined construction schedule.

Total consumer loans and leases were $18.3 billion at September 30, 2012, and represented 46% of our total loan and lease credit exposure. The consumer portfolio is primarily comprised of automobile, home equity loans and lines-of-credit, and residential mortgages *(see Consumer Credit discussion).*

Automobile Automobile loans are primarily comprised of loans made through automotive dealerships and include exposure in selected states outside of our primary banking markets. No state outside of our primary banking markets represented more than 5% of our total automobile portfolio at September 30, 2012. We have successfully implemented a loan securitization strategy to maintain our established portfolio concentration limits.

Home equity Home equity lending includes both home equity loans and lines-of-credit. This type of lending, which is secured by a first-lien or junior-lien on the borrower s residence, allows customers to borrow against the equity in their home. Given the current low interest rate environment, many borrowers have utilized the line-of-credit home equity product as the primary source of financing their home versus residential mortgages. As a result, the proportion of the home equity portfolio secured by a first-lien has increased significantly over the past three years, positively impacting the portfolio s risk profile. The portfolio s credit risk profile is substantially reduced when we hold a first-lien position. During the first nine-month period of 2012, 75% of our home equity portfolio originations were secured by a first-lien. The first-lien position, combined with continued high average FICO scores, significantly reduces the PD associated with these loans. The combination provides a strong base when assessing the expected future performance of this portfolio. Real estate market values at the time of origination directly affect the amount of credit extended and, in the event of default, subsequent changes in these values impact the severity of losses. We actively manage the extension of credit and the amount of credit extended through a combination of criteria including financial position, debt-to-income policies, and LTV policy limits.

Residential mortgage Residential mortgage loans represent loans to consumers for the purchase or refinance of a residence. These loans are generally financed over a 15-year to 30-year term, and in most cases, are extended to borrowers to finance their primary residence. Generally, our practice is to sell a significant portion of our fixed-rate originations in the secondary market. As such, at September 30, 2012, 51% of our total residential mortgage portfolio were ARMs. These ARMs primarily consist of a fixed-rate of interest for the first 3 to 5 years, and then adjust annually. We are subject to repurchase risk associated with residential mortgage loans sold in the secondary market. An appropriate level of reserve for representations and warranties related to residential mortgage loans sold has been established to address the repurchase risk inherent in the portfolio *(see Operational Risk section).*

Other consumer Primarily consists of consumer loans not secured by real estate, including personal unsecured loans.

Table of Contents

The table below provides the composition of our total loan and lease portfolio:

Table 13 - Loan and Lease Portfolio Composition (1)

	2012						2011			
(dollar amounts in millions)	**September 30,**		June 30,		March 31,		December 31,		September 30,	
Commercial:[2]										
Commercial and industrial	**$ 16,478**	**41%**	$ 16,322	41%	$ 15,838	39%	$ 14,699	38%	$ 13,939	36%
Commercial real estate:										
Construction	**541**	**1**	591	1	597	1	580	1	520	1
Commercial	**4,956**	**12**	5,317	13	5,443	13	5,246	13	5,414	14
Total commercial real estate	**5,497**	**13**	5,908	14	6,040	14	5,826	14	5,934	15
Total commercial	**21,975**	**54**	22,230	55	21,878	53	20,525	52	19,873	51
Consumer:										
Automobile	**4,276**	**11**	3,808	10	4,787	12	4,458	11	5,558	14
Home equity	**8,381**	**21**	8,344	21	8,261	20	8,215	21	8,079	21
Residential mortgage	**5,192**	**13**	5,123	13	5,284	13	5,228	13	4,986	13
Other consumer	**436**	**1**	454	1	469	2	498	3	516	1
Total consumer	**18,285**	**46**	17,729	45	18,801	47	18,399	48	19,139	49
Total loans and leases	**$ 40,260**	**100%**	$ 39,959	100%	$ 40,679	100%	$ 38,924	100%	$ 39,012	100%

(1) Loans acquired in the FDIC-assisted acquisition of Fidelity Bank are reflected in the above table effective March 31, 2012.
(2) As defined by regulatory guidance, there were no commercial loans outstanding that would be considered a concentration of lending to a particular industry or group of industries.

As shown the table above, we have larger exposures associated with C&I and the home equity portfolios. We have an established process to measure and address concentration exposure to certain portfolio segments, project types, and industries.

The table below provides our total loan and lease portfolio segregated by the type of collateral securing the loan or lease:

Table 14 - Loan and Lease Portfolio by Collateral Type (1)

	2012						2011			
(dollar amounts in millions)	**September 30,**		June 30,		March 31,		December 31,		September 30,	
Secured loans:										
Real estate commercial	**$ 9,278**	**23%**	$ 9,398	23%	$ 9,326	24%	$ 9,557	25%	$ 9,554	24%
Real estate consumer	**13,573**	**33**	13,467	33	13,470	34	13,444	35	13,065	33
Vehicles	**6,096**	**15**	5,650	14	6,623	16	6,021	16	6,898	18
Receivables/Inventory	**5,046**	**13**	5,026	13	4,749	12	4,450	12	4,297	11
Machinery/Equipment	**2,639**	**7**	2,759	7	2,536	6	1,994	5	1,864	5
Securities/Deposits	**717**	**2**	789	2	733	2	800	2	805	2
Other	**1,110**	**3**	1,043	3	983	2	1,018	1	1,103	3
Total secured loans and leases	**38,459**	**96**	38,132	95	38,420	96	$ 37,284	96%	37,586	96

Unsecured loans and leases	**1,801**	**4**	1,827	5	1,738	4	1,640	4	1,426	4
Total loans and leases	**$ 40,260**	**100%**	$ 39,959	100%	$ 40,158	100%	38,924	100%	$ 39,012	100%

(1) Loans acquired in the FDIC-assisted acquisition of Fidelity Bank are reflected in the above table effective June 30, 2012.

Commercial Credit

The primary factors considered in commercial credit approvals are the financial strength of the borrower, assessment of the borrower s management capabilities, cash flows from operations, industry sector trends, type and sufficiency of collateral, type of exposure, transaction structure, and the general economic outlook. While these are the primary factors considered, there are a number of other factors that may be considered in the decision process. We utilize a centralized preview and senior loan approval committee, led by our chief credit officer. The risk rating *(see next paragraph)* and complexity of the credit determines the threshold for approval of the senior loan committee with a minimum credit exposure of $10.0 million. For loans not requiring senior loan committee approval, with the exception of small business loans, credit officers who understand each local region and are experienced in the industries and loan structures of the requested credit exposure are involved in all loan decisions and have the primary credit authority. For small business loans, we utilize a centralized loan approval process for standard products and structures. In this centralized decision environment, certain individuals who understand each local region may make credit-extension decisions to preserve our commitment to the communities we operate in. In addition to disciplined and consistent judgmental factors, a sophisticated credit scoring process is used as a primary evaluation tool in the determination of approving a loan within the centralized loan approval process.

In commercial lending, on-going credit management is dependent on the type and nature of the loan. We monitor all significant exposures on an on-going basis. All commercial credit extensions are assigned internal risk ratings reflecting the borrower s PD and LGD (severity of loss). This two-dimensional rating methodology provides granularity in the portfolio management process. The PD is rated and applied at the borrower level. The LGD is rated and applied based on the specific type of credit extension and the quality and lien position associated with the underlying collateral. The internal risk ratings are assessed at origination and updated at each periodic monitoring event. There is also extensive macro portfolio management analysis on an on-going basis. We continually review and adjust our risk-rating criteria based on actual experience, which provides us with the current risk level in the portfolio and is the basis for determining an appropriate ALLL amount for the commercial portfolio. A centralized portfolio management team monitors and reports on the performance of the entire commercial portfolio, including small business loans, to provide consistent oversight.

In addition to the initial credit analysis conducted during the approval process, our Credit Review group performs testing to provide an independent review and assessment of the quality and / or risk of new loan originations. This group is part of our Risk Management area, and conducts portfolio reviews on a risk-based cycle to evaluate individual loans, validate risk ratings, as well as test the consistency of credit processes.

Our standardized loan grading system considers many components that directly correlate to loan quality and likelihood of repayment, one of which is guarantor support. On an annual basis, or more frequently if warranted, we consider, among other things, the guarantor s reputation and creditworthiness, along with various key financial metrics such as liquidity and net worth, assuming such information is available. Our assessment of the guarantor s credit strength, or lack thereof, is reflected in our risk ratings for such loans, which is directly tied to, and an integral component of, our ALLL methodology. When a loan goes to impaired status, viable guarantor support is considered in the determination of the recognition of a loan loss.

If our assessment of the guarantor s credit strength yields an inherent capacity to perform, we will seek repayment from the guarantor as part of the collection process and have done so successfully. However, we do not formally track the repayment success from guarantors.

Substantially all loans categorized as Classified *(see Note 3 of Notes to Unaudited Condensed Consolidated Financial Statements)* are managed by our SAD. The SAD is a specialized group of credit professionals that handle the day-to-day management of workouts, commercial recoveries, and problem loan sales. Its responsibilities include developing and implementing action plans, assessing risk ratings, and determining the appropriateness of the allowance, the accrual status, and the ultimate collectability of the Classified loan portfolio.

Our commercial portfolio is diversified by product type, customer size, and geography throughout our footprint. No outstanding commercial loans and leases comprised an industry or geographic concentration of lending. Certain segments of our commercial portfolio are discussed in further detail below.

C&I PORTFOLIO

The C&I portfolio is comprised of loans to businesses where the source of repayment is associated with the on-going operations of the business. Generally, the loans are secured with the financing of the borrower s assets, such as equipment, accounts receivable, and/or inventory. In many cases, the loans are secured by real estate, although the operation, sale, or refinancing of the real estate is not a primary source of repayment for the loan. For loans secured by real estate, appropriate appraisals are obtained at origination and updated on an as needed basis in compliance with regulatory requirements.

There were no commercial loan segments considered an industry or geographic concentration of lending. Currently, higher-risk segments of the C&I portfolio include loans to borrowers supporting the home building industry, contractors, and transportation. We manage the risks inherent in this portfolio through origination policies, a defined loan concentration policy with established limits, on-going loan level reviews and portfolio level reviews, recourse requirements, and continuous portfolio risk management activities. Our origination policies for this portfolio include loan product-type specific policies such as LTV and debt service coverage ratios, as applicable.

While some C&I borrowers have been challenged by the continued weakness in the economy, problem loans have trended downward, reflecting a combination of proactive risk identification and effective workout strategies implemented by our SAD. Nevertheless, some borrowers may no longer have sufficient capital to withstand the extended stress and comply with the original terms of their credit agreements. We continue to focus attention on the portfolio management process to proactively identify borrowers that may be facing financial difficulty to assess all potential solutions. The impact of the economic environment is further evidenced by the level of line-of-credit activity, as borrowers continued to maintain relatively low utilization percentages.

30

Table of Contents

CRE PORTFOLIO

We manage the risks inherent in this portfolio specific to CRE lending, focusing on the quality of the developer, and the specifics associated with each project. Generally, we: (1) limit our loans to 80% of the appraised value of the commercial real estate at origination, (2) require net operating cash flows to be 125% of required interest and principal payments, and (3) if the commercial real estate is nonowner occupied, require that at least 50% of the space of the project be preleased. We actively monitor both geographic and project-type concentrations and performance metrics of all CRE loan types, with a focus on higher-risk classes. Both macro-level and loan-level stress-test scenarios based on existing and forecast market conditions are part of the on-going portfolio management process for the CRE portfolio.

In 2010, we segregated our CRE portfolio into core and noncore segments. We believe segregating noncore CRE from core CRE improved our ability to understand the nature, performance prospects, and problem resolution opportunities of these segments, thus allowing us to continue to deal proactively with any emerging credit issues. We have not subsequently added any CRE loans to the noncore portfolio.

In 2010, a CRE loan was generally considered core when the borrower was an experienced, well-capitalized developer in our Midwest footprint, and had either an established meaningful relationship with us that generated an acceptable return on capital or demonstrated the prospect of becoming one. The core CRE portfolio was $3.9 billion at September 30, 2012, representing 71% of total CRE loans. The performance of the core portfolio has met our expectations based on the consistency of the asset quality metrics within the portfolio. Based on our extensive project level assessment process, including forward-looking collateral valuations, we continue to believe the credit quality of the core portfolio is stable. Loans are not reclassified between the core and noncore segments based on performance. Nonetheless, we do not anticipate an elevated level of problem loans in the core portfolio.

A CRE loan was generally considered noncore based on the lack of a substantive relationship outside of the loan product, with no immediate prospects for meeting the core relationship criteria. The noncore CRE portfolio declined from $1.8 billion at December 31, 2011, to $1.6 billion at September 30, 2012, and represented 29% of total CRE loans. Of the loans in the noncore portfolio at September 30, 2012, 71% were categorized as Pass, 95% had guarantors, 99% were secured, and 92% were located within our geographic footprint. However, it is within the noncore portfolio where most of the credit quality challenges exist. For example, $0.1 billion, or 7%, of related outstanding balances, are classified as NALs. SAD administered $0.7 billion, or 43%, of total noncore CRE loans at September 30, 2012. We expect to exit the majority of noncore CRE relationships over time through normal repayments and refinancings, possible sales, or the reclassification to a core CRE relationship if it expands to meet the core criteria.

Credit quality data regarding the ACL and NALs, segregated by core CRE loans and noncore CRE loans, is presented in the following table:

Table 15 - Commercial Real Estate - Core vs. Noncore Portfolios

	September 30, 2012					
(dollar amounts in millions)	Ending Balance	Prior NCOs	ACL $	ACL %	Credit Mark (2)	Nonaccrual Loans
Total core (1)	**$ 3,891**	**$ 18**	**$ 95**	**2.44%**	**2.89%**	**$ 39**
Noncore SAD (3)	**694**	**163**	**129**	**18.59**	**34.07**	**108**
Noncore Other	**912**	**20**	**61**	**6.69**	**8.69**	**2**
Total noncore	**1,606**	**183**	**190**	**11.83**	**20.85**	**110**
Total commercial real estate	**$ 5,497**	**$ 201**	**$ 285**	**5.18%**	**8.53%**	**$ 149**
	December 31, 2011					
Total core	$ 3,978	$ 25	$ 125	3.14%	3.75%	$ 26
Noncore SAD (3)	735	253	182	24.76	44.03	195
Noncore Other	1,113	17	88	7.91	9.29	9
Total noncore	1,848	270	270	14.61	25.50	204

Total commercial real estate	$ 5,826	$ 295	$ 395	6.78%	11.27%	$ 230

(1) Includes loans acquired in the FDIC-assisted acquisition of Fidelity Bank. The acquired loans were recorded at fair value with no associated ACL.
(2) Calculated as (Prior NCOs + ACL $) / (Ending Balance + Prior NCOs).
(3) Noncore loans managed by SAD, the area responsible for managing loans and relationships designated as Classified Loans.

Table of Contents

As shown in the above table, the ending balance of the CRE portfolio at September 30, 2012, declined $0.3 billion, or 6%, compared with December 31, 2011. Of this decline, 74% occurred in the noncore segment, and was a result of payoffs and NCOs as we actively focus on the noncore portfolio to reduce our overall CRE exposure. This reduction demonstrates our continued commitment to achieving a materially lower risk profile in the CRE portfolio, consistent with our overall objective of maintaining an aggregate moderate-to-low risk profile. We will continue to support our core developer customers as appropriate, however, we do not believe that significant additional CRE activity is appropriate given the current market conditions.

Also, as shown above, substantial reserves for the noncore portfolio have been established. At September 30, 2012, the ACL related to the noncore portfolio was 11.83%. The combination of the existing ACL and prior NCOs represents the total credit actions taken on each segment of the portfolio. From this data, we calculate a credit mark that provides a consistent measurement of the cumulative credit actions taken against a specific portfolio segment. The 34.07% credit mark associated with the SAD-managed noncore portfolio is an indicator of the proactive portfolio management strategy employed for this portfolio.

Consumer Credit

Consumer credit approvals are based on, among other factors, the financial strength and payment history of the borrower, type of exposure, and the transaction structure. We make extensive use of portfolio assessment models to continuously monitor the quality of the portfolio, which may result in changes to future origination strategies. The on-going analysis and review process results in a determination of an appropriate allowance for our consumer loan and lease portfolio.

Effective with the 2012 third quarter, we identified certain loans within the consumer portfolio that met the definition of collateral dependent as defined by regulatory guidance as the borrowers had not reaffirmed their debt discharged in a Chapter 7 bankruptcy filing. The bankruptcy court s discharge of the borrower s debt is considered a concession when the discharged debt is not reaffirmed, and as such, the loans were classified as TDRs, placed on nonaccrual status, and written down to collateral value, less anticipated selling costs. Previously, we recorded the charge-off when the loan reached 60-days past due and did not classify these loans as TDRs. Many of these loans were current, with many borrowers having paid according to the contractual terms for several years. This change increased NCOs by $33.0 million, NALs by $63.0 million, and TDRs by $71.0 million across the automobile, residential mortgage, and home equity portfolios. We continue to evaluate the appropriate accounting treatment of subsequent customer payments on these Chapter 7 bankruptcy NALs.

AUTOMOBILE PORTFOLIO

Our strategy in the automobile portfolio continued to focus on high quality borrowers as measured by both FICO and internal custom scores, combined with appropriate LTVs, terms, and a reasonable level of profitability. Our strategy and operational capabilities allow us to appropriately manage the origination quality across the entire portfolio, including our newer markets. Although increased origination volume and entering new markets can be associated with increased risk levels, we believe our strategy and operational capabilities significantly mitigate these risks.

We have continued to consistently execute our value proposition and take advantage of available market opportunities. Importantly, we have maintained our high credit quality standard while growing the portfolio. We have developed and implemented a loan securitization strategy to ensure we remain within our established portfolio concentration limits.

During the 2012 first quarter, we transferred automobile loans totaling $1.3 billion to a trust in a securitization transaction. Also, in the 2012 second quarter, $1.3 billion of automobile loans were transferred to loans held for sale, in anticipation of another automobile loan securitization that was completed in October 2012. Additional information regarding these securitization transactions is located in Note 6 of the Notes to Unaudited Condensed Consolidated Financial Statements.

RESIDENTIAL REAL ESTATE SECURED PORTFOLIOS

The properties securing our residential mortgage and home equity portfolios are primarily located within our geographic footprint. The continued stress on home prices has caused the performance in these portfolios to remain weaker than historical levels. The residential-secured portfolio originations continue to be of high quality, with the majority of the negative credit impact coming from loans originated in 2006 and earlier. We continue to evaluate all of our policies and processes associated with managing these portfolios. Our loss mitigation and foreclosure activities are consolidated in one location under common management. This structure allows us to focus on effectively helping our customers with appropriate solutions for their specific circumstances.

32

Table 16 - Selected Home Equity and Residential Mortgage Portfolio Data

	Home Equity				Residential Mortgage	
	Secured by first-lien		Secured by junior-lien			
(dollar amounts in millions)	**09/30/12**	12/31/11	**09/30/12**	12/31/11	**09/30/12**	12/31/11
Ending balance	**$ 4,214**	$ 3,815	**$ 4,167**	$ 4,400	**$ 5,192**	$ 5,228
Portfolio weighted average LTV ratio(1)	**71%**	71%	**81%**	81%	**77%**	77%
Portfolio weighted average FICO score(2)	**751**	749	**735**	734	**737**	731

	Home Equity				Residential Mortgage (3)	
	Secured by first-lien		Secured by junior-lien			
	Nine Months Ended September 30,					
	2012	2011	**2012**	2011	**2012**	2011
Originations	**$ 1,302**	$ 1,392	**$ 446**	$ 630	**$ 818**	$ 1,102
Origination weighted average LTV ratio(1)	**72%**	71%	**80%**	82%	**84%**	84%
Origination weighted average FICO score(2)	**771**	768	**758**	759	**754**	758

(1) The LTV ratios for home equity loans and home equity lines-of-credit are cumulative and reflect the balance of any senior loans. LTV ratios reflect collateral values at the time of loan origination.
(2) Portfolio weighted average FICO scores reflect currently updated customer credit scores whereas origination weighted average FICO scores reflect the customer credit scores at the time of loan origination.
(3) Represents only owned-portfolio originations.

Home Equity Portfolio

Our home equity portfolio (loans and lines-of-credit) consists of both first-lien and junior-lien mortgage loans with underwriting criteria based on minimum credit scores, debt-to-income ratios, and LTV ratios. We offer closed-end home equity loans which are generally fixed-rate with principal and interest payments, and variable-rate interest-only home equity lines-of-credit which do not require payment of principal during the 10-year revolving period of the line-of-credit. Applications are underwritten centrally in conjunction with an automated underwriting system.

At September 30, 2012, 50% of our home equity portfolio was secured by first-lien mortgages. The credit risk profile is substantially reduced when we hold a first-lien position. During the first nine-month period of 2012, 75% of our home equity portfolio originations were secured by a first-lien mortgage. We focus on high quality borrowers primarily located within our footprint. The majority of our home equity line-of-credit borrowers consistently pay more than the minimum payment required in any given month. Additionally, since we focus on developing complete relationships with our customers, many of our home equity borrowers are utilizing other products and services. The combination of high quality borrowers as measured by financial condition and FICO score, as well as the concentration of first-lien position loans, provides a high degree of confidence regarding the performance of the 2009-2012 originations.

Within the home equity line-of-credit portfolio, the standard product is a 10-year interest-only draw period with a 20-year fully amortizing term at the end of the draw period. Prior to 2007, the standard product was a 10-year draw period with a balloon payment. As previously discussed, a significant portion of recent originations are secured by first-liens on the underlying property as high quality borrowers take advantage of the low variable-rates available with a line-of-credit.

We believe we have underwritten credit conservatively within this portfolio. We have not originated home equity loans or lines-of-credit with an LTV at origination greater than 100%, except for infrequent situations with high quality borrowers. However, declines in housing prices have decreased the value of the collateral for this portfolio and have caused a portion of the portfolio to have an LTV greater than 100%. These higher LTV ratios are directly correlated with borrower payment patterns and are a focus of our Loss Mitigation and Home Saver groups. Effective in the 2012 third quarter, we no longer originate junior-lien loans with an LTV greater than 90%.

We obtain a property valuation for every loan or line-of-credit as part of the origination process, and the valuation is reviewed by a real estate professional in conjunction with the credit underwriting process. The type of property valuation obtained is based on a series of credit parameters, and ranges from an AVM with a property inspection to a complete walkthrough appraisal. While we believe an AVM estimate is an appropriate valuation source for a portion of our home equity lending activities, we continue to re-evaluate all of our policies on an on-going basis with the intent of ensuring complete independence in the requesting and reviewing of real estate valuations associated with loan decisions. We update values as appropriate, and in compliance with applicable regulations, for loans identified as higher risk. Loans are identified as higher risk based on performance indicators and the updated values are utilized to facilitate our portfolio management processes, as well as our workout and loss mitigation functions.

33

We continue to make origination policy adjustments based on our assessment of an appropriate risk profile and industry actions, as well as the recently issued Basel III NPRs *(see Capital section).* In addition to origination policy adjustments, we take actions, as necessary, to manage the risk profile of this portfolio. We believe our Credit Risk Management systems allow for effective portfolio analysis and segmentation to identify the highest risk exposures in the portfolio. Our disclosures regarding lien position, FICO distribution, and geographical distribution are examples of segmentation analysis.

We continue to identify situations where borrowers make a purposeful financial decision to stop making required payments on the junior-lien loan, and in some cases, the first-lien loan. This strategic default scenario is generally associated with borrowers that have very limited or no history of delinquency. These accounts also tend to migrate quickly from a current status to charge-off without the historical stops at each delinquency stage. The resulting increase in the relative speed of the migration from current status to charge-off represents a negative impact to the longer term performance of the portfolio. Although the collateral value assessment is an important component of the overall credit risk analysis, there are very few instances of available equity in junior-lien default situations.

Further, in January 2012, regulatory guidance was published addressing specific risks and required actions associated with junior-lien loans. As a result of this guidance, effective with the 2012 first quarter, any junior-lien loan associated with a nonaccruing first-lien loan is also placed on nonaccrual status. This action resulted in an increase in home equity NALs of $8.7 million in the 2012 first quarter. Also contained in the regulatory guidance was an item associated with maturing HELOCs. Even in situations where the product contains an amortization period at the conclusion of the draw period, we believe it is likely that there will be a payment shock to the borrower at the end of the interest-only draw period. This is a risk embedded in the portfolio that we address with proactive contact strategies beginning 180 days prior to maturity. In certain circumstances, our Home Savers team is able to provide payment and structure relief to borrowers experiencing significant financial hardship associated with the payment adjustment.

Residential Mortgage Portfolio

We focus on higher quality borrowers and underwrite all applications centrally. We do not originate residential mortgages that allow negative amortization or allow the borrower multiple payment options. We will continue to evaluate the impact of the recently issued Basel III NPRs on our residential mortgage origination policies.

All residential mortgages are originated based on a completed full appraisal during the credit underwriting process. We update values on a regular basis in compliance with applicable regulations to facilitate our portfolio management, as well as our workout and loss mitigation functions.

At September 30, 2012, 51% of our total residential mortgage loan portfolio had adjustable rates. At September 30, 2012, ARM loans that were expected to have rates reset totaled $1.7 billion through 2015. These loans scheduled to reset are primarily associated with loans originated subsequent to 2007, and as such, are not subject to the most significant declines in underlying property value. Given the quality of our borrowers, the relatively low current interest rates, and the results of our continued analysis (including possible impacts of changes in interest rates), we believe that we have a relatively limited exposure to ARM reset risk. Nonetheless, we have taken actions to mitigate our risk exposure. We initiate borrower contact at least six months prior to the interest rate resetting, and have been successful in converting many ARMs to fixed-rate loans through this process. Given the relatively low current interest rates, many fixed-rate products currently offer a better interest rate to our ARM borrowers.

Several government programs continued to impact the residential mortgage portfolio, including various refinance programs such as HAMP and HARP, which positively affected the availability of credit for the industry. We utilize these programs to enhance our existing strategies of working closely with our customers. During the nine-month period ended September 30, 2012, we closed $659 million in HARP residential mortgages and $16 million in HAMP residential mortgages. The HARP residential mortgage loans are considered current and are either part of our residential mortgage portfolio or serviced for others. The HAMP refinancings are associated with residential mortgages that are serviced for others.

Credit Quality

(This section should be read in conjunction with Note 3 of the Notes to Unaudited Condensed Consolidated Financial Statements.)

We believe the most meaningful way to assess overall credit quality performance is through an analysis of credit quality performance ratios. This approach forms the basis of most of the discussion in the sections immediately following: NPAs and NALs, TDRs, ACL, and NCOs. In addition, we utilize delinquency rates, risk distribution and migration patterns, and product segmentation in the analysis of our credit quality performance.

Credit quality performance in the 2012 third quarter, reflected overall continued improvement. NALs declined 6% to $445.0 million compared to the prior quarter, despite the impact of $63.0 million of NAL additions as a result of Chapter 7 bankruptcy loans. NCOs increased compared to the prior quarter solely as a result of the $33.0 impact of NCOs related to Chapter 7 bankruptcy loans. Commercial criticized and commercial classified loans declined significantly reflecting the continued improvement in the commercial portfolio. The ACL to total loans ratio declined to 2.09% and our ACL coverage ratios remained at appropriate levels. Our ACL as a percentage of NPAs remained strong at 189%.

NPAs, NALs, AND TDRs

(This section should be read in conjunction with Note 3 of the Notes to Unaudited Condensed Consolidated Financial Statements.)

NPAs and NALs

NPAs consist of (1) NALs, which represent loans and leases no longer accruing interest, (2) impaired loans held for sale, (3) OREO properties, and (4) other NPAs. Any loan in our portfolio may be placed on nonaccrual status prior to the policies described below when collection of principal or interest is in doubt.

C&I and CRE loans are placed on nonaccrual status at 90-days past due. With the exception of residential mortgage loans guaranteed by government organizations which continue to accrue interest, residential mortgage loans are placed on nonaccrual status at 150-days past due. First-lien home equity loans are placed on nonaccrual status at 150-days past due. Junior-lien home equity loans are placed on nonaccrual status at the earlier of 120-days past due or when the related first-lien loan has been identified as nonaccrual. Automobile and other consumer loans are not placed on nonaccrual status, but are generally charged-off when the loan is 120-days past due. However, when a borrower with discharged non-reaffirmed debt in a Chapter 7 bankruptcy is identified and the loan is determined to be collateral dependent, the consumer loan is placed on nonaccrual status.

When interest accruals are suspended, accrued interest income is reversed with current year accruals charged to earnings and prior year amounts generally charged-off as a credit loss. When, in our judgment, the borrower s ability to make required interest and principal payments has resumed and collectability is no longer in doubt, the loan or lease is returned to accrual status.

The following table reflects period-end NALs and NPAs detail for each of the last five quarters:

Table of Contents

Table 17 - Nonaccrual Loans and Leases and Nonperforming Assets

	2012			2011	
(dollar amounts in thousands)	**September 30,**	June 30,	March 31,	December 31,	September 30,
Nonaccrual loans and leases:					
Commercial and industrial	**$ 109,452**	$ 133,678	$ 142,492	$ 201,846	$ 209,632
Commercial real estate	**148,986**	219,417	205,105	229,889	257,086
Automobile	**11,814**				
Residential mortgage	**123,140**	75,048	74,114	68,658	61,129
Home equity	**51,654**	46,023	45,847	40,687	37,156
Total nonaccrual loans and leases(1)	**445,046**	474,166	467,558	541,080	565,003
Other real estate owned, net					
Residential(2)	**23,640**	21,499	31,850	20,330	18,588
Commercial	**30,566**	17,109	16,897	18,094	19,418
Total other real estate owned, net	**54,206**	38,608	48,747	38,424	38,006
Other nonperforming assets(3)	**10,476**	10,476	10,772	10,772	10,972
Total nonperforming assets	**$ 509,728**	$ 523,250	$ 527,077	$ 590,276	$ 613,981
Nonaccrual loans as a % of total loans and leases	**1.11%**	1.19%	1.15%	1.39%	1.45%
Nonperforming assets ratio(4)	**1.26**	1.31	1.29	1.51	1.57

(1) September 30, 2012, includes $63.0 million Chapter 7 bankruptcy NALs.
(2) Residential real estate owned acquired in the FDIC-assisted Fidelity Bank acquisition are reflected in the above table effective March 31, 2012.
(3) Other nonperforming assets represent an investment security backed by a municipal bond.
(4) This ratio is calculated as nonperforming assets divided by the sum of loans and leases, other nonperforming assets, and net other real estate.

The $13.5 million, or 3%, decline in NPAs compared with June 30, 2012, primarily reflected:

- $70.4 million, or 32%, decline in CRE NALs, reflecting both NCO activity and problem credit resolutions, including borrower payments and payoffs partially resulting from successful workout strategies implemented by our SAD. Additionally, one relatively large-dollar NAL was transferred to OREO during the current quarter. Although we anticipate some degree of quarter-to-quarter volatility in our NAL levels, we expect that the overall trend will continue to be lower.

- $24.2 million, or 18%, decline in C&I NALs, reflecting problem credit resolutions, including payoffs partially resulting from successful workout strategies implemented by our SAD. The decline was associated with loans throughout our footprint, with no specific industry concentration.

Partially offset by:

- $48.1 million, or 64%, increase in residential mortgage NALs, primarily driven by $46.3 million of Chapter 7 bankruptcy NALs. The NAL balances have been written down to net realizable value, less anticipated selling costs which substantially limits any significant future risk of additional loss on these loans.

$15.6 million, or 40%, increase in OREO, primarily reflecting one relatively large-dollar CRE NAL transferred to OREO during the current quarter.

$11.8 million increase in automobile NALs, entirely reflecting Chapter 7 bankruptcy NALs. Prior to the implementation of this guidance, automobile loans were not placed on nonaccrual status.

$5.6 million, or 12%, increase in home equity NALs, primarily driven by $4.9 million of Chapter 7 bankruptcy NALs. The NAL balances have been written down to net realizable value, less anticipated selling costs which substantially limits any significant future risk of additional loss on these loans.

As part of our loss mitigation process, we reunderwrite, modify, or restructure loans when borrowers are experiencing payment difficulties, based on the borrower s ability to repay the loan.

36

Table of Contents

Compared with December 31, 2011, NPAs decreased $80.5 million, or 14%, primarily reflecting:

- $92.4 million, or 46%, decline in C&I NALs, reflecting both NCO activity and problem credit resolutions, including payoffs. The decline was associated with loans throughout our footprint, with no specific industry concentration.

- $80.9 million, or 35%, decline in CRE NALs, reflecting both NCO activity and problem credit resolutions, including borrower payments and payoffs.

Partially offset by:

- $54.5 million, or 79%, increase in residential mortgage NALs, reflecting $46.3 million of Chapter 7 bankruptcy NALs. The remaining portion of the increase reflects the continued softness in residential real estate property values. The NAL balances have been written down to net realizable value, less anticipated selling costs, which substantially limits any significant future risk of additional loss on these loans.

- $15.8 million, or 41%, increase in OREO, primarily reflecting one relatively large-dollar CRE NAL transferred to OREO during the 2012 third quarter.

- $11.8 million increase in automobile NALs, entirely reflecting Chapter 7 bankruptcy loans. Prior to the implementation of this guidance, automobile loans were not placed on nonaccrual status.

- $11.0 million, or 27%, increase in home equity NALs, reflecting $4.9 million of Chapter 7 bankruptcy loans, as well as the implementation of other regulatory guidance in the 2012 first quarter *(see ACL section)* which resulted in an increase in home equity NALs of $8.7 million in the 2012 first quarter.

TDR Loans

(This section should be read in conjunction with Note 3 of the Notes to Unaudited Condensed Consolidated Financial Statements.)

TDRs are modified loans in which a concession is provided to a borrower experiencing financial difficulties. TDRs can be classified as either accrual or nonaccrual loans. Nonaccrual TDRs are included in NALs whereas accruing TDRs are excluded from NALs, as it is probable that all contractual principal and interest due under the restructured terms will be collected. TDRs primarily reflect our loss mitigation efforts to proactively work with borrowers having difficulty making their payments.

The table below presents our accruing and nonaccruing TDRs at period-end for each of the past five quarters:

Table 18 - Accruing and Nonaccruing Troubled Debt Restructured Loans

	2012			2011	
(dollar amounts in thousands)	**September 30,**	June 30,	March 31, (1)	December 31,	September 30,
Troubled debt restructured loans accruing:					
Commercial and industrial	**$ 55,809**	$ 57,008	$ 53,795	$ 54,007	$ 77,509
Commercial real estate	**222,155**	202,190	231,923	249,968	244,089
Automobile	**33,719**	34,460	35,521	36,573	37,371
Home equity	**92,763**	66,997	59,270	52,224	47,712

Residential mortgage	**280,890**	298,967	294,836	309,678	304,365
Other consumer	**2,644**	3,038	4,233	6,108	4,513
Total troubled debt restructured loans accruing	**687,980**	662,660	679,578	708,558	715,559
Troubled debt restructured loans nonaccruing:					
Commercial and industrial	**28,859**	35,535	26,886	48,553	27,410
Commercial real estate	**20,284**	55,022	39,606	21,968	46,854
Automobile	**11,814**				
Home equity	**7,756**	374	334	369	166
Residential mortgage	**83,163**	28,332	29,549	26,089	20,877
Other consumer	**113**	113	113	113	113
Total troubled debt restructured loans nonaccruing	**151,989**	119,376	96,488	97,092	95,420
Total troubled debt restructured loans	**$ 839,969**	$ 782,036	$ 776,066	$ 805,650	$ 810,979

(1) No loans related to the FDIC-assisted Fidelity Bank acquisition were considered troubled debt restructured loans at March 31, 2012.

Table of Contents

Our strategy is to structure the commercial TDRs in a manner that avoids new concessions subsequent to the initial TDR terms. However, there are times when subsequent modifications are required, such as when the modified loan matures. Often the loans are performing in accordance with the TDR terms, and a new note is originated with similar modified terms. It is subjected to the normal underwriting standards and processes for other similar credit extensions, both new and existing. If the loan is not performing in accordance with the existing TDR terms, typically a more aggressive strategy is put in place. In accordance with ASC 310-20-35, the refinanced note is evaluated to determine if it is considered a new loan or a continuation of the prior loan. A new loan is considered for removal of the TDR designation. A continuation of the prior note requires the continuation of the TDR designation, and because the refinanced note constitutes a new legal agreement, they are included in our TDR activity table (below) as a new TDR and a restructured TDR removal during the period.

The types of concessions granted are consistent with those granted on new TDRs and are comprised of interest rate reductions, amortization or maturity date changes beyond what the collateral supports, principal forgiveness, covenant concessions, etc., based on the borrower s specific needs at a point in time. Our policy does not limit the number of times a loan may be modified. A loan may be modified multiple times if it is considered to be in the best interest of both the borrower and us.

Loans are not automatically considered to be accruing TDRs upon the granting of a new concession. Accrual status is determined based on delinquency status and whether collection of principal and interest is in doubt. If the loan is not 90-days past due and no loss is expected based on the modified terms, the modified TDR remains in accruing status. For loans that are on nonaccrual status before the modification, collection of both principal and interest must not be in doubt, and the borrower must be able to exhibit sufficient cash flows for a six-month period of time to service the debt in order to return to accruing status. This six-month period could extend before or after the restructure date.

The following table reflects TDR activity for each of the past five quarters:

Table 19 - Troubled Debt Restructured Loan Activity

	2012			2011	
(dollar amounts in thousands)	**Third**	Second	First[1]	Fourth	Third
TDRs, beginning of period	**$ 782,036**	$ 776,066	$ 805,650	$ 810,979	$ 721,197
New TDRs[2]	**196,707**	94,837	136,237	99,603	170,800
Payments	**(51,125)**	(38,299)	(40,120)	(67,470)	(25,124)
Charge-offs	**(22,537)**	(16,551)	(25,042)	(7,440)	(12,376)
Sales	**(3,978)**	(1,840)	(5,036)	(8,089)	(5,310)
Refinanced to non-TDR					(4,851)
Transfer to OREO	**(15,974)**	(860)	(1,472)	(2,658)	(1,114)
Restructured TDRs accruing[3]	**(25,218)**	(14,618)	(58,192)	(4,751)	(49,376)
Restructured TDRs nonaccruing[3]	**(13,833)**	(10,833)	(30,388)	(23,825)	(8,235)
Other	**(6,109)**	(5,866)	(5,571)	9,301	25,368
TDRs, end of period	**$ 839,969**	$ 782,036	$ 776,066	$ 805,650	$ 810,979

(1) No loans related to the FDIC-assisted Fidelity Bank acquisition were considered troubled debt restructured loans at March 31, 2012.
(2) 2012 third quarter includes $71.0 million Chapter 7 bankruptcy TDRs.
(3) Represents existing commercial TDRs that were re-underwritten with new terms providing a concession. A corresponding amount is included in the New TDRs amount above.

ACL

(This section should be read in conjunction with Note 3 of the Notes to Unaudited Condensed Consolidated Financial Statements.)

We maintain two reserves, both of which in our judgment are appropriate to absorb credit losses inherent in our loan and lease portfolio: the ALLL and the AULC. Combined, these reserves comprise the total ACL. Our Credit Administration group is responsible for developing the methodology assumptions and estimates used in the calculation, as well as determining the appropriateness of the ACL. The ALLL represents the estimate of losses inherent in the loan portfolio at the reported date. Additions to the ALLL result from recording provision expense for loan losses or increased risk levels resulting from loan risk-rating downgrades, while reductions reflect charge-offs (net of recoveries), decreased risk levels resulting from loan risk-rating upgrades, or the sale of loans. The AULC is determined by applying the transaction reserve process to the unfunded portion of the loan exposures adjusted by an applicable funding expectation.

Table of Contents

A provision for credit losses is recorded to adjust the ACL to the level we have determined to be appropriate to absorb credit losses inherent in our loan and lease portfolio. The provision for credit losses in the 2012 third quarter was $37.0 million, compared with $36.5 million in the prior quarter and $43.6 million in the year-ago quarter. The provision for credit losses for the first nine-month period of 2012 was $107.9 million, compared with $128.8 million in the first nine-month period of 2011. *(See Provision for Credit Losses discussion).*

We regularly evaluate the appropriateness of the ACL by performing on-going evaluations of the loan and lease portfolio, including such factors as the differing economic risks associated with each loan category, the financial condition of specific borrowers, the level of delinquent loans, the value of any collateral and, where applicable, the existence of any guarantees or other documented support. We evaluate the impact of changes in interest rates and overall economic conditions on the ability of borrowers to meet their financial obligations when quantifying our exposure to credit losses and assessing the appropriateness of our ACL at each reporting date. In addition to general economic conditions and the other factors described above, we also consider the impact of collateral value trends and portfolio diversification.

Our ACL evaluation process includes the on-going assessment of credit quality metrics, and a comparison of certain ACL benchmarks to current performance. While the total ACL balance has declined in recent quarters, all of the relevant benchmarks remain strong.

We have incorporated recent regulatory guidance which focused on home equity loans, specifically junior-lien loans when the related first-lien loan is delinquent, into our ACL adequacy analysis processes. As we evaluated this guidance in the context of the continued economic strain on some of our borrowers, we determined it was appropriate to assess borrower risk at a more granular level in order to ensure we had identified the incurred risk embedded within our portfolios secured by residential real estate, particularly the home equity junior-lien portfolio. In addition to the updated FICO score for each borrower and the delinquency status of each Huntington loan, our analysis also considers any non-delinquent Huntington loan secured by residential real estate when the borrower has a significant delinquency on the most recent credit bureau report.

The table below reflects the allocation of our ACL among our various loan categories during each of the past five quarters:

Table 20 - Allocation of Allowance for Credit Losses (1)

	2012						2011			
(dollar amounts in thousands)	**September 30,**		June 30,		March 31,		December 31,		September 30,	
Commercial										
Commercial and industrial	**$ 257,081**	**41%**	$ 280,548	41%	$ 246,026	39%	$ 275,367	38%	$ 285,254	36%
Commercial real estate	**280,376**	**13**	305,391	14	339,494	14	388,706	14	418,895	15
Total commercial	**537,457**	**54**	585,939	55	585,520	53	664,073	52	704,149	51
Consumer										
Automobile	**33,281**	**11**	30,217	10	36,552	12	38,282	11	49,402	14
Home equity	**122,605**	**21**	135,562	21	168,898	20	143,873	21	139,616	21
Residential mortgage	**67,220**	**13**	78,015	13	89,129	13	87,194	13	98,974	13
Other consumer	**28,579**	**1**	29,913	1	32,970	2	31,406	3	27,569	1
Total consumer	**251,685**	**46**	273,707	45	327,549	47	300,755	48	315,561	49
Total allowance for loan and lease losses	**789,142**	**100%**	859,646	100%	913,069	100%	964,828	100%	1,019,710	100%
Allowance for unfunded loan commitments	**53,563**		50,978		50,934		48,456		38,779	
Total allowance for credit losses	**$ 842,705**		$ 910,624		$ 964,003		$ 1,013,284		$ 1,058,489	

Total allowance for loan and leases losses as % of:					
Total loans and leases(2)	**1.96%**	2.15%	2.24%	2.48%	2.61%
Nonaccrual loans and leases(3)	**177**	181	195	178	180
Nonperforming assets(4)	**155**	164	173	163	166
Total allowance for credit losses as % of: (1)					
Total loans and leases(2)	**2.09%**	2.28%	2.37%	2.60%	2.71%
Nonaccrual loans and leases(3)	**189**	192	206	187	187
Nonperforming assets(4)	**165**	174	183	172	172

39

(1) Percentages represent the percentage of each loan and lease category to total loans and leases. Total loans and leases include loans acquired in the FDIC-assisted Fidelity Bank acquisition effective March 31, 2012.
(2) Loans acquired in the FDIC-assisted Fidelity Bank acquisition are reflected in this calculation effective March 31, 2012.
(3) None of the loans acquired in the FDIC-assisted Fidelity Bank acquisition were considered nonaccrual.
(4) None of the loans acquired in the FDIC-assisted Fidelity Bank acquisition were considered nonaccrual, however, acquired other real estate owned properties are included in nonperforming assets, and are reflected in the calculation effective March 31, 2012.

The reduction in the ALLL compared with June 30, 2012 reflected a decline in all portfolios, except for the automobile portfolio. The declines in the C&I and CRE portfolios reflected significant improvements in the level of Criticized and Classified loans combined with lower CRE loan balances. The home equity portfolio declined as a result of a combination of the improving underlying asset quality and our view of expected future performance. The residential mortgage portfolio declined slightly as a result of the underlying asset quality, while the automobile portfolio increased slightly as a result of portfolio growth.

The ACL to total loans declined to 2.09% at September 30, 2012 compared to 2.60% at December 31, 2011. We believe the decline in the ratio is appropriate given the continued improvement in the risk profile of our loan portfolio. Further, we believe that early identification of loans with changes in credit metrics and aggressive action plans for these loans, combined with originating high quality new loans will contribute to continued improvement in our key credit quality metrics. However, the overall economic conditions improved only slightly in the first nine-month period of 2012. The overall economic conditions have shown some recent improvement, but risks to a full recovery remain, including the European economic instability, continued budget issues in local governments, flat domestic economic growth, and the variety of policy proposals regarding job growth, debt management, and domestic tax policy. Continued high unemployment, among other factors, has slowed any significant recovery. In the near-term, we anticipate a continued high unemployment rate and the concern around the U.S. and local government budget issues will continue to negatively impact the financial condition of some of our retail and commercial borrowers.

The pronounced downturn in the residential real estate market that began in early 2007 has resulted in significantly lower residential real estate values. We have significant exposure to loans secured by residential real estate and continue to be an active lender in our communities. The impact of the downturn in real estate values has had a significant impact on some of our borrowers as evidenced by the higher delinquencies and NCOs since late 2007. Beginning in 2012, the trend of purposeful delinquencies or strategic defaults began to impact both NCO and NAL levels in the residential real estate secured portfolios. These borrower actions impacted writedowns and increased NAL levels in the residential mortgage and first-lien home equity portfolio, and NCOs in the junior-lien home equity portfolio. Given the combination of these noted factors, we believe that our ACL is appropriate and its coverage level is reflective of the quality of our portfolio and the current operating environment.

NCOs

Any loan in any portfolio may be charged-off prior to the policies described below if a loss confirming event has occurred. Loss confirming events include, but are not limited to, bankruptcy (unsecured), continued delinquency, foreclosure, or receipt of an asset valuation indicating a collateral deficiency and that asset is the sole source of repayment. Additionally, discharged, collateral dependent non-reaffirmed debt in Chapter 7 bankruptcy filings will result in a charge-off to estimated collateral value, less anticipated selling costs.

C&I and CRE loans are either charged-off or written down to net realizable value at 90-days past due. Automobile loans and other consumer loans are charged-off at 120-days past due. First-lien and junior-lien home equity loans are charged-off to the estimated fair value of the collateral, less anticipated selling costs, at 150-days past due and 120-days past due, respectively. Residential mortgages are charged-off to the estimated fair value of the collateral, less anticipated selling costs, at 150-days past due.

The following table reflects NCO detail for each of the last five quarters:

Table of Contents

Table 21 - Quarterly Net Charge-off Analysis

(dollar amounts in thousands)	**2012** **Third**	Second	First	2011 Fourth	Third
Net charge-offs by loan and lease type:					
Commercial:					
Commercial and industrial	**$ 13,023**	$ 15,678	$ 28,495	$ 10,913	$ 17,891
Commercial real estate:					
Construction	**(280)**	(1,531)	(1,186)	(2,471)	1,450
Commercial	**17,654**	30,709	11,692	30,854	22,990
Commercial real estate	**17,374**	29,178	10,506	28,383	24,440
Total commercial	**30,397**	44,856	39,001	39,296	42,331
Consumer:					
Automobile	**4,019**	449	3,078	4,237	3,863
Home equity	**46,596**	21,045	23,729	23,419	26,222
Residential mortgage	**16,880**	10,786	10,570	9,732	11,562
Other consumer	**7,203**	7,109	6,614	7,233	6,577
Total consumer	**74,698**	39,389	43,991	44,621	48,224
Total net charge-offs	**$ 105,095**	$ 84,245	$ 82,992	$ 83,917	$ 90,555
Net charge-offs annualized percentages:					
Commercial:					
Commercial and industrial	**0.32%**	0.39%	0.77%	0.31%	0.52%
Commercial real estate:					
Construction	**(0.20)**	(1.05)	(0.79)	(1.85)	0.87
Commercial	**1.37**	2.24	0.89	2.27	1.69
Commercial real estate	**1.21**	1.92	0.72	1.91	1.60
Total commercial	**0.55**	0.81	0.75	0.78	0.86
Consumer:					
Automobile	**0.40**	0.04	0.27	0.30	0.25
Home equity	**2.23**	1.01	1.15	1.15	1.31
Residential mortgage	**1.30**	0.82	0.82	0.77	0.97
Other consumer	**6.49**	6.15	5.45	5.66	5.05
Total consumer	**1.65**	0.83	0.95	0.92	0.99
Net charge-offs as a % of average loans	**1.05%**	0.82%	0.85%	0.85%	0.92%

In assessing NCO trends, it is helpful to understand the process of how commercial loans are treated as they deteriorate over time. The ALLL established is consistent with the level of risk associated with the original underwriting. As a part of our normal portfolio management process for commercial loans, the loan is periodically reviewed and the ALLL is increased or decreased based on the revised risk rating. In certain cases, the standard ALLL is determined to not be appropriate, and a specific reserve is established based on the projected cash flow and collateral value of the specific loan. Charge-offs, if necessary, are generally recognized in a period after the specific ALLL was established. If the previously established ALLL exceeds that necessary to satisfactorily resolve the problem loan, a reduction in the overall level of the ALLL could be recognized. Consumer loans are treated in much the same manner as commercial loans, with increasing reserve factors applied based on the risk characteristics of the loan, although specific reserves are not identified for consumer loans. In summary, if loan quality deteriorates, the typical credit sequence would be periods of reserve building, followed by periods of higher NCOs as the previously established ALLL is utilized. Additionally, an increase in the ALLL either precedes or is in conjunction with increases in NALs. When a loan is classified as NAL, it is evaluated for specific ALLL or charge-off. As a result, an increase in NALs does not necessarily result in an increase in the ALLL or an expectation of higher future NCOs.

Home equity NCO annualized percentages generally are greater than those of the residential mortgage portfolio as a result of the junior-lien loans. The opposite relationship in the first nine-month period of 2011 was the result of portfolio actions in the residential mortgage portfolio, including accelerated loss recognition and portfolio sales activity.

We anticipate a continuation of the pattern established over the last year of residential mortgage portfolio NCO annualized percentages being lower than the home equity portfolio NCO annualized percentages. As we have focused on originating high-quality home equity loans, we believe the PD risk is lower in the home equity portfolio. However, the LGD component is significantly higher than the residential mortgage portfolio, which results in our projection for lower NCOs in the residential mortgage portfolio relative to the home equity portfolio in the future. Therefore, we believe the residential mortgage NCO annualized percentage will remain lower compared to the home equity portfolio as a result of the entire first-lien composition of the residential mortgage portfolio, as well as the result of previous credit actions improving the underlying quality of these portfolios.

Table of Contents

Both the home equity and residential mortgage portfolio NCO levels are anticipated to remain at elevated levels in the near future. The home equity portfolio will continue to be impacted by borrowers that are seeking to refinance, but are in a negative equity position because of the junior-lien loan. Right-sizing and debt forgiveness associated with these situations are becoming more frequent as borrowers realize the impact to their credit is minor, and that a default on a junior-lien loan is not likely to cause borrowers to lose their home.

From a delinquency standpoint, all residential mortgage loans greater than 150-days past due are charged-down to the estimated value of the collateral, less anticipated selling costs. The remaining balance is in delinquent status until a modification can be completed, or the loan goes through the foreclosure process. For the home equity portfolio, virtually all of the defaults represent full charge-offs as there is no remaining equity, creating a lower delinquency rate but a higher NCO impact.

2012 Third Quarter versus 2012 Second Quarter

C&I NCOs decreased $2.7 million, or 17%. Current quarter NCOs were generally associated with smaller relationships and there was not any specific concentration in either geography or project type. Given the relatively low absolute level of NCOs in this portfolio, some level of volatility on a quarter to quarter basis is expected.

CRE NCOs decreased $11.8 million, or 40%. As with the C&I portfolio, some level of volatility on a quarter to quarter basis is expected.

Automobile NCOs increased $3.6 million, reflecting $2.0 million of Chapter 7 bankruptcy NCOs. The relatively low levels of NCOs reflected the continued high credit quality of originations and a strong resale market for used automobiles. We anticipate continued strength in the used automobile market for the remainder of 2012 and into 2013.

Residential mortgage NCOs increased $6.1 million, or 56%, primarily reflecting the impact of Chapter 7 bankruptcy NCOs.

Home equity NCOs increased $25.6 million, or 121%, reflecting $23.1 million of Chapter 7 bankruptcy NCOs.

The table below reflects NCO activity for the first nine-month periods ended September 30, 2012 and 2011:

Table of Contents

Table 22 - Year to Date Net Charge-off Analysis

(dollar amounts in thousands)	Nine Months Ended September 30, **2012**	2011
Net charge-offs by loan and lease type:		
Commercial:		
Commercial and industrial	**$ 57,196**	$ 78,786
Commercial real estate:		
Construction	**(2,997)**	33,995
Commercial	**60,055**	85,723
Commercial real estate	**57,058**	119,718
Total commercial	**114,254**	198,504
Consumer:		
Automobile	**7,546**	10,830
Home equity	**91,370**	78,378
Residential mortgage	**38,236**	46,949
Other consumer	**20,926**	18,511
Total consumer	**158,078**	154,668
Total net charge-offs	**$ 272,332**	$ 353,172
Net charge-offs annualized percentages:		
Commercial:		
Commercial and industrial	**0.48%**	0.78%
Commercial real estate:		
Construction	**(0.68)**	7.41
Commercial	**1.51**	2.01
Commercial real estate	**1.29**	2.54
Total commercial	**0.70**	1.35
Consumer:		
Automobile	**0.22**	0.24
Home equity	**1.47**	1.33
Residential mortgage	**0.98**	1.36
Other consumer	**6.03**	4.58
Total consumer	**1.14**	1.09
Net charge-offs as a % of average loans	**0.90%**	1.22%

2012 First Nine Months versus 2011 First Nine Months

C&I NCOs decreased $21.6 million, or 27%, primarily reflecting credit quality improvement in the underlying portfolio as well as our on-going proactive credit management practices. There was not any concentration in either geography or project type.

CRE NCOs decreased $62.7 million, or 52%, primarily reflecting credit quality improvement in the underlying portfolio as well as our on-going proactive credit management practices. There was no concentration in either geography or project type, and the NCOs were generally associated with small relationships. The performance of the portfolio was consistent with our expectations.

Automobile NCOs decreased $3.3 million, or 30%, despite the $2.0 impact of Chapter 7 bankruptcy NCOs in the current year-to-date period. The relatively low levels of NCOs reflected the continued high credit quality of originations and a strong resale market for used vehicles.

Home equity NCOs increased $13.0 million, or 17%, and included $23.1 million of Chapter 7 bankruptcy NCOs. Despite the increase as a result of the Chapter 7 bankruptcy loans, the decline in the remaining portion of the portfolio is consistent with our expectations. We continue to manage the default rate through focused delinquency monitoring as essentially all defaults for junior-lien home equity loans incur significant losses reflecting the reduction of equity associated with the collateral property.

Residential mortgage NCOs declined $8.7 million, or 19%, despite $7.9 million of Chapter 7 bankruptcy NCOs. The decline reflects improvement in the overall economy compared to the year-ago period.

Market Risk

Market risk represents the risk of loss due to changes in market values of assets and liabilities. We incur market risk in the normal course of business through exposures to market interest rates, foreign exchange rates, equity prices, credit spreads, and expected lease residual values. We have identified two primary sources of market risk: interest rate risk and price risk.

Interest Rate Risk

OVERVIEW

Interest rate risk is the risk to earnings and value of equity arising from changes in market interest rates. Interest rate risk arises from timing differences in the repricings and maturities of interest-earning assets and interest-bearing liabilities (repricing risk), changes in the expected maturities of assets and liabilities from embedded options, such as borrowers ability to prepay residential mortgage loans at any time and depositors ability to redeem certificates of deposit before maturity (option risk), changes in the shape of the yield curve where interest rates increase or decrease in a non-parallel fashion (yield curve risk), and changes in spread relationships between different yield curves, such as U.S. Treasuries and LIBOR (basis risk).

In the following, we discuss the impact on earnings and equity from changes in interest rates. In recent quarters, due to the absolute low levels of interest rates, the analysis of the impact from a decline in rates has become less meaningful. The reason for this is that current interest rates are lower than the modeled impact (usually a gradual or sudden decline in interest rates of 100 and 200 basis points). Accordingly, where appropriate, we use rate floors in the analysis to ensure that modeled rates do not go below 0%.

INCOME SIMULATION AND ECONOMIC VALUE ANALYSIS

Interest rate risk measurement is calculated and reported to the ALCO and ROC monthly. The information reported includes the identification of any policy limits exceeded, along with an assessment that describes the policy limit breach and outlines the action plan and timeline for resolution, mitigation, or assumption of the risk. We use two approaches to model interest rate risk: income simulation (known as ISE analysis) and economic value analysis (known as EVE analysis). We use ISE to measure the sensitivity of forecasted interest sensitive earnings to changes in market rates over a one-year period. Although we classify BOLI, automobile operating lease assets, and cash balances held at the Federal Reserve Bank as noninterest-earning assets, and the net revenue from these assets is recorded in noninterest income and noninterest expense, we include these portfolios in the ISE because they have attributes similar to interest-earning assets. We use EVE to measure the sensitivity of period-end assets and liabilities to changes in market interest rates. We measure EVE on a net tangible equity basis, excluding ALLL and AULC reserves. The major difference between ISE and EVE is that ISE uses a forecasted balance sheet to determine the sensitivity of earnings to market interest rates, while EVE is a point in time valuation of the net equity position.

The models used for both ISE and EVE consider prepayment speeds on mortgage loans, mortgage-backed securities, and consumer installment loans, as well as cash flows of other assets and liabilities. Both also include the effects of derivatives, such as interest rate swaps, caps, floors, and other types of interest rate options. Unlike EVE, ISE also considers balance sheet growth assumptions.

ISE first determines a baseline scenario for interest sensitive earnings using market interest rates implied by the forward yield curve as of the period-end. We use alternative scenarios, usually involving gradual (ramps) and immediate (shocks) rate changes, to determine any changes in net interest income and margin versus the baseline scenario. In addition to standard ramps and shocks, ISE uses other interest rate scenarios that alter the shape of the yield curve (e.g., a flatter or steeper yield curve), or hold current interest rates constant for the entire measurement period. ISE also uses alternative scenarios to measure short-term repricing risks, such as the impact of LIBOR-based interest rates rising or falling faster than the Prime rate.

The ISE analysis used in the following table reflects the analysis used monthly by management. It models gradual +/-100 and +/-200 basis point parallel shifts in market interest rates over the next one-year period, beyond the interest rate change implied by the forward yield curve. We use rate floors in the analysis so that market interest rates will not fall below 0% for the -100 and -200 basis point scenarios. The table below shows the results of these scenarios as of September 30, 2012, and December 31, 2011. All of the positions were within the board of directors policy limits for those periods.

44

Table of Contents

Table 23 - Interest Sensitive Earnings at Risk

	Interest Sensitive Earnings at Risk (%)			
Basis point change scenario	-200	-100	+100	+200
Board policy limits	-4.0%	-2.0%	-2.0%	-4.0%
September 30, 2012	**-2.7**	**-1.9**	**1.5**	**2.9**
December 31, 2011	-3.6	-2.3	1.8	3.4

The ISE at risk reported at September 30, 2012, shows that we are asset sensitive, meaning that earnings increase (decrease) when rates rise (fall). The primary reason for these results is that more assets (primarily Libor-indexed loans to customers) than liabilities (primarily non-maturity deposits) will reprice over the modeled one-year period. The results for September 30, 2012 and December 31, 2011 are very similar, except that the level of asset sensitivity is lower for all rate movements at September 30, 2012. The reason for the difference between the periods is the shift in liabilities from time deposits to non-maturity deposits during 2012.

The following table shows the income sensitivity of selected assets and liabilities to changes in market interest rates. The table compares the ISE analysis for selected Huntington portfolios to a portfolio that assumes 100% sensitivity to changes in interest rates. We calculate the percent change in interest income/expense as the change in the simulated Huntington portfolio divided by the change in the 100% sensitive portfolio. Due to the absolute low level of rates, the results for the -100 and -200 basis point parallel ramps are not meaningful (NM), since the portfolio that is 100% sensitive to rate movements does not use rate floors and rates can decline below 0%. However, the results for the +100 and +200 basis point ramps do confirm the asset sensitive nature of the portfolio. In both the +100 and +200 basis point ramps, interest income for total loans (36.8% and 38.1%, respectively) increases faster than interest expense for interest bearing deposits (31.7% and 33.0%, respectively) as Libor-based loans are more sensitive to rate movements than managed rate, non-maturity deposits. Additionally, total borrowings show changes in interest expense of 73.6% and 78.3% for +100 and +200 basis point scenarios, respectively. Since total borrowings represent a small percentage of total interest-sensitive liabilities, the financial impact of their sensitivity to rising rates is minimal.

Table 24 - Interest Income/Expense Sensitivity

	Percent of Total Earning Assets (1)	Percent Change in Interest Income/Expense for a Given Change in Interest Rates Over / (Under) Base Case Parallel Ramp			
Basis point change scenario		-200	-100	+100	+200
Total loans	78%	NM%	NM%	36.8%	38.1%
Total investments and other earning assets	22	NM	NM	28.8	26.5
Total interest sensitive income		NM	NM	34.4	35.1
Total interest-bearing deposits	66	NM	NM	31.7	33.0
Total borrowings	5	NM	NM	73.6	78.3
Total interest-sensitive expense		NM	NM	35.8	37.4

(1) At September 30, 2012.

The EVE analysis used in the following table reflects the analysis used monthly by management. It models immediate +/-100 and +/-200 basis points parallel shifts in market interest rates, beyond the interest rate change implied by the forward yield curve. The table below shows the results of the scenarios at September 30, 2012, and December 31, 2011. The board of directors has established policy limits for this analysis and the results below were within the limits at September 30, 2012 and December 31, 2011.

Table 25 - Economic Value of Equity at Risk

	Economic Value of Equity at Risk (%)			
Basis point change scenario	-200	-100	+100	+200
Board policy limits	-12.0%	-5.0%	-5.0%	-12.0%
September 30, 2012	**-2.8**	**-1.2**	**-0.9**	**-3.8**
December 31, 2011	-1.5	0.8	-1.7	-4.6

The EVE at risk reported at September 30, 2012, shows that as interest rates increase (decrease) immediately, the value of the net equity position will decrease (increase), since the amount and duration of the assets is longer than the amount and duration of liabilities. When interest rates rise, assets lose economic value; the longer the duration, the greater the value lost. The opposite is true when interest rates fall. The results for the -100 and -200 basis point scenarios are less meaningful because in many cases market rates are already lower than the amount of the interest rate shock. The results for the +100 and +200 basis point scenarios reflect the increase in the duration of liabilities, primarily non-maturity deposit balances, and the increase in the amount of fixed rate investment securities, from December 31, 2011 to September 30, 2012.

The following table details the economic value sensitivity to changes in market interest rates at September 30, 2012 for loans, investments, deposits, and borrowings. We measure the change in economic value for each portfolio as the percent change from the base economic value for that portfolio. As above, the results in the -100 and -200 basis point scenarios are less meaningful, since market rates are in many cases already lower than the amount of the shock. However, in the +100 and +200 basis point scenarios, the analysis shows the benefit related to higher non-maturity deposit balances. Most of the negative impact in total net tangible assets in the +100 & +200 basis point scenarios is offset by total net tangible liabilities, the largest component of which are non-maturity deposits.

Table 26 - Economic Value Sensitivity

	Percent of Total Net Tangible Assets (1)	Percent Change in Economic Value for a Given Change in Interest Rates Over /(Under) Base Case Parallel Shocks			
Basis point change scenario		-200	-100	+100	+200
Total loans	71%	0.8%	0.7%	-1.4%	-2.8%
Total investments and other earning assets	20	1.6	1.4	-2.7	-5.8
Total net tangible assets (2)		1.0	0.8	-1.6	-3.4
Total deposits	83	-1.7	-1.2	1.8	3.4
Total borrowings	5	-0.4	-0.3	0.8	1.4
Total net tangible liabilities (3)		-1.7	-1.2	1.7	3.3

(1) At September 30, 2012.
(2) Tangible assets excluding ALLL.
(3) Tangible liabilities excluding AULC.

MSRs

(This section should be read in conjunction with Note 6 of Notes to Unaudited Condensed Consolidated Financial Statements.)

At September 30, 2012, we had a total of $108.1 million of capitalized MSRs representing the right to service $15.6 billion in mortgage loans. Of this $108.1 million, $36.6 million was recorded using the fair value method, and $71.5 million was recorded using the amortization method.

MSR fair values are very sensitive to movements in interest rates as expected future net servicing income depends on the projected outstanding principal balances of the underlying loans, which can be greatly reduced by prepayments. Prepayments usually increase when mortgage interest rates decline and decrease when mortgage interest rates rise. We have employed strategies to reduce the risk of MSR fair value changes or impairment. In addition, we engage a third party to provide valuation tools and assistance with our strategies with the objective to decrease the volatility from MSR fair value changes. However, volatile changes in interest rates can diminish the effectiveness of these hedges. We typically report MSR fair value adjustments net of hedge-related trading activity in the mortgage banking income category of noninterest income. Changes in fair value between reporting dates are recorded as an increase or a decrease in mortgage banking income.

MSRs recorded using the amortization method generally relate to loans originated with historically low interest rates, resulting in a lower probability of prepayments and, ultimately, impairment. MSR assets are included in accrued income and other assets in the Unaudited Condensed Consolidated Financial Statements.

Price Risk

Price risk represents the risk of loss arising from adverse movements in the prices of financial instruments that are carried at fair value and are subject to fair value accounting. We have price risk from trading securities, securities owned by our broker-dealer subsidiaries, foreign exchange positions, equity investments, investments in securities backed by mortgage loans, and marketable equity securities held by our insurance subsidiaries. We have established loss limits on the trading portfolio, on the amount of foreign exchange exposure that can be maintained, and on the amount of marketable equity securities that can be held by the insurance subsidiaries.

Liquidity Risk

Liquidity risk is the risk of loss due to the possibility that funds may not be available to satisfy current or future commitments resulting from external macro market issues, investor and customer perception of financial strength, and events unrelated to us, such as war, terrorism, or financial institution market specific issues. In addition, the mix and maturity structure of Huntington s balance sheet, amount of on-hand cash and unencumbered securities, and the availability of contingent sources of funding, can have an impact on Huntington s ability to satisfy current or future funding commitments. We manage liquidity risk at both the Bank and the parent company.

The overall objective of liquidity risk management is to ensure that we can obtain cost-effective funding to meet current and future obligations, and can maintain sufficient levels of on-hand liquidity, under both normal business as usual and unanticipated stressed circumstances. The ALCO was appointed by our ROC to oversee liquidity risk management and the establishment of liquidity risk policies and limits. Contingency funding plans are in place, which measure forecasted sources and uses of funds under various scenarios in order to prepare for unexpected liquidity shortages. Liquidity risk is reviewed monthly for the Bank and the parent company, as well as its subsidiaries. In addition, liquidity working groups meet regularly to identify and monitor liquidity positions, provide policy guidance, review funding strategies, and oversee the adherence to, and maintenance of, the contingency funding plans.

Bank Liquidity and Sources of Liquidity

Our primary sources of funding for the Bank are retail and commercial core deposits. At September 30, 2012, these core deposits funded 78% of total assets (110% of total loans). At September 30, 2012 and December 31, 2011, total core deposits represented 95% of total deposits.

Core deposits are comprised of interest-bearing and noninterest-bearing demand deposits, money market deposits, savings and other domestic deposits, consumer certificates of deposit both over and under $250,000, and nonconsumer certificates of deposit less than $250,000. Noncore deposits consist of brokered money market deposits and certificates of deposit, foreign time deposits, and other domestic deposits of $250,000 or more comprised primarily of public fund certificates of deposit more than $250,000.

Core deposits may increase our need for liquidity as certificates of deposit mature or are withdrawn before maturity and as nonmaturity deposits, such as checking and savings account balances, are withdrawn. Noninterest-bearing demand deposits increased $1.5 billion from December 31, 2011, but include certain large commercial deposits that may be more short-term in nature.

Demand deposit overdrafts that have been reclassified as loan balances were $15.1 million and $26.2 million at September 30, 2012 and December 31, 2011, respectively. Other domestic time deposits of $250,000 or more and brokered deposits and negotiable CDs totaled $2.1 billion and $1.7 billion at September 30, 2012 and December 31, 2011, respectively.

The following tables reflect deposit composition and short-term borrowings detail for each of the last five quarters:

Table of Contents

Table 27 - Deposit Composition

(dollar amounts in millions)	**2012** September 30,		June 30,		March 31,		2011 December 31,		September 30,	
By Type										
Demand deposits noninterest-bearing	**$ 12,680**	**27%**	$ 12,324	27%	$ 11,797	26%	$ 11,158	26%	$ 9,502	22%
Demand deposits interest-bearing	**5,909**	**13**	6,060	13	6,126	14	5,722	13	5,763	13
Money market deposits	**14,926**	**32**	13,756	30	13,169	29	13,117	30	13,759	32
Savings and other domestic deposits	**4,949**	**11**	4,961	11	4,954	11	4,698	11	4,711	11
Core certificates of deposit	**5,817**	**12**	6,508	14	6,920	15	6,513	15	7,084	16
Total core deposits	**44,281**	**95**	43,609	95	42,966	95	41,208	95	40,819	94
Other domestic deposits of $250,000 or more	**352**	**1**	260	1	325	1	390	1	421	1
Brokered deposits and negotiable CDs	**1,795**	**4**	1,888	4	1,276	3	1,321	3	1,535	4
Deposits in foreign offices	**313**		319		442	1	361	1	445	1
Total deposits	**$ 46,741**	**100%**	$ 46,076	100%	$ 45,009	100%	$ 43,280	100%	$ 43,220	100%
Total core deposits:										
Commercial	**$ 19,207**	**43%**	$ 18,324	42%	$ 17,101	40%	$ 16,366	38%	$ 15,526	38%
Consumer	**25,074**	**57**	25,285	58	25,865	60	24,842	62	25,293	62
Total core deposits	**$ 44,281**	**100%**	$ 43,609	100%	$ 42,966	100%	$ 41,208	100%	$ 40,819	100%

Management expects the FDIC to allow the extended or unlimited coverage for noninterest-bearing accounts to expire on December 31, 2012, as scheduled. We anticipate the expiration of the FDIC coverage will have a minimal impact on our liquidity position.

Table 28 - Federal Funds Purchased and Repurchase Agreements

(dollar amounts in millions)	**2012** **September 30,**	June 30,	March 31,	2011 December 31,	September 30,
Balance at period-end					
Federal Funds purchased and securities sold under agreements to repurchase	**$ 1,249**	$ 1,191	$ 1,482	$ 1,434	$ 2,201
Other short-term borrowings	**11**	15	22	7	24
Weighted average interest rate at period-end					
Federal Funds purchased and securities sold under agreements to repurchase	**0.14%**	0.19%	0.14%	0.17%	0.16%
Other short-term borrowings	**1.99**	1.57	0.81	2.74	1.01
Maximum amount outstanding at month-end during the period					
Federal Funds purchased and securities sold under agreements to repurchase	**$ 1,464**	$ 1,286	$ 1,590	$ 1,752	$ 2,431
Other short-term borrowings	**16**	26	23	18	53
Average amount outstanding during the period					
Federal Funds purchased and securities sold under agreements to repurchase	**$ 1,315**	$ 1,365	$ 1,501	$ 1,707	$ 2,200
Other short-term borrowings	**15**	26	11	21	51

Weighted average interest rate during the period					
Federal Funds purchased and securities sold under agreements to repurchase	**0.15%**	0.15%	0.14%	0.17%	0.16%
Other short-term borrowings	**1.67**	0.92	1.76	0.95	0.56

To the extent we are unable to obtain sufficient liquidity through core deposits, we may meet our liquidity needs through sources of wholesale funding or asset securitization or sale. These sources of wholesale funding include other domestic time deposits of $250,000 or more, brokered deposits and negotiable CDs, deposits in foreign offices, short-term borrowings, FHLB advances, other long-term debt, and subordinated notes. At September 30, 2012, total wholesale funding was $5.2 billion, a decrease from $6.6 billion at December 31, 2011. During the 2012 second quarter, Bank obligations of $600 million matured. An additional $65 million of Bank obligations will mature in October 2012.

The Bank also has access to the Federal Reserve s discount window. These borrowings are secured by commercial loans and home equity lines-of-credit. The Bank is also a member of the FHLB, and as such, has access to advances from this facility. These advances are generally secured by residential mortgages, other mortgage-related loans, and available-for-sale securities. Information regarding amounts pledged, for the ability to borrow if necessary, and the unused borrowing capacity at both the Federal Reserve Bank and the FHLB, is outlined in the following table:

Table 29 - Federal Reserve and FHLB Borrowing Capacity

(dollar amounts in billions)	**September 30, 2012**	December 31, 2011
Loans and securities pledged:		
Federal Reserve Bank	**$ 10.3**	$ 10.5
FHLB	**8.6**	8.3
Total loans and securities pledged	**$ 18.9**	$ 18.8
Total unused borrowing capacity at Federal Reserve Bank and FHLB	**$ 11.0**	$ 10.5

On October 11, 2012, The Huntington National Bank, a wholly owned subsidiary of Huntington, sold $1.0 billion of automobile loans and installment sales contracts to Huntington Auto Trust 2012-2, a newly formed statutory trust established by The Huntington National Bank, in a transaction that was accounted for as a sale under generally accepted accounting principles. Huntington Auto Trust 2012-2 acquired the loans with proceeds of the issuance of $1.0 billion of asset-backed notes in transactions exempt from registration under the Securities Act of 1933, as amended.

At September 30, 2012, we believe the Bank had sufficient liquidity to meet its cash flow obligations for the foreseeable future.

Parent Company Liquidity

The parent company s funding requirements consist primarily of dividends to shareholders, debt service, income taxes, operating expenses, funding of nonbank subsidiaries, repurchases of our stock, and acquisitions. The parent company obtains funding to meet obligations from interest received from the Bank, interest and dividends received from direct subsidiaries, net taxes collected from subsidiaries included in the federal consolidated tax return, fees for services provided to subsidiaries, and the issuance of debt or equity securities.

At September 30, 2012 and December 31, 2011, the parent company had $0.9 billion, respectively, in cash and cash equivalents.

Based on the current quarterly dividend of $0.04 per common share, cash demands required for common stock dividends are estimated to be approximately $34.2 million per quarter. Based on the current dividend, cash demands required for Series A Preferred Stock are estimated to be approximately $7.7 million per quarter. Cash demands required for Series B Preferred Stock are expected to be approximately $0.3 million per quarter.

Based on a regulatory dividend limitation, the Bank could not have declared and paid a dividend to the parent company at September 30, 2012, without regulatory approval. We do not anticipate that the Bank will request regulatory approval to pay dividends in the near future as we continue to build Bank regulatory capital above its already well-capitalized level. To help meet any additional liquidity needs, we have an open-ended automatic shelf registration statement filed and effective with the SEC, which permits us to issue an unspecified amount of debt or equity securities.

With the exception of the common and preferred dividends previously discussed, the parent company does not have any significant cash demands. There are no maturities of parent company obligations until 2013, when a debt maturity of $50.0 million is payable. It is our policy to keep operating cash on hand at the parent company to satisfy any cash demands for a minimum of the next 18 months.

We sponsor a non-contributory defined benefit pension plan covering substantially all employees hired or rehired prior to January 1, 2010. The Plan provides benefits based upon length of service and compensation levels. Our policy is to contribute an annual amount that is at least equal to the minimum funding requirements. Although not required, Huntington may choose to make a cash contribution to the Plan up to the maximum deductible limit in the 2012 plan year. The Bank and other subsidiaries fund approximately 90% of pension contributions. Funding requirements are calculated annually as of the end of the year and are heavily dependent on the value of our pension plan assets and the interest rate used to discount plan obligations. To the extent that the low interest rate environment continues, including as a result of the Federal Reserve Maturity Extension Program, or the pension plan does not earn the expected asset return rates, annual pension contribution requirements in future years could increase and such increases could be significant. Any additional pension contributions are not expected to significantly impact liquidity. Although not required, Huntington made a $75 million contribution to the Plan in the 2012 third quarter.

During the first nine months of 2012, we redeemed $194.3 million of trust preferred securities, resulting in a net gain of $0.8 million. The trust preferred securities were redeemed at the redemption price (as a percentage of the liquidation amount) plus accrued and unpaid distributions to the redemption date. These redemptions were funded from our existing cash and were consistent with the capital plan we submitted to the Federal Reserve.

Considering the factors discussed above, and other analyses that we have performed, we believe the parent company has sufficient liquidity to meet its cash flow obligations for the foreseeable future.

Basel III includes short-term liquidity (Liquidity Coverage Ratio) and long-term funding (Net Stable Funding Ratio) standards. The Liquidity Coverage Ratio, which is scheduled to take effect on January 1, 2015, is designed to ensure that banking organizations maintain an adequate level of cash, or assets that can readily be converted to cash, to meet potential short-term liquidity needs. The Net Stable Funding Ratio, which is scheduled to take effect by January 1, 2018, is designed to promote a stable maturity structure of assets and liabilities of banking organizations over a one-year time horizon. These requirements are subject to change by our banking regulators.

Off-Balance Sheet Arrangements

In the normal course of business, we enter into various off-balance sheet arrangements. These arrangements include financial guarantees contained in standby letters-of-credit issued by the Bank and commitments by the Bank to sell mortgage loans.

Standby letters-of-credit are conditional commitments issued to guarantee the performance of a customer to a third party. These guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. Most of these arrangements mature within two years and are expected to expire without being drawn upon. Standby letters-of-credit are included in the determination of the amount of risk-based capital that the parent company and the Bank are required to hold.

Through our credit process, we monitor the credit risks of outstanding standby letters-of-credit. When it is probable that a standby letter of credit will be drawn and not repaid in full, losses are recognized in the provision for credit losses. At September 30, 2012, we had $0.5 billion of standby letters-of-credit outstanding, of which 80% were collateralized. Included in this $0.5 billion are letters-of-credit issued by the Bank that support securities that were issued by our customers and remarketed by The Huntington Investment Company, our broker-dealer subsidiary.

We enter into forward contracts relating to the mortgage banking business to hedge the exposures we have from commitments to extend new residential mortgage loans to our customers and from our mortgage loans held for sale. At September 30, 2012 and December 31, 2011, we had commitments to sell residential real estate loans of $866.9 million and $629.0 million, respectively. These contracts mature in less than one year.

We do not believe that off-balance sheet arrangements will have a material impact on our liquidity or capital resources.

Operational Risk

As with all companies, we are subject to operational risk. Operational risk is the risk of loss due to human error; inadequate or failed internal systems and controls; violations of, or noncompliance with, laws, rules, regulations, prescribed practices, or ethical standards; and external influences such as market conditions, fraudulent activities, disasters, and security risks. We continuously strive to strengthen our system of internal controls to ensure compliance with laws, rules, and regulations, and to improve the oversight of our operational risk. For example, we actively and continuously monitor cyber-attacks such as attempts related to eFraud and loss of sensitive customer data. We constantly evaluate internal systems, processes and controls to mitigate loss from cyber-attacks and, to date, have not experienced any material losses.

50

To mitigate operational risks, we have established a senior management Operational Risk Committee and a senior management Legal, Regulatory, and Compliance Committee. The responsibilities of these committees, among other duties, include establishing and maintaining management information systems to monitor material risks and to identify potential concerns, risks, or trends that may have a significant impact and ensuring that recommendations are developed to address the identified issues. Both of these committees report any significant findings and recommendations to the Risk Management Committee. Additionally, potential concerns may be escalated to our ROC, as appropriate.

The goal of this framework is to implement effective operational risk techniques and strategies, minimize operational and fraud losses, and enhance our overall performance.

Representation and Warranty Reserve

We primarily conduct our mortgage loan sale and securitization activity with FNMA and FHLMC. In connection with these and other securitization transactions, we make certain representations and warranties that the loans meet certain criteria, such as collateral type and underwriting standards. We may be required to repurchase individual loans and / or indemnify these organizations against losses due to a loan not meeting the established criteria. We have a reserve for such losses, which is included in accrued expenses and other liabilities. The reserves are estimated based on historical and expected repurchase activity, average loss rates, and current economic trends. The level of mortgage loan repurchase losses depends upon economic factors, investor demand strategies and other external conditions containing a level of uncertainty and risk that may change over the life of the underlying loans. We currently do not have sufficient information to estimate the range of reasonably possible loss related to representation and warranty exposure.

The table below reflects activity in the representations and warranties reserve:

Table 30 - Summary of Reserve for Representations and Warranties on Mortgage Loans Serviced for Others

		2012		2011	
(dollar amounts in thousands)	**Third**	Second	First	Fourth	Third
Reserve for representations and warranties, beginning of period	**$ 26,298**	$ 24,802	$ 23,218	$ 23,854	$ 24,497
Reserve charges	**(2,833)**	(2,677)	(2,056)	(4,736)	(3,340)
Provision for representations and warranties	**4,003**	4,173	3,640	4,100	2,697
Reserve for representations and warranties, end of period	**$ 27,468**	$ 26,298	$ 24,802	$ 23,218	$ 23,854

Table 31 - Mortgage Loan Repurchase Statistics

		2012		2011	
(dollar amounts in thousands)	**Third**	Second	First	Fourth	Third
Number of loans sold	**6,093**	5,935	6,621	5,461	3,877
Amount of loans sold (UPB)	**$ 992,310**	$ 890,592	$ 1,008,055	$ 815,119	$ 529,722
Number of loans repurchased (1)	**44**	55	41	34	43
Amount of loans repurchased (UPB) (1)	**$ 5,721**	$ 8,998	$ 4,841	$ 5,019	$ 7,325
Number of claims received	**139**	227	134	101	96
Successful dispute rate (2)	**44%**	48%	46%	63%	27%
Number of make whole payments (3)	**39**	47	33	20	38
Amount of make whole payments (3)	**$ 2,815**	$ 2,130	$ 1,611	$ 1,156	$ 3,392

(1) Loans repurchased are loans that fail to meet the purchaser s terms.
(2) Successful disputes are a percent of close out requests.
(3) Make whole payments are payments to reimburse for losses on foreclosed properties.

Foreclosure Documentation

Compared to the high volume servicers, we service a relatively low volume of residential mortgage foreclosures. We have reviewed our residential foreclosure process. We have not found evidence of financial injury to any borrowers from any foreclosure by the Bank that should not have proceeded. We continuously review our processes and controls to ensure that our foreclosure processes are appropriate.

Table of Contents

Compliance Risk

Financial institutions are subject to several laws, rules, and regulations at both the federal and state levels. These broad-based mandates include, but are not limited to, expectations relating to anti-money laundering, lending limits, client privacy, fair lending, and community reinvestment. Additionally, the volume and complexity of recent regulatory changes have increased our overall compliance risk. As such, we utilize various resources to help ensure expectations are met, including a team of compliance experts dedicated to ensuring our conformance with all applicable laws, rules, and regulations. Our colleagues receive training for several broad-based laws and regulations including, but not limited to, anti-money laundering and customer privacy. Additionally, colleagues engaged in lending activities receive training for laws and regulations related to flood disaster protection, equal credit opportunity, fair lending, and / or other courses related to the extension of credit. We set a high standard of expectation for adherence to compliance management and seek to continuously enhance our performance.

Capital

Both regulatory capital and shareholders equity are managed at the Bank and on a consolidated basis. We have an active program for managing capital and maintain a comprehensive process for assessing the Company s overall capital adequacy. We believe our current levels of both regulatory capital and shareholders equity are adequate.

Regulatory Capital

BASEL III and the Dodd-Frank Act

In June 2012, the FRB, OCC, and FDIC (collectively, the Agencies) each issued NPRs that would revise and replace the Agencies current capital rules to align with the BASEL III capital standards and meet certain requirements of the Dodd-Frank Act. Certain requirements of the NPRs would establish more restrictive capital definitions, higher risk-weightings for certain asset classes, capital buffers and higher minimum capital ratios. The NPRs were in a comment period through October 22, 2012, and are subject to further modification by the Agencies.

We are currently evaluating the impact of the NPRs on our regulatory capital ratios and estimate a reduction of approximately 150 basis points to our BASEL I Tier I Common risk-based capital ratio based on our existing balance sheet composition. We anticipate that our capital ratios, on a BASEL III basis, would continue to exceed the well-capitalized minimum requirements. For additional discussion, please see BASEL III and the Dodd-Frank Act section within the Capital section.

Capital Planning

In connection with its increased focus on the adequacy of regulatory capital and risk management for larger financial institutions, in late 2011, the FRB finalized rules to require banks with assets over $50.0 billion to submit capital plans annually. Per the FRB s rule, our submission included a comprehensive capital plan supported by an assessment of expected uses and sources of capital over a given planning time period under a range of expected and stress scenarios. We participated in the FRB s CapPR process and made our capital plan submission in January 2012. On March 14, 2012, we announced that the FRB had completed its review of our capital plan submission and did not object to our proposed capital actions. The planned actions included the potential repurchase of up to $182.0 million of common stock and a continuation of our current common dividend through the 2013 first quarter.

In October 2012, the Federal Reserve published two final rules with stress testing requirements for certain bank holding companies, state member banks, and savings and loan holding companies. We will be subject to the Federal Reserve s supervisory stress tests beginning in late 2013, however as in the prior year, we are subject to CapPR and will conduct internal stress testing as part of the completion of our annual Capital Plan. We are required to submit our Capital Plan to the Federal Reserve no later than January 5, 2013.

In October 2012, the OCC issued its Annual Stress Test final rule. In that ruling, the OCC stipulated it will consult closely with the Federal Reserve to provide common stress scenarios for use at both the depository institution and holding company levels. The OCC has deferred the requirement for us to complete separate annual stress tests at the bank-level until 2013. For additional discussion, refer to the Updates to Risk Factors section located in the Additional Disclosures section of this MD&A.

Capital Adequacy

The FRB establishes capital adequacy requirements, including well-capitalized standards for the Company. The OCC establishes similar capital adequacy requirements and standards for the Bank. Regulatory capital primarily consists of Tier 1 risk-based capital and Tier 2 risk-based capital. The sum of Tier 1 risk-based capital and Tier 2 risk-based capital equals our total risk-based capital.

Table of Contents

Risk-based capital guidelines require a minimum level of capital as a percentage of risk-weighted assets . Risk-weighted assets consist of total assets plus certain off-balance sheet and market items, subject to adjustment for predefined credit risk factors. At September 30, 2012, both the Company and the Bank were well-capitalized under applicable regulatory capital adequacy guidelines.

Tier 1 common equity, a non-GAAP financial measure, is used by banking regulators, investors and analysts to assess and compare the quality and composition of our capital with the capital of other financial services companies. We use Tier 1 common equity, along with the other capital measures, to assess and monitor our capital position. Tier 1 common equity is defined as Tier 1 capital less elements of Tier 1 capital not in the form of common equity (e.g. perpetual preferred stock, noncontrolling interests in subsidiaries, and trust preferred capital debt securities).

The following table presents risk-weighted assets and other financial data necessary to calculate certain financial ratios, including the Tier 1 common equity ratio, which we use to measure capital adequacy:

Table 32 - Capital Adequacy

	2012			2011	
(dollar amounts in millions)	**September 30,**	June 30,	March 31,	December 31,	September 30,
Consolidated capital calculations:					
Common shareholders equity	**$ 5,422**	$ 5,263	$ 5,164	$ 5,032	$ 5,037
Preferred shareholders equity	**386**	386	386	386	363
Total shareholders equity	**5,808**	5,649	5,550	5,418	5,400
Goodwill	**(444)**	(444)	(444)	(444)	(444)
Other intangible assets	**(144)**	(159)	(171)	(175)	(188)
Other intangible assets deferred tax liability (1)	**50**	56	60	61	66
Total tangible equity (2)	**5,270**	5,102	4,995	4,860	4,834
Preferred shareholders equity	**(386)**	(386)	(386)	(386)	(363)
Total tangible common equity (2)	**$ 4,884**	$ 4,716	$ 4,609	$ 4,474	$ 4,471
Total assets	**$ 56,443**	$ 56,623	$ 55,877	$ 54,451	$ 54,979
Goodwill	**(444)**	(444)	(444)	(444)	(444)
Other intangible assets	**(144)**	(159)	(171)	(175)	(188)
Other intangible assets deferred tax liability (1)	**50**	56	60	61	66
Total tangible assets (2)	**$ 55,905**	$ 56,076	$ 55,322	$ 53,893	$ 54,413
Tier 1 capital	**$ 5,720**	$ 5,714	$ 5,709	$ 5,557	$ 5,488
Preferred shareholders equity	**(386)**	(386)	(386)	(386)	(363)
Trust preferred securities	**(335)**	(449)	(532)	(532)	(565)
REIT preferred stock	**(50)**	(50)	(50)	(50)	(50)
Tier 1 common equity (2)	**$ 4,949**	$ 4,829	$ 4,741	$ 4,589	$ 4,510
Risk-weighted assets (RWA)	**$ 48,147**	$ 47,890	$ 46,716	$ 45,891	$ 44,376
Tier 1 common equity / RWA ratio (2)	**10.28%**	10.08%	10.15%	10.00%	10.17%
Tangible equity / tangible asset ratio (2)	**9.43**	9.10	9.03	9.02	8.88
Tangible common equity / tangible asset ratio (2)	**8.74**	8.41	8.33	8.30	8.22
Tangible common equity / RWA ratio (2)	**10.14**	9.85	9.86	9.75	10.08

(1) Other intangible assets are net of deferred tax liability, and calculated assuming a 35% tax rate.

(2) Tangible equity, Tier 1 common equity, tangible common equity, and tangible assets are non-GAAP financial measures. Additionally, any ratios utilizing these financial measures are also non-GAAP. These financial measures have been included as they are considered to be critical metrics with which to analyze and evaluate financial condition and capital strength. Other companies may calculate these financial measures differently.

Table of Contents

Our Tier 1 common equity risk-based ratio improved 28 basis points to 10.28% at September 30, 2012, compared with 10.00% at December 31, 2011. This increase primarily reflected the combination of an increase in retained earnings and a reduction in the disallowed tax deferred asset, partially offset by an increase in risk-weighted assets, the repurchase of 10.2 million common shares, and the impacts related to the payments of dividends.

The following table presents certain regulatory capital data at both the consolidated and Bank levels for each of the past five quarters:

Table 33 - Regulatory Capital Data

		2012			2011	
(dollar amounts in millions)		**September 30,**	June 30,	March 31,	December 31,	September 30,
Total risk-weighted assets	Consolidated	**$ 48,147**	$ 47,890	$ 46,716	$ 45,891	$ 44,376
	Bank	**48,033**	47,786	46,498	45,651	44,242
Tier 1 risk-based capital	Consolidated	**5,720**	5,714	5,709	5,557	5,488
	Bank	**4,818**	4,636	4,437	4,245	4,159
Tier 2 risk-based capital	Consolidated	**1,192**	1,190	1,186	1,221	1,216
	Bank	**1,196**	1,294	1,372	1,508	1,830
Total risk-based capital	Consolidated	**6,912**	6,904	6,895	6,778	6,704
	Bank	**6,014**	5,930	5,809	5,753	5,989
Tier 1 leverage ratio	Consolidated	**10.29%**	10.34%	10.55%	10.28%	10.24%
	Bank	**8.68**	8.42	8.24	7.89	7.79
Tier 1 risk-based capital ratio	Consolidated	**11.88**	11.93	12.22	12.11	12.37
	Bank	**10.03**	9.70	9.54	9.30	9.40
Total risk-based capital ratio	Consolidated	**14.36**	14.42	14.76	14.77	15.11
	Bank	**12.52**	12.41	12.49	12.60	13.54

The decrease in our consolidated Tier 1 risk-based capital ratios compared with December 31, 2011, primarily reflected an increase in risk-weighted assets, the redemption of $194 million in trust preferred securities, the repurchase of 10.2 million common shares, and the impacts related to the payments of dividends, partially offset by an increase in retained earnings and a reduction in the disallowed deferred tax asset.

Shareholders Equity

We generate shareholders equity primarily through the retention of earnings, net of dividends. Other potential sources of shareholders equity include issuances of common and preferred stock. Our objective is to maintain capital at an amount commensurate with our risk profile and risk tolerance objectives, to meet both regulatory and market expectations, and to provide the flexibility needed for future growth and business opportunities. Shareholders equity totaled $5.8 billion at September 30, 2012, representing a $0.4 billion, or 7%, increase compared with December 31, 2011, primarily reflecting an increase in retained earnings.

Dividends

We consider disciplined capital management as a key objective, with dividends representing one component. Our strong capital ratios and expectations for continued earnings growth positions us to continue to actively explore additional capital management opportunities.

On October 18, 2012, our board of directors declared a quarterly cash dividend of $0.04 per common share, payable in January 2013. Cash dividends of $0.04 per common share were also declared on January 19, 2012, April 18, 2012, and July 19, 2012. Our 2012 capital plan to the FRB *(see Capital Planning section above)* included the continuation of our current common dividend through the 2013 first quarter.

On October 18, 2012, our board of directors also declared a quarterly cash dividend on our 8.50% Series A Non-Cumulative Perpetual Convertible Preferred Stock of $21.25 per share. The dividend is payable in January 2013. Cash dividends of $21.25 per share were also declared on January 19, 2012, April 28, 2012, and July 19, 2012.

On October 18, 2012, our board of directors also declared a quarterly cash dividend on our Floating Rate Series B Non-Cumulative Perpetual Preferred Stock of approximately $7.60 per share. The dividend is payable in January 2013. Cash dividends of approximately $7.89 per share, approximately $7.92 per share, and approximately $8.18 per share were also declared on July 19, 2012, April 28, 2012, and January 19, 2012, respectively.

Share Repurchases

From time to time the Board authorizes the Company to repurchase shares of our common stock. Although we announce when the Board authorizes share repurchases, we typically do not give any public notice before we repurchase our shares. Future stock repurchases may be private or open-market repurchases, including block transactions, accelerated or delayed block transactions, forward transactions, and similar transactions. Various factors determine the amount and timing of our share repurchases, including our capital requirements, the number of shares we expect to issue for employee benefit plans and acquisitions, market conditions (including the trading price of our stock), and regulatory and legal considerations, including the FRB s response to our capital plan.

Our board of directors has authorized a share repurchase program consistent with our capital plan. During the three-month period ended September 30, 2012, we repurchased 3.7 million common shares at a weighted average share price of $6.70. During the nine-month period ended September 30, 2012, we repurchased 10.2 million common shares at a weighted average share price of $6.42.

Table of Contents

BUSINESS SEGMENT DISCUSSION

Overview

We have four major business segments: Retail and Business Banking; Regional and Commercial Banking; Automobile Finance and Commercial Real Estate; and Wealth Advisors, Government Finance, and Home Lending. A Treasury / Other function also includes our insurance business and other unallocated assets, liabilities, revenue, and expenses. While this section reviews financial performance from a business segment perspective, it should be read in conjunction with the Discussion of Results of Operations, Note 18 of the Notes to Unaudited Condensed Consolidated Financial Statements, and other sections for a full understanding of our consolidated financial performance.

Business segment results are determined based upon our management reporting system, which assigns balance sheet and income statement items to each of the business segments. The process is designed around our organizational and management structure and, accordingly, the results derived are not necessarily comparable with similar information published by other financial institutions.

Optimal Customer Relationship (OCR)

Our OCR initiative is a cross-business segment strategy designed to increase overall customer profitability and retention by deepening product and service penetration to consumer and commercial customers. We believe this can be accomplished by taking our broad array of services and products and delivering them through a rigorous and disciplined sales management process that is consistent across all business segments and regions. It is also supported by robust sales and referral technology.

OCR was introduced in late 2009. Through 2010, much of the effort was spent on defining processes, sales training, and systems development to fully capture and measure OCR performance metrics. In 2011, we introduced OCR-related metrics for commercial relationships, which complements the previously disclosed consumer OCR-related metrics. In 2012, we are seeing the results in our revenue growth.

CONSUMER OCR PERFORMANCE

For consumer OCR performance, there are three key performance metrics: (1) the number of checking account households, (2) the number of services penetration per consumer checking account household, and (3) the revenue generated. Consumer households from all business segments are included.

The growth in consumer checking account number of households is a result of both new sales of checking accounts and improved retention of existing checking account households. The overall objective is to grow the number of households, along with an increase in product penetration.

We use the checking account since it typically represents the primary banking relationship product. We count additional products by type, not number of products. For example, a household that has one checking account and one mortgage, we count as having two services. A household with four checking accounts, we count as having one service. The household relationship utilizing four or more services is viewed to be more profitable and loyal. The overall objective, therefore, is to decrease the percentage of 1-3 services per consumer checking account household, while increasing the percentage of those with 4 or more services.

The following table presents consumer checking account household OCR metrics:

Table 34 - Consumer Checking Household OCR Cross-sell Report

	2012			2011	
	Third	Second	First	Fourth	Third
Number of households	**1,203,508**	1,167,413	1,134,444	1,095,638	1,073,708
Product Penetration by Number of Services					
1 Service	**4.3%**	3.6%	3.7%	4.1%	4.4%
2-3 Services	**19.8**	20.4	21.2	22.4	22.8
4+ Services	**75.9**	76.0	75.1	73.5	72.8
Total revenue *(in millions)*	**$ 246.0**	$ 249.7	$ 236.5	$ 230.6	$ 251.9

Table of Contents

Our emphasis on cross-sell, coupled with customers increasingly being attracted by the benefits offered through our Fair Play banking philosophy with programs such as 24-Hour Grace® on overdrafts and Asterisk-Free Checking , are having a positive effect. The percent of consumer households with over four products at the end of the 2012 third quarter was 75.9%, up from 73.5% at the end of last year. For the first nine-month period of 2012, consumer checking account households grew at a 12.7% annualized rate. Total consumer checking account household revenue in the 2012 third quarter was $246.0 million, down $3.8 million, or 2%, from the 2012 second quarter. Total consumer checking account household revenue was down $5.9 million, or 2%, from the year-ago quarter due to the Durbin amendment.

COMMERCIAL OCR PERFORMANCE

For commercial OCR performance, there are three key performance metrics: (1) the number of commercial relationships, (2) the number of services penetration per commercial relationship, and (3) the revenue generated. Commercial relationships include relationships from all business segments.

The growth in the number of commercial relationships is a result of both new sales of checking accounts and improved retention of existing commercial accounts. The overall objective is to grow the number of relationships, along with an increase in product service distribution.

The commercial relationship is defined as a business banking or commercial banking customer with a checking account relationship. We use this metric because we believe that the checking account anchors a business relationship and creates the opportunity to increase our cross-sell. Multiple sales of the same type of product are counted as one product, the same as consumer.

The following table presents commercial relationship OCR metrics:

Table 35 - Commercial Relationship OCR Cross-sell Report

	2012			2011	
	Third	Second	First	Fourth	Third
Commercial Relationships	**149,333**	147,190	142,947	138,357	135,826
Product Penetration by Number of Services					
1 Service	**25.9%**	26.5%	27.2%	28.4%	29.7%
2-3 Services	**40.6**	40.9	40.2	40.2	41.1
4+ Services	**33.5**	32.6	32.7	31.4	29.2
Total revenue *(in millions)*	**$ 175.7**	$ 189.2	$ 169.7	$ 175.4	$ 175.5

By focusing on targeted relationships we are able to achieve higher product service distribution among our commercial relationships. Our expanded product offerings allow us to focus not only on the credit driven relationship, but leverage these relationships to generate a deeper share of wallet. The percent of commercial relationships utilizing over four products at the end of the 2012 third quarter was 33.5%, up from 29.2% from the prior year. For the first nine-month period of 2012, commercial relationships grew at a 7.9% annualized rate. Total commercial relationship revenue in the 2012 third quarter was $175.7 million, down $13.5 million, or 7%, from the 2012 second quarter, and up $0.2 million, or 1.7%, higher than the year-ago quarter. This was primarily driven by capital markets activities.

Revenue Sharing

Revenue is recorded in the business segment responsible for the related product or service. Fee sharing is recorded to allocate portions of such revenue to other business segments involved in selling to, or providing service to, customers. Results of operations for the business segments reflect these fee sharing allocations.

Expense Allocation

The management accounting process that develops the business segment reporting utilizes various estimates and allocation methodologies to measure the performance of the business segments. Expenses are allocated to business segments using a two-phase approach. The first phase consists of measuring and assigning unit costs (activity-based costs) to activities related to product origination and servicing. These activity-based costs are then extended, based on volumes, with the resulting amount allocated to business segments that own the related products. The second phase consists of the allocation of overhead costs to all four business segments from Treasury / Other. We utilize a full-allocation methodology, where all Treasury / Other expenses, except those related to our insurance business, reported Significant Items (except for the goodwill impairment), and a small amount of other residual unallocated expenses, are allocated to the four business segments.

Funds Transfer Pricing (FTP)

We use an active and centralized FTP methodology to attribute appropriate net interest income to the business segments. The intent of the FTP methodology is to eliminate all interest rate risk from the business segments by providing matched cash flows funding of assets and liabilities. The result is to centralize the financial impact, management, and reporting of interest rate and liquidity risk in the Treasury / Other function where it can be centrally monitored and managed. The Treasury / Other function charges (credits) an internal cost of funds for assets held in (or pays for funding provided by) each business segment. The FTP rate is based on prevailing market interest rates for comparable term assets (or liabilities), and includes an estimate for the cost of liquidity (liquidity premium). Deposits of an indeterminate maturity receive an FTP credit based on a combination of average lives and replicating portfolio pool rates. Other assets, liabilities, and capital are charged (credited) with a four-year moving average FTP rate. The denominator in the net interest margin calculation has been modified to add the amount of net funds provided by each business segment for all periods presented.

Treasury / Other

The Treasury / Other function includes revenue and expense related to our insurance business, and assets, liabilities, and equity not directly assigned or allocated to one of the four business segments. Other assets include investment securities and bank owned life insurance. The financial impact associated with our FTP methodology, as described above, is also included.

Net interest income includes the impact of administering our investment securities portfolios and the net impact of derivatives used to hedge interest rate sensitivity. Noninterest income includes insurance income, miscellaneous fee income not allocated to other business segments, such as bank owned life insurance income and any investment security and trading asset gains or losses. Noninterest expense includes any insurance-related expenses, as well as certain corporate administrative, merger, and other miscellaneous expenses not allocated to other business segments. The provision for income taxes for the business segments is calculated at a statutory 35% tax rate, though our overall effective tax rate is lower. As a result, Treasury / Other reflects a credit for income taxes representing the difference between the lower actual effective tax rate and the statutory tax rate used to allocate income taxes to the business segments.

Net Income by Business Segment

We reported net income of $473.7 million during the first nine-month period of 2012. This compared with net income of $415.8 million during the first nine-month period of 2011. The segregation of net income by business segment for the first nine-month period of 2012 and 2011 is presented in the following table:

Table of Contents

Table 36 - Net Income by Business Segment

(dollar amounts in thousands)	Nine Months Ended September 30, 2012	2011
Retail and Business Banking	**$ 72,957**	$ 139,255
Regional and Commercial Banking	**72,851**	69,191
AFCRE	**173,557**	151,966
WGH	**58,885**	18,109
Treasury/Other	**95,493**	37,234
Total net income	**$ 473,743**	$ 415,755

Average Loans/Leases and Deposits by Business Segment

The segregation of total average loans and leases and total average deposits by business segment for the first nine-month period of 2012 is presented in the following table:

Table 37 - Average Loans/Leases and Deposits by Business Segment

	Nine Months Ended September 30, 2012					
(dollar amounts in millions)	Retail and Business Banking	Regional and Commercial Banking	AFCRE	WGH	Treasury / Other	TOTAL
Average Loans/Leases						
Commercial and industrial	$ 3,318	$ 9,549	$ 2,029	$ 785	$ 75	$ 15,756
Commercial real estate	554	385	4,776	169	(1)	5,883
Total commercial	3,872	9,934	6,805	954	74	21,639
Automobile			4,540			4,540
Home equity	7,446	22	1	825	11	8,305
Residential mortgage	1,033	8		4,155	5	5,201
Other consumer	354	5	89	40	(25)	463
Total consumer	8,833	35	4,630	5,020	(9)	18,509
Total loans and leases	$ 12,705	$ 9,969	$ 11,435	$ 5,974	$ 65	$ 40,148
Average Deposits						
Demand deposits noninterest-bearing	$ 4,667	$ 2,919	$ 492	$ 3,591	$ 221	$ 11,890
Demand deposits interest-bearing	4,598	105	48	1,042	7	5,800
Money market deposits	7,541	1,776	248	4,050	1	13,616
Savings and other domestic deposits	4,740	13	15	156		4,924
Core certificates of deposit	6,280	25	2	105	6	6,418
Total core deposits	27,826	4,838	805	8,944	235	42,648
Other deposits	167	218	64	712	1,070	2,231
Total deposits	$ 27,993	$ 5,056	$ 869	$ 9,656	$ 1,305	$ 44,879

Table of Contents

Retail and Business Banking

Table 38 - Key Performance Indicators for Retail and Business Banking

(dollar amounts in thousands unless otherwise noted)	Nine Months Ended September 30, **2012**	2011	Change Amount	Percent
Net interest income	**$ 656,216**	$ 702,666	$ (46,450)	(7)%
Provision for credit losses	**103,233**	94,825	8,408	9
Noninterest income	**286,745**	311,598	(24,853)	(8)
Noninterest expense	**727,486**	705,201	22,285	3
Provision for income taxes	**39,285**	74,983	(35,698)	(48)
Net income	**$ 72,957**	$ 139,255	$ (66,298)	(48)%
Number of employees (full-time equivalent)	**5,745**	5,641	104	2%
Total average assets *(in millions)*	**$ 14,283**	$ 13,345	$ 938	7
Total average loans/leases *(in millions)*	**12,705**	11,953	752	6
Total average deposits *(in millions)*	**27,993**	28,734	(741)	(3)
Net interest margin	**3.14%**	3.25%	(0.11)%	(3)
NCOs	**$ 121,785**	$ 125,360	$ (3,575)	(3)
NCOs as a % of average loans and leases	**1.28%**	1.40%	(0.12)%	(9)
Return on average common equity	**6.9**	13.1	(6.2)	(47)

2012 First Nine Months vs. 2011 First Nine Months

Retail and Business Banking reported net income of $73.0 million in the first nine-month period of 2012. This was a decrease of $66.3 million, or 48%, when compared to the year-ago period.

Results for the first nine months of the year were negatively impacted by the Durbin Amendment of the Dodd-Frank Act, which drove a net $32.6 million reduction in debit card income. This was less than an expected $51 million reduction because of offsetting account growth. Service charges on deposit accounts increased $14.2 million or 10% as a direct result of a 12.1% increase in the number of households. Demand deposit balances increased materially when compared to the year-ago period, including a 25% increase in noninterest-bearing demand deposits. Money market deposits were down 5% and core certificate of deposits were down 20% compared to the year-ago period due to a focus on deposit mix and funding margin management. Household growth continued to outperform expectations with marketing expenses marginally down compared to prior year. Finally, average portfolio loan balances were up 6% over the same period prior year, with a 13 basis point increase in the portfolio spread.

The decrease in net income reflected a combination of factors including:

- $46.5 million, or 7%, decrease in net interest income.
- $8.4 million, or 9%, increase in the provision for credit losses.
- $24.9 million, or 8%, decrease in noninterest income.
- $22.3 million, or 3%, increase in noninterest expense.

The decrease in net interest income from the year-ago period reflected:

$11.3 million of lower equity funding related to lower rate environment.

23 basis points decrease in deposit spread and $741 million decline in balances resulted in a $58.0 million reduction in net interest income.

Table of Contents

Partially offset by:

- $0.8 billion, or 6%, increase in total average loans and leases, with 13 basis point of increased spread providing $24.7 million of increased margin.

The increase in total average loans and leases from the year-ago period reflected:

- $361 million, or 4%, increase in consumer loans driven by $403 million or 6% increase in home equity lines.
- $279 million, or 9%, increase in the C&I portfolio.

The decrease in total average deposits from the year-ago period reflected:

- $1.6 billion, or 20%, decrease in core certificate of deposits, which reflected continued focus on product mix in reducing the overall cost of deposits.
- $0.4 billion, or 5%, decrease in money market deposits.

Partially offset by:

- $0.9 billion, or 25%, increase in noninterest-bearing demand deposits.

The increase in the provision for credit losses from the year-ago period reflected:

- $8.4 million, or 9%, increase in provision for credit losses reflected financial difficulties experienced primarily by our residential mortgage and home equity second-lien loan borrowers.

The decrease in noninterest income from the year-ago period reflected:

- $31.5 million, or 34%, decrease in electronic banking income, reflecting the impact of the Durbin Amendment of the Dodd-Frank Act on debit card interchange income.
- $6.7 million, or 27%, decrease in other income, as the prior period reflected an increased value in a loan servicing asset.

Partially offset by:

- $14.2 million, or 10%, increase in deposit service charge income due to strong household and account growth in the checking portfolio.
- $6.7 million, or 43%, increase in mortgage banking income due to higher loan originations.

The increase in noninterest expense from the year-ago period reflected:

- $21.2 million, or 10%, increase in personnel costs primarily related to the addition of 41 Giant Eagle and 15 Meijer In-stores branches.
- $42.8 million, or 20%, increase in expense allocations.

Partially offset by:

- $36.4 million lower FDIC insurance expense.
- $3.4 million lower expense for the amortization of intangibles.

Table of Contents

Regional and Commercial Banking

Table 39 - Key Performance Indicators for Regional and Commercial Banking

(dollar amounts in thousands unless otherwise noted)	Nine Months Ended September 30, **2012**	2011	Change Amount	Percent
Net interest income	**$ 202,116**	$ 178,787	$ 23,329	13%
Provision for credit losses	**42,542**	23,957	18,585	78
Noninterest income	**100,724**	94,657	6,067	6
Noninterest expense	**148,219**	143,040	5,179	4
Provision for income taxes	**39,228**	37,256	1,972	5
Net income	**$ 72,851**	$ 69,191	$ 3,660	5%
Number of employees (full-time equivalent)	**710**	662	48	7%
Total average assets *(in millions)*	**$ 10,850**	$ 9,062	$ 1,788	20
Total average loans/leases *(in millions)*	**9,969**	8,132	1,837	23
Total average deposits *(in millions)*	**5,056**	3,684	1,372	37
Net interest margin	**2.79%**	2.95%	(0.16)%	(5)
NCOs	**$ 25,688**	$ 38,619	$ (12,931)	(33)
NCOs as a % of average loans and leases	**0.34%**	0.63%	(0.29)%	(46)
Return on average common equity	**11.3**	13.1	(1.8)	(14)

2012 First Nine Months vs. 2011 First Nine Months

Regional and Commercial Banking reported net income of $72.9 million for the first nine-month period of 2012. This was an increase of $3.7 million, or 5%, compared to the year-ago period. The increase in provision expense was impacted by a combination of significant loan growth and reserves allocated to new and specialty lines of business including Healthcare, Asset-Based Lending and Equipment Finance.

The Optimal Customer Relationship (OCR) initiative, which includes robust customer relationship planning, a referral tracking system, and new customer relationship management system, resulted in a 6% increase in loan originations in the first nine-month period of 2012 compared to the year-ago period. The increase in originations during the current period reflected the strategic decision to enter the syndications line of business further enhancing our Large Corporate and Middle Market capabilities, as well as our continued development of our vertical strategies. Additionally, the Commercial Relationship Manager sales teams were focused on the importance of deposit relationships, as well as partnering with Treasury Management to deliver customer-focused liquidity management solutions.

The increase in net income reflected a combination of factors including:

- $23.3 million, or 13%, increase in net interest income.
- $6.1 million, or 6%, increase in noninterest income.

Offset by:

- $18.6 million, or 78%, increase in the provision for credit losses, primarily due to loan growth and reserves allocated to new and specialty lines of business.
- $5.2 million, or 4%, increase in noninterest expense, due to our strategic initiatives investments.

The increase in net interest income from the year-ago period reflected:

$1.8 billion, or 23%, increase in total average loans and leases which reflected the strategic decision to enter the syndications line of business, as well as the continued development of our vertical strategies.

$1.4 billion, or 37%, increase in average total deposits.

Partially offset by:

17 basis point decrease in the net interest margin due to funds transfer pricing impacts over the past year.

The increase in total average loans and leases from the year-ago period reflected:

$0.9 billion, or 73%, increase in the large corporate portfolio average balance due to establishing relationships with targeted prospects within our footprint.

$0.8 billion, or 71%, increase in the equipment finance portfolio average balance which reflected our focus on developing vertical strategies in business aircraft, rail industry, lender finance and syndications, as well as the purchase of a portfolio of municipal leases in late March 2012.

$0.2 billion, or 35%, increase in the healthcare portfolio average balance due to strategic focus on the banking needs of the healthcare industry, specifically targeting alternate site real estate, seniors real estate, medical technology, community hospitals, metro hospitals, and health care services.

Partially offset by:

$0.2 billion, or 46%, decline in commercial loans managed by SAD reflecting improved credit quality in the portfolio.

The increase in total average deposits from the year-ago period reflected:

$1.4 billion, or 40%, increase in average core deposits, which primarily reflected a $0.9 billion increase in average noninterest-bearing deposits. Regional and Commercial Banking initiated a strategic focus to gain a deeper share of wallet with certain key relationships. This focus was specifically targeted to liquidity solutions for these customers and resulted in significant deposit growth. Middle Market accounts, such as Not-For-Profit universities, Healthcare, etc., contributed $0.8 billion of the balance growth, while Large Corporate accounts contributed $0.6 billion.

Strategic initiatives to deepen customer relationships, new and innovative product offerings, pricing discipline, and sales and retention initiatives.

The increase in the provision for credit losses from the year-ago period reflected:

A combination of significant loan growth and reserves allocated to new and specialty lines of business, partially offset by improved credit quality in the portfolio evidenced by a $12.9 million decrease in NCOs.

The increase in noninterest income from the year-ago period reflected:

$7.4 million, or 27%, increase in capital markets related income, including a $3.8 million, or 53%, increase in institutional brokerage income driven by stronger underwriting fees and fixed-income commissions compared to the prior year, a $3.3 million, or 28%, increase in sales of customer interest rate protection products, and a $0.3 million, or 4%, increase in foreign exchange revenue.

$2.3 million, or 11%, increase in commitment and other loan fees reflecting the deployment of the syndications line of business.

Partially offset by:

$1.3 million decrease in equipment finance fee income primarily reflecting gains on small ticket lease portfolios in 2011.

$1.3 million, or 4%, decrease in deposit service charge income and other Treasury Management related revenue reflecting the impact of earnings credits on the significant noninterest bearing deposit growth.

Table of Contents

- $1.0 million, or 47%, decrease in operating lease income as lease originations were structured as direct finance leases beginning in the 2009 second quarter.

The increase in noninterest expense from the year-ago period reflected:

- $9.7 million, or 14%, increase in personnel costs, reflecting a 7% increase in FTE employees. This increase in personnel is attributable to our strategic investments in our core footprint markets, vertical strategies, and product capabilities.
- $3.0 million, or 50%, increase in allocated FDIC insurance premiums reflecting the significant total asset growth.
- $2.6 million, or 17%, increase in marketing and business development expense.

Partially offset by:

- $4.9 million, or 51%, decrease in legal, outside appraisal, and consulting expense.
- $3.3 million, or 16%, decrease in allocated overhead expense.
- $1.0 million, or 53%, decrease in operating lease expense as lease originations were structured as direct finance leases beginning in the 2009 second quarter.
- $0.5 million, or 9%, decrease in outside data processing and other services.

Table of Contents

Automobile Finance and Commercial Real Estate

Table 40 - Key Performance Indicators for Automobile Finance and Commercial Real Estate

(dollar amounts in thousands unless otherwise noted)	Nine Months Ended September 30, **2012**	2011	Change Amount	Percent
Net interest income	**$ 266,765**	$ 271,510	$ (4,745)	(2)%
Provision (reduction in allowance) for credit losses	**(61,030)**	(30,050)	30,980	(103)
Noninterest income	**55,018**	57,886	(2,868)	(5)
Noninterest expense	**115,802**	125,652	(9,850)	(8)
Provision for income taxes	**93,454**	81,828	11,626	14
Net income	**$ 173,557**	$ 151,966	$ 21,591	14%
Number of employees (full-time equivalent)	**270**	273	(3)	(1)%
Total average assets *(in millions)*	**$ 12,548**	$ 13,157	$ (609)	(5)
Total average loans/leases *(in millions)*	**11,435**	13,150	(1,715)	(13)
Total average deposits *(in millions)*	**869**	782	87	11
Net interest margin	**2.81%**	2.70%	0.11%	4
NCOs	**$ 69,549**	$ 124,877	$ (55,328)	(44)
NCOs as a % of average loans and leases	**0.81%**	1.27%	(0.46)%	(36)
Return on average common equity	**38.6**	29.3	9.3	32

2012 First Nine Months vs. 2011 First Nine Months

AFCRE reported net income of $173.6 million in the first nine-month period of 2012. This was an increase of $21.6 million when compared to the year-ago period.

Results for the current year continued to be positively impacted by lower provision for credit losses resulting from reductions in required reserve levels, as the underlying credit quality of the loan portfolios improved and stabilized. Also, contributing to the increase in net income was an increase in the amount of gain recognized on automobile securitizations. The net interest margin continues to improve, reflecting adherence to our risk-based pricing disciplines. Overall, loan balances have declined compared to a year ago as a result of auto loan securitization activities, as well as the continued planned reduction of our CRE portfolio. Indirect auto loan production levels remain strong with originations through the first nine months of 2012 totaling a record $3.1 billion, up from $2.8 billion in the year ago period.

The increase in net income primarily reflected a combination of factors including:

- $31.0 million, or 103%, decline in the provision for credit losses.
- $9.9 million, or 8%, decrease in noninterest expense.

Partially offset by:

- $4.7 million, or 2%, decrease in net interest income.
- $2.9 million, or 5%, decrease in noninterest income.

The decrease in net interest income from the year ago period reflected:

$1.4 billion, or 24%, decrease in the average consumer automobile portfolio. This decrease resulted from the $1.0 billion auto loan securitization completed in the 2011 third quarter, the $1.3 billion auto loan securitization completed in the 2012 first quarter, and a $0.2 billion sale of loans completed in the 2012 third quarter.

Table of Contents

$0.3 billion, or 4%, decrease in our average commercial portfolio. This decrease primarily reflected a $0.5 billion decrease in CRE loans offset, in part, by a $0.3 billion increase in automobile floor plan loans. The decline in CRE loans continued to reflect our managed reduction of this overall exposure, particularly in the noncore portfolio.

Partially Offset by:

11 basis point increase in the net interest margin. This increase primarily reflected the continuation of a risk-based pricing strategy in the CRE portfolio that began in early 2009 and has resulted in improved spreads on CRE loan renewals and new business originated, as well as our maintaining pricing discipline on indirect auto loan originations.

The increase in total average deposits from the year-ago period reflected:

$76 million, or 10%, increase in average core deposits reflecting our commitment to strengthening relationships with core customers and prospects, as well as new commercial automobile dealer relationships.

The reduction in provision for credit losses from the year-ago period reflected:

$49.6 million, or 44%, decrease in CRE NCOs. Expressed as a percentage of related average balances, CRE NCO s decreased to 1.25% in the first nine-month period of 2012 from 2.14% in the year-ago period.

$5.2 million, or 48%, decrease in indirect automobile-related NCOs. As a percentage of related average balances, indirect automobile-related NCO s were 0.16% in the first nine-month period of 2012 compared to 0.24% in the year-ago period. These relatively lower charge-off levels reflect our consistent focus on high credit quality of originations combined with a continued strong resale market for used vehicles.

A reduction in required reserve levels, primarily due to lower levels of commercial NALs which totaled $139 million at September 30, 2012, down 46% compared to September 30, 2011.

The decrease in noninterest income from the year-ago period reflected:

$13.2 million, or 60%, decrease in operating lease income resulting from the continued runoff of that portfolio, as we exited that business at the end of 2008.

Partially offset by:

The $9.5 million, or 61%, increase in gain on sale of loans. This represents the difference in total gains on the securitization and sale of $1.5 billion of indirect auto loans during the first nine months of 2012 and the gain on the securitization and sale of $1.0 billion of indirect auto loans during the 2011 third quarter.

The decrease in noninterest expense from the year-ago period reflected:

$10.0 million, or 60%, decrease in operating lease expense resulting from the continued runoff of that portfolio.

$4.2 million decrease in legal, professional and other outside service expense resulting from a decrease in collection related activities, as well as increased cost deferrals associated with origination activities.

$2.2 million, or 10%, decrease in personnel costs, which primarily related to higher origination related cost deferrals resulting from increased loan origination activities.

Partially offset by:

$8.9 million increase in allocated FDIC insurance expense.

66

Table of Contents

Wealth Advisors, Government Finance, and Home Lending

Table 41 - Key Performance Indicators for Wealth Advisors, Government Finance, and Home Lending

	Nine Months Ended September 30,		Change	
(dollar amounts in thousands unless otherwise noted)	**2012**	2011	Amount	Percent
Net interest income	**$ 143,396**	$ 145,614	$ (2,218)	(2)%
Provision for credit losses	**23,185**	40,036	(16,851)	(42)
Noninterest income	**250,370**	187,443	62,927	34
Noninterest expense	**279,988**	265,161	14,827	6
Provision for income taxes	**31,708**	9,751	21,957	225
Net income	**$ 58,885**	$ 18,109	$ 40,776	225%
Number of employees (full-time equivalent)	**2,089**	2,041	48	2%
Total average assets *(in millions)*	**$ 7,584**	$ 6,633	$ 951	14
Total average loans/leases *(in millions)*	**5,974**	5,338	636	12
Total average deposits *(in millions)*	**9,656**	7,703	1,953	25
Net interest margin	**1.87%**	2.17%	(0.30)%	(14)
NCOs	**$ 32,874**	$ 48,002	$ (15,128)	(32)
NCOs as a % of average loans and leases	**0.73%**	1.20%	(0.47)%	(39)
Return on average common equity	**10.6**	3.6	7.0	194
Mortgage banking origination volume (in millions)	**$ 3,672**	$ 2,798	$ 874	31
Noninterest income shared with other business segments[1]	**35,281**	31,295	3,986	13
Total assets under management *(in billions) eop*	**15.5**	14.9	0.6	4
Total trust assets *(in billions) eop*	**66.1**	61.6	4.5	7

(1) Amount is not included in noninterest income reported above.
eop End of Period.

2012 First Nine Months vs. 2011 First Nine Months

WGH reported net income of $58.9 million in the first nine-month period of 2012. This was an increase of $40.8 million, or 225%, when compared to the year-ago period.

The improved results for 2012 were largely driven by an increase in mortgage banking revenue attributable to increased mortgage loan originations and the positive impact of net MSR hedge activity. Growth in loan and deposit balances was also very strong, as average loan balances increased 12% and average deposit balances increased 25%, with core deposits increasing by 37%. In the wealth management group, brokerage income declined $4.7 million, or 13%, from the prior period as a result of a reduction in annuity product sales partially offset by an increase in sales of market-linked certificates of deposit. Trust and asset management income was flat the first nine months of 2011, although total trust assets increased to $66.1 billion.

The increase in net income reflected a combination of factors including:

$62.9 million, or 34%, increase in noninterest income.

$16.9 million, or 42%, decrease in the provision for credit losses.

Partially offset by:

$14.8 million, or 6%, increase in noninterest expense.

$2.2 million, or 2%, decrease in net interest income.

The decrease in net interest income from the year-ago period reflected:

Table of Contents

30 basis point decrease in the net interest margin mainly due to compressed deposit margins resulting from declining rates and reduced funds transfer pricing rates on collateralized and shorter-term deposits.

Partially offset by:

$0.6 billion, or 12%, increase in average total loans and leases.

$2.0 billion, or 25%, increase in average total deposits.

The increase in total average loans and leases from the year-ago period reflected:

$0.6 billion, or 17%, increase in the residential mortgage portfolio driven by historically low interest rates.

The increase in average total deposits from the year-ago period reflected:

$1.4 billion increase in short-term commercial deposits.

$0.3 billion increase in deposits generated through the wealth management group.

The increase in noninterest income from the year-ago period reflected:

$63.3 million, or 149%, increase in mortgage banking income due to an increase in mortgage loan originations and the positive impact of net MSR activity.

$2.9 million, or 60%, increase in other noninterest income due primarily to a gain on sale of certain Low Income Housing Tax Credit investments.

Partially offset by:

$4.7 million, or 13%, decrease in brokerage income due to a decrease in annuity product sales partially offset by an increase in sales of market-linked certificates of deposit.

The increase in noninterest expense from the year-ago period reflected:

$11.1 million, or 22%, increase in other expenses, primarily due to loan system conversion costs, increased mortgage volume, and an increase in allocated costs.

$8.7 million, or 6%, increase in personnel costs, which reflected higher sales commissions and loan origination costs primarily related to the increased mortgage origination volume.

- $5.8 million, or 29%, increase in outside data processing and other services, reflecting a mortgage system conversion and increased mortgage volume.

Partially offset by:

- $7.0 million, or 54%, decrease in deposit and other insurance, primarily allocated FDIC insurance.
- $2.4 million, or 96%, decrease in OREO and foreclosure expense, reflecting OREO expense now being booked in Treasury and Other.

Table of Contents

ADDITIONAL DISCLOSURES

Forward-Looking Statements

This report, including MD&A, contains certain forward-looking statements, including certain plans, expectations, goals, projections, and statements, which are subject to numerous assumptions, risks, and uncertainties. Statements that do not describe historical or current facts, including statements about beliefs and expectations, are forward-looking statements. Forward-looking statements may be identified by words such as expect, anticipate, believe, intend, estimate, plan, target, goal, or similar expressions, or future or conditional verbs such as will, may, might, should, would, could, or similar variations. The forward-looking statements are intended to be subject to the safe harbor provided by Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995.

While there is no assurance that any list of risks and uncertainties or risk factors is complete, below are certain factors which could cause actual results to differ materially from those contained or implied in the forward-looking statements: (1) worsening of credit quality performance due to a number of factors such as the underlying value of collateral that could prove less valuable than otherwise assumed and assumed cash flows may be worse than expected; (2) changes in economic conditions, including impacts from the implementation of the Budget Control Act of 2011 as well as the continuing economic uncertainty in the US, the European Union, and other areas; (3) movements in interest rates; (4) competitive pressures on product pricing and services; (5) success, impact, and timing of our business strategies, including market acceptance of any new products or services introduced to implement our Fair Play banking philosophy; (6) changes in accounting policies and principles and the accuracy of our assumptions and estimates used to prepare our financial statements; (7) extended disruption of vital infrastructure; (8) the final outcome of significant litigation; (9) the nature, extent, timing and results of governmental actions, examinations, reviews, reforms, and regulations including those related to the Dodd-Frank Wall Street Reform and Consumer Protection Act; and (10) the outcome of judicial and regulatory decisions regarding practices in the residential mortgage industry, including among other things the processes followed for foreclosing residential mortgages. Additional factors that could cause results to differ materially from those described above can be found in our 2011 Annual Report on Form 10-K, and documents subsequently filed by us with the Securities and Exchange Commission.

All forward-looking statements speak only as of the date they are made and are based on information available at that time. We assume no obligation to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements were made or to reflect the occurrence of unanticipated events except as required by federal securities laws. As forward-looking statements involve significant risks and uncertainties, caution should be exercised against placing undue reliance on such statements.

Non-Regulatory Capital Ratios

In addition to capital ratios defined by banking regulators, the Company considers various other measures when evaluating capital utilization and adequacy, including:

- Tangible common equity to tangible assets,
- Tier 1 common equity to risk-weighted assets using Basel I and proposed Basel III definitions, and
- Tangible common equity to risk-weighted assets using Basel I definition.

These non-regulatory capital ratios are viewed by management as useful additional methods of reflecting the level of capital available to withstand unexpected market conditions. Additionally, presentation of these ratios allows readers to compare the Company s capitalization to other financial services companies. These ratios differ from capital ratios defined by banking regulators principally in that the numerator excludes preferred securities, the nature and extent of which varies among different financial services companies. These ratios are not defined in Generally Accepted Accounting Principles (GAAP) or federal banking regulations. As a result, these non-regulatory capital ratios disclosed by the Company may be considered non-GAAP financial measures.

Because there are no standardized definitions for these non-regulatory capital ratios, the Company s calculation methods may differ from those used by other financial services companies. Also, there may be limits in the usefulness of these measures to investors. As a result, the Company encourages readers to consider the consolidated financial statements and other financial information contained in this Form 10-Q in their entirety, and not to rely on any single financial measure.

Risk Factors

Information on risk is discussed in the Risk Factors section included in Item 1A of our 2011 Form 10-K. Additional information regarding risk factors can also be found in the Risk Management and Capital discussion of this report.

Table of Contents

Updates to Risk Factors

Bank regulators and other regulations, including proposed Basel capital standards and Federal Reserve guidelines, may require higher capital levels, impacting our ability to pay common stock dividends or repurchase our common stock.

In June 2012, the FRB, OCC, and FDIC (collectively, the Agencies) issued three Notices of Proposed Rulemaking (NPRs) that would revise and replace the Agencies current capital rules to align with the BASEL III capital standards and meet certain requirements of the Dodd-Frank Act. Certain requirements of the proposed NPRs would establish more restrictive capital definitions, higher risk-weightings for certain asset classes, capital buffers and higher minimum capital ratios. The proposed NPRs were in a comment period through October 22, 2012, and are subject to further modification by the Agencies. See the Capital section within Management s Discussion and Analysis of Financial Condition and Results of Operations.

In 2011, the Federal Reserve issued guidelines for evaluating proposals by certain bank holding companies, including Huntington, to undertake capital actions in 2012, such as increasing dividend payments or repurchasing or redeeming stock. This process is known as the Federal Reserve s Capital Plan Review. Pursuant to those Federal Reserve guidelines, Huntington submitted its proposed capital plan to the Federal Reserve in January 2012. On March 14, 2012, we were notified by the Federal Reserve that it had not objected to our proposed capital actions included in our capital plan. These actions included the potential repurchase of up to $182 million of common stock and a continuation of our current common dividend through the first quarter of 2013.

The Federal Reserve is expected to undertake these capital plan reviews on a regular basis in the future. There can be no assurance that the Federal Reserve will respond favorably to our capital plan as part of their future capital plan reviews, and the Federal Reserve or other regulatory capital requirements may limit or otherwise restrict how we utilize our capital, including common stock dividends and stock repurchases. Although not currently anticipated, our regulators may require us to raise additional capital in the future. Issuing additional common stock may dilute existing stockholders.

The Federal Reserve has issued a proposed rule that, in addition to the broader Basel III capital reforms, will implement the application of the Federal Reserve s capital plans rule, including the requirement to maintain capital above 5% for the Tier 1 Common risk-based capital ratio under both expected and stressed conditions.

The resolution of significant pending litigation, if unfavorable, could have a material adverse effect on our results of operations for a particular period.

We face legal risks in our businesses, and the volume of claims and amount of damages and penalties claimed in litigation and regulatory proceedings against financial institutions remain high. Substantial legal liability against us could have material adverse financial effects or cause significant reputational harm to us, which in turn could seriously harm our business prospects. It is possible that the ultimate resolution of these matters, if unfavorable, may be material to the results of operations for a particular reporting period.

Note 16 of the Notes to Unaudited Condensed Consolidated Financial Statements updates the status of litigation concerning Cyberco Holdings, Inc. Although the bank maintains litigation reserves related to this case, the ultimate resolution of the matter, if unfavorable, may be material to our results of operations for a particular reporting period. *(For further discussion, see Note 16 of the Notes to Unaudited Condensed Consolidated Financial Statements.)*

Critical Accounting Policies and Use of Significant Estimates

Our financial statements are prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires us to establish critical accounting policies and make accounting estimates, assumptions, and judgments that affect amounts recorded and reported in our financial statements. Note 1 of Notes to Consolidated Financial Statements included in our 2011 Form 10-K as supplemented by this report lists significant accounting policies we use in the development and presentation of our financial statements. This MD&A, the significant accounting policies, and other financial statement disclosures identify and address key variables and other qualitative and quantitative factors necessary for an understanding and evaluation of our company, financial position, results of operations, and cash flows.

An accounting estimate requires assumptions about uncertain matters that could have a material effect on the financial statements if a different amount within a range of estimates were used or if estimates changed from period to period. Estimates are made under facts and circumstances at a point in time, and changes in those facts and circumstances could produce results that significantly differ from when those estimates were made.

Our most significant accounting estimates relate to our ACL, income taxes and deferred tax assets, and fair value measurements of investment securities, goodwill, pension, and other real estate owned. These significant accounting estimates and their related application are discussed in our 2011 Form 10-K.

Fair Value Measurements

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Assets and liabilities carried at fair value inherently result in a higher degree of financial statement volatility. We estimate the fair value of a financial instrument using a variety of valuation methods. Where financial instruments are actively traded and have quoted market prices, quoted market prices are used for fair value. We characterize active markets as those where transaction volumes are sufficient to provide objective pricing information, with reasonably narrow bid/ask spreads, and where received quoted prices do not vary widely. When the financial instruments are not actively traded, other observable market inputs, such as quoted prices of securities with similar characteristics, may be used, if available, to determine fair value. Inactive markets are characterized by low transaction volumes, price quotations that vary substantially among market participants, or in which minimal information is released publicly. When observable market prices do not exist, we estimate fair value primarily by using cash flow and other financial modeling methods. Our valuation methods consider factors such as liquidity and concentration concerns and, for the derivatives portfolio, counterparty credit risk. Other factors such as model assumptions, market dislocations, and unexpected correlations can affect estimates of fair value. Changes in these underlying factors, assumptions, or estimates in any of these areas could materially impact the amount of revenue or loss recorded.

The FASB ASC Topic 820, Fair Value Measurements, establishes a framework for measuring the fair value of financial instruments that considers the attributes specific to particular assets or liabilities and establishes a three-level hierarchy for determining fair value based on the transparency of inputs to each valuation as of the fair value measurement date. The three levels are defined as follows:

Level 1 quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices of identical or similar assets or liabilities in markets that are not active, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 inputs that are unobservable and significant to the fair value measurement. Financial instruments are considered Level 3 when values are determined using pricing models, discounted cash flow methodologies, or similar techniques, and at least one significant model assumption or input is unobservable.

At the end of each quarter, we assess the valuation hierarchy for each asset or liability measured. As necessary, assets or liabilities may be transferred within hierarchy levels due to changes in availability of observable market inputs at the measurement date. The fair values measured at each level of the fair value hierarchy, as well as additional discussion regarding fair value measurements, can be found in Note 13 of the Notes to Unaudited Condensed Consolidated Financial Statements.

Below is a brief description of how fair value is determined for categories that have unobservable inputs.

Available-for-sale securities

Consist of certain asset-backed securities, pooled-trust-preferred securities, private-label CMOs, and municipal securities for which fair value is estimated. Assumptions used to determine the fair value of these securities have greater subjectivity due to the lack of observable market transactions. Generally, there are only limited trades of similar instruments and a discounted cash flow approach is used to determine fair value.

MSRs

MSRs do not trade in an active, open market with readily observable prices. Although sales of MSRs do occur, the precise terms and conditions typically are not readily available. Fair value is determined on an income approach model based upon month-end interest rate curve and prepayment assumptions.

Automobile loans

Effective January 1, 2010, we consolidated an automobile loan securitization that previously had been accounted for as an off-balance sheet transaction. We elected to account for the automobile loan receivables and the associated notes payable at fair value per guidance supplied in ASC 825, *Financial Instruments*.

Table of Contents

The key assumptions used to determine the fair value of the automobile loan receivables included a projection of expected losses and prepayment of the underlying loans in the portfolio and a market assumption of interest rate spreads. Certain interest rates are available from similarly traded securities while other interest rates are developed internally based on similar asset-backed security transactions in the market. The associated notes payable are valued based upon interest rates for similar financial instruments.

Business Combinations

On March 30, 2012, Huntington acquired the loans, deposits, and certain other assets and liabilities of Fidelity Bank located in Dearborn, Michigan from the FDIC. Assets acquired and liabilities assumed are recorded at fair value in accordance with ASC 805, Business Combinations .

Recent Accounting Pronouncements and Developments

Note 2 to the Unaudited Condensed Consolidated Financial Statements discusses new accounting pronouncements adopted during 2012 and the expected impact of accounting pronouncements recently issued but not yet required to be adopted. To the extent the adoption of new accounting standards materially affect financial condition, results of operations, or liquidity, the impacts are discussed in the applicable section of this MD&A and the Notes to Unaudited Condensed Consolidated Financial Statements.

Table of Contents

Item 1: Financial Statements

Huntington Bancshares Incorporated

Condensed Consolidated Balance Sheets

(Unaudited)

(dollar amounts in thousands, except number of shares)	**2012 September 30,**	2011 December 31,
Assets		
Cash and due from banks	**$ 797,601**	$ 1,115,968
Interest-bearing deposits in banks	**65,635**	90,943
Trading account securities	**91,970**	45,899
Loans held for sale (includes $518,659 and $343,588 respectively, measured at fair value) (1)	**1,852,919**	1,618,391
Available-for-sale and other securities	**7,778,568**	8,078,014
Held-to-maturity securities	**1,582,150**	640,551
Loans and leases (includes $173,639 and $296,250 respectively, measured at fair value) (2)	**40,260,417**	38,923,783
Allowance for loan and lease losses	**(789,142)**	(964,828)
Net loans and leases	**39,471,275**	37,958,955
Bank owned life insurance	**1,586,902**	1,549,783
Premises and equipment	**590,750**	564,429
Goodwill	**444,268**	444,268
Other intangible assets	**143,804**	175,302
Accrued income and other assets	**2,037,158**	2,168,149
Total assets	**$ 56,443,000**	$ 54,450,652
Liabilities and shareholders equity		
Liabilities		
Deposits	**$ 46,741,286**	$ 43,279,625
Short-term borrowings	**1,259,771**	1,441,092
Federal Home Loan Bank advances	**9,406**	362,972
Other long-term debt (includes $123,039 at December 31, 2011, measured at fair value) (2)	**185,613**	1,231,517
Subordinated notes	**1,306,273**	1,503,368
Accrued expenses and other liabilities	**1,133,047**	1,213,978
Total liabilities	**50,635,396**	49,032,552
Shareholders equity		
Preferred stock authorized 6,617,808 shares:		
Series A, 8.50% fixed rate, non-cumulative perpetual convertible preferred stock, par value of $0.01, and liquidation value per share of $1,000	**362,507**	362,507
Series B, floating rate, non-voting, non-cumulative perpetual preferred stock, par value of $0.01, and liquidation value per share of $1,000	**23,785**	23,785
Common stock	**8,567**	8,656
Capital surplus	**7,551,509**	7,596,809
Less treasury shares, at cost	**(10,817)**	(10,255)
Accumulated other comprehensive loss	**(84,542)**	(173,763)
Retained (deficit) earnings	**(2,043,405)**	(2,389,639)
Total shareholders equity	**5,807,604**	5,418,100

Total liabilities and shareholders equity	**$ 56,443,000**	$ 54,450,652
Common shares authorized (par value of $0.01)	**1,500,000,000**	1,500,000,000
Common shares issued	**856,748,584**	865,584,517
Common shares outstanding	**855,485,376**	864,406,152
Treasury shares outstanding	**1,263,208**	1,178,365
Preferred shares issued	**1,967,071**	1,967,071
Preferred shares outstanding	**398,007**	398,007

(1) Amounts represent loans for which Huntington has elected the fair value option.

(2) Amounts represent certain assets and liabilities of a consolidated VIE for which Huntington has elected the fair value option.

See Notes to Unaudited Condensed Consolidated Financial Statements

73

Table of Contents

Huntington Bancshares Incorporated

Condensed Consolidated Statements of Income

(Unaudited)

(dollar amounts in thousands, except per share amounts)	**Three Months Ended September 30, 2012**	2011	**Nine Months Ended September 30, 2012**	2011
Interest and fee income:				
Loans and leases	**$ 415,322**	$ 432,788	**$ 1,256,229**	$ 1,300,746
Available-for-sale and other securities				
Taxable	**45,937**	47,947	**143,005**	160,201
Tax-exempt	**2,224**	2,321	**6,547**	7,517
Held-to-maturity securities taxable	**5,592**	5,059	**14,844**	6,346
Other	**14,712**	2,881	**30,643**	10,200
Total interest income	**483,787**	490,996	**1,451,268**	1,485,010
Interest expense:				
Deposits	**40,880**	64,985	**126,450**	209,085
Short-term borrowings	**544**	932	**1,685**	2,737
Federal Home Loan Bank advances	**135**	234	**690**	669
Subordinated notes and other long-term debt	**11,930**	18,367	**45,974**	58,374
Total interest expense	**53,489**	84,518	**174,799**	270,865
Net interest income	**430,298**	406,478	**1,276,469**	1,214,145
Provision for credit losses	**37,004**	43,586	**107,930**	128,768
Net interest income after provision for credit losses	**393,294**	362,892	**1,168,539**	1,085,377
Service charges on deposit accounts	**67,806**	65,184	**194,096**	180,183
Trust services	**29,689**	29,473	**90,509**	90,607
Electronic banking	**22,135**	32,901	**61,279**	93,415
Mortgage banking	**44,614**	12,791	**129,381**	59,310
Brokerage	**16,526**	20,349	**54,811**	61,679
Insurance	**17,792**	17,220	**54,051**	51,564
Bank owned life insurance	**14,371**	15,644	**42,275**	48,065
Capital markets fees	**11,805**	11,256	**35,242**	26,729
Gain on sale of loans	**6,591**	19,097	**37,492**	29,060
Automobile operating lease income	**2,146**	5,890	**8,798**	22,044
Net gains on sales of securities	**4,285**	14	**5,512**	5,908
Impairment losses recognized in earnings on available-for-sale securities	**(116)**	(1,364)	**(1,606)**	(5,711)
Other income	**23,423**	30,104	**88,366**	88,418
Total noninterest income	**261,067**	258,559	**800,206**	751,271
Personnel costs	**247,709**	226,835	**734,241**	664,433
Outside data processing and other services	**49,880**	49,602	**140,087**	133,773
Net occupancy	**27,599**	26,967	**82,152**	82,288
Equipment	**25,950**	22,262	**76,367**	66,660
Deposit and other insurance expense	**15,534**	17,492	**52,003**	59,211
Marketing	**20,178**	22,251	**58,319**	59,248

Professional services	**18,024**	20,281	**44,712**	53,826
Amortization of intangibles	**11,431**	13,387	**34,902**	40,143
Automobile operating lease expense	**1,619**	4,386	**6,656**	16,656
OREO and foreclosure expense	**4,982**	4,668	**14,038**	12,997
Loss (Gain) on extinguishment of debt	**1,782**		**(798)**	
Other expense	**33,615**	30,987	**122,569**	108,991
Total noninterest expense	**458,303**	439,118	**1,365,248**	1,298,226
Income before income taxes	**196,058**	182,333	**603,497**	538,422
Provision for income taxes	**28,291**	38,942	**129,754**	122,667
Net income	**167,767**	143,391	**473,743**	415,755
Dividends on preferred shares	**7,983**	7,703	**24,016**	23,110
Net income applicable to common shares	**$ 159,784**	$ 135,688	**$ 449,727**	$ 392,645
Average common shares basic	**857,871**	863,911	**861,543**	863,542
Average common shares diluted	**863,588**	867,633	**866,768**	867,446
Per common share:				
Net income basic	**$ 0.19**	$ 0.16	**$ 0.52**	$ 0.45
Net income diluted	**0.19**	0.16	**0.52**	0.45
Cash dividends declared	**0.04**	0.04	**0.12**	0.06
OTTI losses for the periods presented:				
Total OTTI losses	**$ (253)**	$ (6,040)	**$ (1,822)**	$ (5,711)
Noncredit-related portion of loss recognized in OCI	**137**	4,676	**216**	
Impairment losses recognized in earnings on available-for-sale securities	**$ (116)**	$ (1,364)	**$ (1,606)**	$ (5,711)

See Notes to Unaudited Condensed Consolidated Financial Statements

74

Table of Contents

Huntington Bancshares Incorporated

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2012**	2011	**2012**	2011
Net income	**$ 167,767**	$ 143,391	**$ 473,743**	$ 415,755
Other comprehensive income, net of tax:				
Unrealized gains on available-for-sale and other securities:				
Non-credit-related impairment recoveries (losses) on debt securities not expected to be sold	**6,059**	(2,835)	**10,123**	7,201
Unrealized net gains (losses) on available-for-sale and other securities arising during the period, net of reclassification for net realized gains	**36,739**	28,401	**57,301**	85,906
Total unrealized gains on available-for-sale and other securities	**42,798**	25,566	**67,424**	93,107
Unrealized gains (losses) on cash flow hedging derivatives	**5,394**	13,971	**12,068**	16,183
Change in accumulated unrealized losses for pension and other post-retirement obligations	**3,243**	2,602	**9,729**	7,802
Other comprehensive income (loss)	**51,435**	42,139	**89,221**	117,092
Comprehensive income	**$ 219,202**	$ 185,530	**$ 562,964**	$ 532,847

See Notes to Unaudited Condensed Consolidated Financial Statements

Table of Contents

Huntington Bancshares Incorporated

Condensed Consolidated Statements of Changes in Shareholders Equity

(Unaudited)

	Preferred Stock									Accumulated		
			Series B							Other	Retained	
(All amounts in thousands,	Series A		Floating Rate		Common Stock		Capital	Treasury Stock		Comprehensive	Earnings	
except for per share amounts)	Shares	Amount	Shares	Amount	Shares	Amount	Surplus	Shares	Amount	Loss	(Deficit)	Total
Nine Months Ended September 30, 2011												
Balance, beginning of period	363	$ 362,507		$	864,195	$ 8,642	$ 7,630,093	(876)	$ (8,771)	$ (197,496)	$ (2,814,433)	$ 4,980,542
Net income											415,755	415,755
Other comprehensive income (loss)										117,092		117,092
Repurchase of warrants convertible to common stock							(49,100)					(49,100)
Cash dividends declared:												
Common ($0.06 per share)											(51,869)	(51,869)
Preferred Series A ($63.75 per share)											(23,110)	(23,110)
Recognition of the fair value of share-based compensation							13,986					13,986
Other share-based compensation activity					1,010	10	(552)				(279)	(821)
Other							(337)	(254)	(1,390)		(269)	(1,996)
Balance, end of period	363	$ 362,507		$	865,205	$ 8,652	$ 7,594,090	(1,130)	$ (10,161)	$ (80,404)	$ (2,474,205)	$ 5,400,479
Nine Months Ended September 30, 2012												
Balance, beginning of period	363	$ 362,507	35	$ 23,785	865,585	$ 8,656	$ 7,596,809	(1,178)	$ (10,255)	$ (173,763)	$ (2,389,639)	$ 5,418,100
Net income											473,743	473,743
Other comprehensive income (loss)										89,221		89,221
Repurchases of common stock					(10,168)	(102)	(65,201)					(65,303)
Cash dividends declared:												
Common ($0.12 per share)											(103,172)	(103,172)
Preferred Series A ($63.75 per share)											(23,110)	(23,110)
Preferred Series B ($25.54 per share)											(906)	(906)
Recognition of the fair value of share-based compensation							19,958					19,958
Other share-based compensation activity					1,331	13	(66)				(218)	(271)
Other							9	(85)	(562)		(103)	(656)
Balance, end of period	363	$ 362,507	35	$ 23,785	856,748	$ 8,567	$ 7,551,509	(1,263)	$ (10,817)	$ (84,542)	$ (2,043,405)	$ 5,807,604

See Notes to Unaudited Condensed Consolidated Financial Statements

Table of Contents

Huntington Bancshares Incorporated

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(dollar amounts in thousands)	**Nine Months Ended September 30, 2012**	2011
Operating activities		
Net income	**$ 473,743**	$ 415,755
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	**107,930**	128,768
Depreciation and amortization	**208,041**	213,084
Change in current and deferred income taxes	**124,173**	54,280
Net sales (purchases) of trading account securities	**(46,071)**	99,693
Originations of loans held for sale	**(2,852,920)**	(1,697,186)
Principal payments on and proceeds from loans held for sale	**2,724,950**	2,121,284
Gain on early extinguishment of debt	**(798)**	
Bargain purchase gain	**(11,409)**	
Net gain on sales of securities	**(5,512)**	(5,908)
Impairment losses recognized in earnings on available-for-sale securities	**1,606**	5,711
Other, net	**(49,055)**	51,233
Net cash provided by (used for) operating activities	**674,678**	1,386,714
Investing activities		
Increase (decrease) in interest bearing deposits in banks	**79,398**	45,052
Net cash received from acquisition	**40,310**	
Proceeds from:		
Maturities and calls of available-for-sale and other securities	**1,389,995**	1,596,552
Maturities of held-to-maturity securities	**69,822**	14,238
Sales of available-for-sale and other securities	**830,528**	2,804,769
Purchases of available-for-sale and other securities	**(2,074,313)**	(3,578,931)
Purchases of held-to-maturity securities	**(734,740)**	(204,188)
Net proceeds from sales of loans	**1,799,770**	1,493,056
Net loan and lease activity, excluding sales	**(2,532,577)**	(2,725,678)
Proceeds from sale of operating lease assets	**23,634**	50,461
Purchases of premises and equipment	**(82,862)**	(102,431)
Proceeds from sales of other real estate	**26,832**	48,901
Purchases of loans and leases	**(451,829)**	
Other, net	**3,497**	(59,763)
Net cash provided by (used for) investing activities	**(1,612,535)**	(617,962)
Financing activities		
Increase (decrease) in deposits	**2,749,959**	1,358,146
Increase (decrease) in short-term borrowings	**(291,267)**	193,901
Maturity/redemption of subordinated notes	**(202,895)**	(5,000)
Proceeds from Federal Home Loan Bank advances	**815,000**	200,000
Maturity/redemption of Federal Home Loan Bank advances	**(1,213,815)**	(358,509)
Maturity/redemption of long-term debt	**(1,044,348)**	(714,942)
Repurchase of Warrant to the Treasury		(49,100)
Dividends paid on preferred stock	**(23,736)**	(23,110)
Dividends paid on common stock	**(103,400)**	(27,042)

Repurchase of common stock	**(65,303)**	
Other, net	**(705)**	(708)
Net cash provided by (used for) financing activities	**619,490**	573,636
Increase (decrease) in cash and cash equivalents	**(318,367)**	1,342,388
Cash and cash equivalents at beginning of period	**1,115,968**	847,888
Cash and cash equivalents at end of period	**$ 797,601**	$ 2,190,276
Supplemental disclosures:		
Income taxes paid (refunded)	**$ 5,581**	$ 68,366
Interest paid	**180,267**	276,915
Non-cash activities		
Loans transferred to loans held for sale	**1,656,486**	4,633
Transfer of securities to held-to-maturity from available for sale	**278,748**	469,070
Dividends accrued, paid in subsequent quarter	**47,824**	40,742

See Notes to Unaudited Condensed Consolidated Financial Statements.

Huntington Bancshares Incorporated

Notes to Unaudited Condensed Consolidated Financial Statements

1. BASIS OF PRESENTATION

The accompanying Unaudited Condensed Consolidated Financial Statements of Huntington reflect all adjustments consisting of normal recurring accruals which are, in the opinion of Management, necessary for a fair presentation of the consolidated financial position, the results of operations, and cash flows for the periods presented. These Unaudited Condensed Consolidated Financial Statements have been prepared according to the rules and regulations of the SEC and, therefore, certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted. The Notes to Consolidated Financial Statements appearing in Huntington s 2011 Form 10-K, which include descriptions of significant accounting policies, as updated by the information contained in this report, should be read in conjunction with these interim financial statements.

For statement of cash flows purposes, cash and cash equivalents are defined as the sum of Cash and due from banks which includes amounts on deposit with the Federal Reserve and Federal funds sold and securities purchased under resale agreements.

In conjunction with applicable accounting standards, all material subsequent events have been either recognized in the Unaudited Condensed Consolidated Financial Statements or disclosed in the Notes to Unaudited Condensed Consolidated Financial Statements.

2. ACCOUNTING STANDARDS UPDATE

ASU 2011-04 Fair Value Measurement (Topic 820), Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. The ASU amends Topic 820 to add both additional clarifications to existing fair value measurement and disclosure requirements and changes to existing principles and disclosure guidance. Clarifications were made to the relevancy of the highest and best use valuation concept, measurement of an instrument classified in an entity s shareholders equity and disclosure of quantitative information about the unobservable inputs for level 3 fair value measurements. Changes to existing principles and disclosures included measurement of financial instruments managed within a portfolio, the application of premiums and discounts in fair value measurement, and additional disclosures related to fair value measurements. The updated guidance and requirements are effective for financial statements issued for the first interim or annual period beginning after December 15, 2011, and should be applied prospectively (See Note 13). The amendments did not have a material impact on Huntington s Unaudited Condensed Consolidated Financial Statements.

ASU 2011-05 Other Comprehensive Income (Topic 220), Presentation of Comprehensive Income. The ASU amends Topic 220 to require an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. An entity is also required to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement(s) where the components of net income and the components of other comprehensive income are presented. The amendments do not change items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income, only the format for presentation. The updated guidance and requirements are effective for financial statements issued for the fiscal years, and the interim periods within those years, beginning after December 15, 2011. The amendments should be applied retrospectively. On October 21, 2011, the FASB exposed a proposed deferral of the requirement that companies present reclassification adjustments for each component of OCI in both net income and OCI on the face of the financial statements. See the Unaudited Condensed Consolidated Statements of Comprehensive Income. The amendment did not have a material impact on Huntington s Unaudited Condensed Consolidated Financial Statements.

ASU 2011-10 Property, Plant, and Equipment (Topic 360): Derecognition of In-Substance Real Estate. The ASU amends Topic 360 to clarify that when a reporting entity ceases to have a controlling financial interest (as described in ASC 810 Consolidation) in a subsidiary that is in-substance real estate as a result of default on the subsidiary s nonrecourse debt, the reporting entity should apply the guidance in Subtopic 360-20 to determine whether it should derecognize the in-substance real estate. The clarification is meant to eliminate diversity in practice. The amendments were effective for fiscal years, and interim periods within those years, beginning on or after June 15, 2012. The amendments did not have a material impact on Huntington s Unaudited Condensed Consolidated Financial Statements.

ASU 2011-11 Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities. The ASU amends Topic 210 by requiring additional improved information to be disclosed regarding financial instruments and derivative instruments that are offset in accordance with the conditions under ASC 210-20-45 or ASC 810-10-45 or subject to an enforceable master netting arrangement or similar agreement. The amendments are effective for annual and interim reporting periods beginning on or after January 1, 2013. The disclosures required by the amendments should be applied retrospectively for all comparative periods presented. Management does not believe the amendments will have a material impact on Huntington s Unaudited Condensed Consolidated Financial Statements.

Table of Contents

3. LOANS / LEASES AND ALLOWANCE FOR CREDIT LOSSES

Loans and leases for which Huntington has the intent and ability to hold for the foreseeable future (at least 12 months), or until maturity or payoff, are classified in the Unaudited Condensed Consolidated Balance Sheets as loans and leases. Except for loans which are accounted for at fair value, loans and leases are carried at the principal amount outstanding, net of unamortized deferred loan origination fees and costs and net of unearned income. At September 30, 2012, and December 31, 2011, the aggregate amount of these net unamortized deferred loan origination fees and costs and net unearned income was $288.7 million and $122.5 million, respectively.

Loan and Lease Portfolio Composition

The following table provides a detailed listing of Huntington s loan and lease portfolio at September 30, 2012, and December 31, 2011:

(dollar amounts in thousands)	**September 30, 2012**	December 31, 2011
Loans and leases:		
Commercial and industrial	$ 16,478,008	$ 14,699,371
Commercial real estate	5,497,157	5,825,709
Automobile	4,275,754	4,457,446
Home equity	8,380,542	8,215,413
Residential mortgage	5,192,241	5,228,276
Other consumer	436,715	497,568
Loans and leases	**40,260,417**	38,923,783
Allowance for loan and lease losses	**(789,142)**	(964,828)
Net loans and leases	**$ 39,471,275**	$ 37,958,955

As shown in the table above, the primary loan and lease portfolios are: C&I, CRE, automobile, home equity, residential mortgage, and other consumer. For ACL purposes, these portfolios are further disaggregated into classes. The classes within each portfolio are as follows:

Portfolio	Class
Commercial and industrial	Owner occupied
	Purchased impaired
	Other commercial and industrial
Commercial real estate	Retail properties
	Multi family
	Office
	Industrial and warehouse
	Purchased impaired
	Other commercial real estate
Automobile	NA (1)

Home equity	Secured by first-lien
	Secured by junior-lien
Residential mortgage	Residential mortgage
	Purchased impaired
Other consumer	Other consumer
	Purchased impaired

(1) Not applicable. The automobile loan portfolio is not further segregated into classes.

Table of Contents

Fidelity Bank acquisition

(See Note 19 for additional information regarding the Fidelity Bank acquisition).

On March 30, 2012, Huntington acquired the loans of Fidelity Bank located in Dearborn, Michigan from the FDIC. Under the agreement, approximately $520.6 million of loans were transferred to Huntington. These loans were recorded at fair value in accordance with ASC 805, Business Combinations . The fair values for the loans were estimated using discounted cash flow analyses using interest rates currently being offered for loans with similar terms (Level 3), and reflected an estimate of probable losses and the credit risk associated with the loans.

Loans Acquired With Deteriorated Credit Quality

ASC 310-30, Loans and Debt Securities Acquired With Deteriorated Credit Quality , provides guidance for accounting for acquired loans that have experienced a deterioration of credit quality at the time of acquisition for which it is probable that the investor will be unable to collect all contractually required payments. The excess of cash flows expected at acquisition over the initial investment in the loan is referred to as the accretable yield and is recognized in interest income over the remaining life of the loan, or pool of loans, in situations where there is a reasonable expectation about the timing and amount of cash flows expected to be collected. The difference between the contractually required payments at acquisition and the cash flows expected to be collected at acquisition, considering the impact of prepayments, is referred to as the nonaccretable difference. Subsequent decreases to the expected cash flows will generally result in an increase to the allowance for loan and lease losses. Subsequent increases in cash flows result in reversal of any nonaccretable difference (or allowance for loan and lease losses to the extent any has been recorded) with a positive impact on interest income. The measurement of undiscounted cash flows involves assumptions and judgments for credit risk, interest rate risk, prepayment risk, default rates, loss severity, payment speeds, and collateral values. All of these factors are inherently subjective and significant changes in the cash flow estimates over the life of the loan can result.

The fair values for loans were estimated using discounted cash flow analyses, including prepayment assumptions and using interest rates currently being offered for loans with similar terms (Level 3). This value was reduced by an estimate of probable losses and the credit risk associated with the loans.

The following table presents a rollforward of the accretable yield for three-month and nine-month periods ended September 30, 2012:

(dollar amounts in thousands)	**Three Months Ended September 30, 2012**	**Nine Months Ended September 30, 2012**
Balance, beginning of period	**$ 24,761**	**$**
Impact of acquisition/purchase on March 30, 2012		**27,586**
Accretion	**(2,982)**	**(5,807)**
Balance, end of period	**$ 21,779**	**$ 21,779**

At September 30, 2012, there was no allowance for loan losses recorded on the purchased impaired loan portfolio and no adjustment to either the accretable or nonaccretable yield was required. The following table reflects the outstanding balance of all contractually required payments and carrying amounts of the acquired loans at September 30, 2012:

	September 30, 2012	
(in thousands)	**Ending Balance**	**Unpaid Balance**
Commercial and industrial	**$ 62,253**	**$ 90,527**
Commercial real estate	**133,406**	**224,607**
Residential mortgage	**2,231**	**4,160**
Other consumer	**619**	**922**
Total	**$ 198,509**	**$ 320,216**

Table of Contents

Loan and Lease Purchases and Sales

The following table summarizes significant portfolio loan and lease purchase and sale activity for the three-month and nine-month periods ended September 30, 2012 and 2011:

(dollar amounts in thousands)	Commercial and Industrial	Commercial Real Estate	Automobile	Home Equity	Residential Mortgage	Other Consumer	Total
Portfolio loans and leases purchased during the:							
Three-month period ended September 30, 2012	**$ 58,638**	**$**	**$**	**$**	**$**	**$**	**$ 58,638**
Nine-month period ended September 30, 2012	**$ 536,139**	**$ 378,122**	**$**	**$ 13,025**	**$ 62,324**	**$ 85**	**$ 989,695**
Three-month period ended September 30, 2011	$	$	$ 59,578(1)	$	$	$	$ 59,578
Nine-month period ended September 30, 2011	$	$	$ 59,578(1)	$	$	$	$ 59,578
Portfolio loans and leases sold or transferred to loans held for sale during the:							
Three-month period ended September 30, 2012	**$ 65,768**	**$ 4,812**	**$**	**$**	**$**	**$**	**$ 70,580**
Nine-month period ended September 30, 2012	**$ 190,933**	**$ 52,554**	**$ 2,783,748**	**$**	**$ 179,621**		**$ 3,206,856**
Three-month period ended September 30, 2011	$ 48,530	$	$ 1,000,033	$	$	$	$ 1,048,563
Nine-month period ended September 30, 2011	$ 204,012	$ 56,123	$ 1,000,033	$	$ 170,757	$	$ 1,430,925

(1) Reflected the purchase of $59.6 million of automobile loans as a result of exercising a clean-up call option related to loans previously sold under Huntington s automobile loan sale program.

NALs and Past Due Loans

Loans are considered past due when the contractual amounts due with respect to principal and interest are not received within 30 days of the contractual due date.

Any loan in any portfolio may be placed on nonaccrual status prior to the policies described below when collection of principal or interest is in doubt.

All classes within the C&I and CRE portfolios are placed on nonaccrual status at 90-days past due. Residential mortgage loans are placed on nonaccrual status at 150-days past due, with the exception of residential mortgages guaranteed by government organizations which continue to accrue interest. First-lien home equity loans are placed on nonaccrual status at 150-days past due. Junior-lien home equity loans are placed on nonaccrual status at the earlier of 120-days past due or when the related first-lien loan has been identified as nonaccrual. Automobile and other consumer loans are not placed on nonaccrual status, but are generally charged-off when the loan is 120-days past due. However, when a borrower with discharged non-reaffirmed debt in a Chapter 7 bankruptcy is identified and the loan is determined to be collateral dependent, the consumer loan is placed on nonaccrual status.

For all classes within all loan portfolios, when a loan is placed on nonaccrual status, any accrued interest income is reversed with current year accruals charged to interest income, and prior year amounts charged-off as a credit loss.

For all classes within all loan portfolios, cash receipts received on NALs are applied entirely against principal until the loan or lease has been collected in full, after which time any additional cash receipts are recognized as interest income.

Regarding all classes within the C&I and CRE portfolios, the determination of a borrower s ability to make the required principal and interest payments is based on an examination of the borrower s current financial statements, industry, management capabilities, and other qualitative measures. For all classes within the consumer loan portfolio, the determination of a borrower s ability to make the required principal and interest payments is based on multiple factors, including number of days past due and, in some instances, an evaluation of the borrower s financial condition. When, in Management s judgment, the borrower s ability to make required principal and interest payments resumes and collectability is no longer in doubt, the loan or lease is returned to accrual status. For these loans that have been returned to accrual status, cash receipts are applied according to the contractual terms of the loan.

Table of Contents

The following table presents NALs by loan class at September 30, 2012, and December 31, 2011 (1):

(dollar amounts in thousands)	**2012 September 30,**	2011 December 31,
Commercial and industrial:		
Owner occupied	**$ 60,939**	$ 88,415
Purchased impaired		
Other commercial and industrial	**48,513**	113,431
Total commercial and industrial	**$ 109,452**	$ 201,846
Commercial real estate:		
Retail properties	**$ 43,564**	$ 58,415
Multi family	**24,045**	39,921
Office	**23,279**	33,202
Industrial and warehouse	**10,286**	30,119
Purchased impaired		
Other commercial real estate	**47,812**	68,232
Total commercial real estate	**$ 148,986**	$ 229,889
Automobile	**$ 11,814**	$
Home equity:		
Secured by first-lien	**$ 24,424**	$ 20,012
Secured by junior-lien	**27,230**	20,675
Total home equity	**$ 51,654**	$ 40,687
Residential mortgage:		
Residential mortgage	**$ 123,140**	$ 68,658
Purchased impaired		
Total residential mortgages	**$ 123,140**	$ 68,658
Other consumer		
Other consumer	**$**	$
Purchased impaired		
Total other consumer	**$**	$
Total nonaccrual loans	**$ 445,046**	$ 541,080

(1) September 30, 2012, figures include $63.0 million related to Chapter 7 bankruptcy loans.

82

Table of Contents

The following table presents an aging analysis of loans and leases, including past due loans, by loan class at September 30, 2012, and December 31, 2011: (1)

	September 30, 2012						
	Past Due						
(dollar amounts in thousands)	30-59 Days	60-89 Days	90 or more days	Total	Current	Total Loans and Leases	90 or more days past due and accruing
Commercial and industrial:							
Owner occupied	$ 10,816	$ 5,476	$ 41,253	$ 57,545	$ 4,210,843	$ 4,268,388	$
Purchased impaired	2,069	4,899	26,117	33,085	29,168	62,253	26,117
Other commercial and industrial	15,764	4,749	22,131	42,644	12,104,723	12,147,367	
Total commercial and industrial	$ 28,649	$ 15,124	$ 89,501	$ 133,274	$ 16,344,734	$ 16,478,008	$ 26,117(2)
Commercial real estate:							
Retail properties	$ 5,769	$ 3,491	$ 22,999	$ 32,259	$ 1,511,252	$ 1,543,511	$
Multi family	2,682	925	17,114	20,721	952,947	973,668	
Office	12,265	3,275	17,733	33,273	928,377	961,650	
Industrial and warehouse	1,557	858	4,568	6,983	621,379	628,362	
Purchased impaired	4,741	9,741	45,131	59,613	73,793	133,406	45,131
Other commercial real estate	948	8,609	27,860	37,417	1,219,143	1,256,560	
Total commercial real estate	$ 27,962	$ 26,899	$ 135,405	$ 190,266	$ 5,306,891	$ 5,497,157	$ 45,131(2)
Automobile	$ 31,731	6,730	$ 3,857	$ 42,318	$ 4,233,436	$ 4,275,754	$ 3,857
Home equity:							
Secured by first-lien	$ 19,696	$ 9,488	$ 32,911	$ 62,095	$ 4,151,610	$ 4,213,705	$ 9,424
Secured by junior-lien	30,085	13,065	27,248	70,398	4,096,439	4,166,837	11,919
Total home equity	$ 49,781	$ 22,553	$ 60,159	$ 132,493	$ 8,248,049	$ 8,380,542	$ 21,343
Residential mortgage:							
Residential mortgage	$ 145,713	$ 46,646	$ 168,782	$ 361,141	$ 4,828,869	$ 5,190,010	$ 97,752(3)
Purchased impaired	198	37	398	633	1,598	2,231	398
Total residential mortgage	$ 145,911	$ 46,683	$ 169,180	$ 361,774	$ 4,830,467	$ 5,192,241	$ 98,150
Other consumer:							
Other consumer	$ 7,050	$ 1,356	$ 695	$ 9,101	$ 426,995	$ 436,096	$ 695
Purchased impaired	40		389	429	190	619	389
Total other consumer	$ 7,090	$ 1,356	$ 1,084	$ 9,530	$ 427,185	$ 436,715	$ 1,084
Total loans and leases	$ 291,122	$ 119,345	$ 459,185	$ 869,652	$ 39,390,766	$ 40,260,417	$ 195,682

83

Table of Contents

	December 31, 2011						
	Past Due						90 or more days past due and accruing
(dollar amounts in thousands)	30-59 Days	60-89 Days	90 or more days	Total	Current	Total Loans and Leases	
Commercial and industrial:							
Owner occupied	$ 10,607	$ 7,433	$ 58,513	$ 76,553	$ 3,936,203	$ 4,012,756	$
Other commercial and industrial	32,962	7,579	60,833	101,374	10,585,241	10,686,615	
Total commercial and industrial	$ 43,569	$ 15,012	$ 119,346	$ 177,927	$ 14,521,444	$ 14,699,371	$
Commercial real estate:							
Retail properties	$ 3,090	$ 823	$ 33,952	$ 37,865	$ 1,547,618	$ 1,585,483	$
Multi family	5,022	1,768	28,317	35,107	908,438	943,545	
Office	3,134	792	30,041	33,967	990,897	1,024,864	
Industrial and warehouse	2,834	115	18,203	21,152	708,390	729,542	
Other commercial real estate	6,894	3,625	48,739	59,258	1,483,017	1,542,275	
Total commercial real estate	$ 20,974	$ 7,123	$ 159,252	$ 187,349	$ 5,638,360	$ 5,825,709	$
Automobile	$ 42,162	$ 9,046	$ 6,265	$ 57,473	$ 4,399,973	$ 4,457,446	$ 6,265
Home equity:							
Secured by first-lien	17,260	8,822	29,259	55,341	3,760,238	3,815,579	9,247
Secured by junior-lien	32,334	18,357	31,626	82,317	4,317,517	4,399,834	10,951
Residential mortgage	134,228	45,774	204,648	384,650	4,843,626	5,228,276	141,901(4)
Other consumer	7,655	1,502	1,988	11,145	486,423	497,568	1,988
Total loans and leases	$ 298,182	$ 105,636	$ 552,384	$ 956,202	$ 37,967,581	$ 38,923,783	$ 170,352

(1) NALs are included in this aging analysis based on the loan s past due status.
(2) All amounts represent accruing purchased impaired loans related to the FDIC-assisted Fidelity Bank acquisition. Under the applicable accounting guidance (ASC 310-30), the loans were recorded at fair value upon acquisition and remain in accruing status.
(3) Includes $87,463 thousand guaranteed by the U.S. government.
(4) Includes $96,703 thousand guaranteed by the U.S. government.

Allowance for Credit Losses

Huntington maintains two reserves, both of which reflect Management s judgment regarding the appropriate level necessary to absorb credit losses inherent in our loan and lease portfolio: the ALLL and the AULC. Combined, these reserves comprise the total ACL. The determination of the ACL requires significant estimates, including the timing and amounts of expected future cash flows on impaired loans and leases, consideration of current economic conditions, and historical loss experience pertaining to pools of homogeneous loans and leases, all of which may be susceptible to change.

The appropriateness of the ACL is based on Management s current judgments about the credit quality of the loan portfolio. These judgments consider on-going evaluations of the loan and lease portfolio, including such factors as the differing economic risks associated with each loan category, the financial condition of specific borrowers, the level of delinquent loans, the value of any collateral and, where applicable, the existence of any guarantees or other documented support. Further, Management evaluates the impact of changes in interest rates and overall economic conditions on the ability of borrowers to meet their financial obligations when quantifying our exposure to credit losses and assessing the appropriateness of our ACL at each reporting date. In addition to general economic conditions and the other factors described above, additional factors also considered include: the impact of declining residential real estate values; the diversification of CRE loans; the development of new or expanded Commercial business segments such as Healthcare, Asset Based Lending, and Energy, and the overall condition of the manufacturing industry. Also, the ACL assessment includes the on-going assessment of credit quality metrics, and a comparison of certain ACL benchmarks to current performance. Management s determinations regarding the appropriateness of the ACL are reviewed and approved by the Company s board of directors.

The ALLL consists of two components: (1) the transaction reserve, which includes a loan level allocation per ASC 310-10, specific reserves related to loans considered to be impaired, and loans involved in troubled debt restructurings allocated per ASC 310-40, and (2) the general reserve. The transaction reserve component includes both (1) an estimate of loss based on pools of commercial and consumer loans and leases with similar characteristics and (2) an estimate of loss based on an impairment review of each impaired C&I and CRE loan greater than $1.0 million. For the C&I and CRE portfolios, the estimate of loss based on pools of loans and leases with similar characteristics is made by applying a PD factor and a LGD factor to each individual loan based on a continuously updated loan grade, using a standardized loan grading system. The PD factor and an LGD factor are determined for each loan grade using statistical models based on historical performance data. The PD factor considers on-going reviews of the financial performance of the specific borrower, including cash flow, debt-service coverage ratio, earnings power, debt level, and equity position, in conjunction with an assessment of the borrower s industry and future prospects. The LGD factor considers analysis of the type of collateral and the relative LTV ratio. These reserve factors are developed based on credit migration models that track historical movements of loans between loan ratings over time and a combination of long-term average loss experience of our own portfolio and external industry data using a 24-month emergence period.

In the case of more homogeneous portfolios, such as automobile loans, home equity loans, and residential mortgage loans, the determination of the transaction reserve also incorporates PD and LGD factors. The estimate of loss is based on pools of loans and leases with similar characteristics. The PD factor considers current credit scores unless the account is delinquent, in which case a higher PD factor is used. The credit score provides a basis for understanding the borrowers past and current payment performance, and this information is used to estimate expected losses over the 12-month emergence period. The performance of first-lien loans ahead of our junior-lien loans is available to use as part of our updated score process. The LGD factor considers analysis of the type of collateral and the relative LTV ratio. Credit scores, models, analyses, and other factors used to determine both the PD and LGD factors are updated frequently to capture the recent behavioral characteristics of the subject portfolios, as well as any changes in loss mitigation or credit origination strategies, and adjustments to the reserve factors are made as required. Models utilized in the ALLL estimation process are subject to the Company s model validation policies.

The general reserve consists of the economic reserve and risk-profile reserve components. The economic reserve component considers the potential impact of changing market and economic conditions on portfolio performance. The risk-profile component considers items unique to our structure, policies, processes, and portfolio composition, as well as qualitative measurements and assessments of the loan portfolios including, but not limited to, management quality, concentrations, portfolio composition, industry comparisons, and internal review functions.

The estimate for the AULC is determined using the same procedures and methodologies as used for the ALLL. The loss factors used in the AULC are the same as the loss factors used in the ALLL while also considering a historical utilization of unused commitments. The AULC is reflected in accrued expenses and other liabilities in the Unaudited Condensed Consolidated Balance Sheet.

Table of Contents

The ACL is increased through a provision for credit losses that is charged to earnings, based on Management s quarterly evaluation of the factors previously mentioned, and is reduced by charge-offs, net of recoveries, and the ACL associated with securitized or sold loans. Management did not substantially change any material aspect of the overall approach in the determination of either the ALLL or AULC, and there were no material changes in assumptions or estimation techniques compared with prior periods that impacted the determination of the current period s ALLL and AULC. The impact of the Chapter 7 bankruptcy loans was primarily associated with NALs and NCOs, with minimal impact to the ALLL.

The following table presents ALLL and AULC activity by portfolio segment for the three-month and nine-month periods ended September 30, 2012 and 2011: (1)

86

Table of Contents

(dollar amounts in thousands)	Commercial and Industrial	Commercial Real Estate	Automobile	Home Equity	Residential Mortgage	Other Consumer	Total
Three-month period ended September 30, 2012:							
ALLL balance, beginning of period	$ 280,548	$ 305,391	$ 30,217	$ 135,562	$ 78,015	$ 29,913	$ 859,646
Loan charge-offs	(22,522)	(26,513)	(7,925)	(48,710)	(17,644)	(8,872)	(132,186)
Recoveries of loans previously charged-off	9,499	9,139	3,906	2,114	764	1,669	27,091
Provision for loan and lease losses	(10,444)	(7,641)	7,187	33,639	5,809	5,869	34,419
Allowance for loans sold or transferred to loans held for sale			(104)		276		172
ALLL balance, end of period	$ 257,081	$ 280,376	$ 33,281	$ 122,605	$ 67,220	$ 28,579	$ 789,142
AULC balance, beginning of period	$ 42,844	$ 5,225	$	$ 2,190	$ 4	$ 715	$ 50,978
Provision for unfunded loan commitments and letters of credit	3,263	(125)		(513)	(1)	(39)	2,585
AULC balance, end of period	$ 46,107	$ 5,100	$	$ 1,677	$ 3	$ 676	$ 53,563
ACL balance, end of period	$ 303,188	$ 285,476	$ 33,281	$ 124,282	$ 67,223	$ 29,255	$ 842,705
Nine-month period ended September 30, 2012:							
ALLL balance, beginning of period	$ 275,367	$ 388,706	$ 38,282	$ 143,873	$ 87,194	$ 31,406	$ 964,828
Loan charge-offs	(79,746)	(83,662)	(20,534)	(97,058)	(41,292)	(25,946)	(348,238)
Recoveries of loans previously charged-off	22,550	26,604	12,988	5,688	3,056	5,020	75,906
Provision for loan and lease losses	38,910	(51,272)	7,784	70,102	19,200	18,099	102,823
Allowance for loans sold or transferred to loans held for sale			(5,239)		(938)		(6,177)
ALLL balance, end of period	$ 257,081	$ 280,376	$ 33,281	$ 122,605	$ 67,220	$ 28,579	$ 789,142
AULC balance, beginning of period	$ 39,658	$ 5,852	$	$ 2,134	$ 1	$ 811	$ 48,456
Provision for unfunded loan commitments and letters of credit	6,449	(752)		(457)	2	(135)	5,107
AULC balance, end of period	$ 46,107	$ 5,100	$	$ 1,677	$ 3	$ 676	$ 53,563
ACL balance, end of period	$ 303,188	$ 285,476	$ 33,281	$ 124,282	$ 67,223	$ 29,255	$ 842,705

Table of Contents

(dollar amounts in thousands)	Commercial and Industrial	Commercial Real Estate	Automobile	Home Equity	Residential Mortgage	Other Consumer	Total
Three-month period ended September 30, 2011:							
ALLL balance, beginning of period	$ 281,016	$ 463,874	$ 55,428	$ 146,444	$ 98,992	$ 25,372	$ 1,071,126
Loan charge-offs	(28,624)	(29,621)	(8,087)	(27,916)	(13,422)	(8,229)	(115,899)
Recoveries of loans previously charged-off	10,733	5,181	4,224	1,694	1,860	1,652	25,344
Provision for loan and lease losses	22,129	(20,539)	4,565	19,394	11,544	8,774	45,867
Allowance for loans sold or transferred to loans held for sale			(6,728)				(6,728)
ALLL balance, end of period	$ 285,254	$ 418,895	$ 49,402	$ 139,616	$ 98,974	$ 27,569	$ 1,019,710
AULC balance, beginning of period	$ 31,341	$ 6,632	$	$ 2,249	$ 1	$ 837	$ 41,060
Provision for unfunded loan commitments and letters of credit	(882)	(1,316)		(67)		(16)	(2,281)
AULC balance, end of period	$ 30,459	$ 5,316	$	$ 2,182	$ 1	$ 821	$ 38,779
ACL balance, end of period	$ 315,713	$ 424,211	$ 49,402	$ 141,798	$ 98,975	$ 28,390	$ 1,058,489
Nine-month period ended September 30, 2011:							
ALLL balance, beginning of period	$ 340,614	$ 588,251	$ 49,488	$ 150,630	$ 93,289	$ 26,736	$ 1,249,008
Loan charge-offs	(110,590)	(146,991)	(24,939)	(83,598)	(53,773)	(23,716)	(443,607)
Recoveries of loans previously charged-off	31,804	27,273	14,109	5,220	6,824	5,205	90,435
Provision for loan and lease losses	23,426	(49,638)	17,472	67,364	54,148	19,344	132,116
Allowance for loans sold or transferred to loans held for sale			(6,728)		(1,514)		(8,242)
ALLL balance, end of period	$ 285,254	$ 418,895	$ 49,402	$ 139,616	$ 98,974	$ 27,569	$ 1,019,710
AULC balance, beginning of period	$ 32,726	$ 6,158	$	$ 2,348	$ 1	$ 894	$ 42,127
Provision for unfunded loan commitments and letters of credit	(2,267)	(842)		(166)		(73)	(3,348)
AULC balance, end of period	$ 30,459	$ 5,316	$	$ 2,182	$ 1	$ 821	$ 38,779
ACL balance, end of period	$ 315,713	$ 424,211	$ 49,402	$ 141,798	$ 98,975	$ 28,390	$ 1,058,489

Any loan in any portfolio may be charged-off prior to the policies described below if a loss confirming event has occurred. Loss confirming events include, but are not limited to, bankruptcy (unsecured), continued delinquency, foreclosure, or receipt of an asset valuation indicating a collateral deficiency and that asset is the sole source of repayment. Additionally, discharged, collateral dependent non-reaffirmed debt in Chapter 7 bankruptcy filings will result in a charge-off to estimated collateral value, less anticipated selling costs.

C&I and CRE loans are either charged-off or written down to net realizable value at 90-days past due. Automobile loans and other consumer loans are charged-off at 120-days past due. First-lien and junior-lien home equity loans are charged-off to the estimated fair value of the collateral, less anticipated selling costs, at 150-days past due and 120-days past due, respectively. Residential mortgages are charged-off to the estimated fair value of the collateral, less anticipated selling costs, at 150-days past due.

Credit Quality Indicators

To facilitate the monitoring of credit quality for C&I and CRE loans, and for purposes of determining an appropriate ACL level for these loans, Huntington utilizes the following categories of credit grades:

Pass = Higher quality loans that do not fit any of the other categories described below.

Table of Contents

OLEM = The credit risk may be relatively minor yet represent a risk given certain specific circumstances. If the potential weaknesses are not monitored or mitigated, the loan may weaken or the collateral may be inadequate to protect Huntington s position in the future. For these reasons, Huntington considers the loans to be potential problem loans.

Substandard = Inadequately protected loans by the borrower s ability to repay, equity, and/or the collateral pledged to secure the loan. These loans have identified weaknesses that could hinder normal repayment or collection of the debt. It is likely Huntington will sustain some loss if any identified weaknesses are not mitigated.

Doubtful = Loans that have all of the weaknesses inherent in those loans classified as Substandard, with the added elements of the full collection of the loan is improbable and that the possibility of loss is high.

The categories above, which are derived from standard regulatory rating definitions, are assigned upon initial approval of the loan or lease and subsequently updated as appropriate.

Commercial loans categorized as OLEM, Substandard, or Doubtful are considered Criticized loans. Commercial loans categorized as Substandard or Doubtful are also considered Classified loans.

For all classes within all consumer loan portfolios, each loan is assigned a specific PD factor that is partially based on the borrower s most recent credit bureau score (FICO), which we update quarterly. A FICO credit bureau score is a credit score developed by Fair Isaac Corporation based on data provided by the credit bureaus. The FICO credit bureau score is widely accepted as the standard measure of consumer credit risk used by lenders, regulators, rating agencies, and consumers. The higher the FICO credit bureau score, the higher likelihood of repayment and therefore, an indicator of higher credit quality.

Huntington assesses the risk in the loan portfolio by utilizing numerous risk characteristics. The classifications described above, and also presented in the table below, represent one of those characteristics that are closely monitored in the overall credit risk management processes. The table below shows increases in FICO scores <650 for both the automobile and first-lien home equity portfolios. These increases do not reflect a deterioration in asset quality for the portfolios, as other risk characteristics mitigate any increased level of risk associated with the FICO score distribution.

Table of Contents

The following table presents each loan and lease class by credit quality indicator at September 30, 2012, and December 31, 2011:

	September 30, 2012				
	Credit Risk Profile by UCS classification				
(dollar amounts in thousands)	Pass	OLEM	Substandard	Doubtful	Total
Commercial and industrial:					
Owner occupied	**$ 3,945,489**	**$ 104,330**	**$ 217,574**	**$ 995**	**$ 4,268,388**
Purchased impaired	**1,283**	**6,956**	**54,014**		**62,253**
Other commercial and industrial	**11,543,754**	**196,823**	**405,027**	**1,763**	**12,147,367**
Total commercial and industrial	**$ 15,490,526**	**$ 308,109**	**$ 676,615**	**$ 2,758**	**$ 16,478,008**
Commercial real estate:					
Retail properties	**$ 1,306,360**	**$ 30,514**	**$ 206,637**	**$**	**$ 1,543,511**
Multi family	**867,939**	**41,777**	**63,814**	**138**	**973,668**
Office	**838,877**	**33,442**	**89,331**		**961,650**
Industrial and warehouse	**569,313**	**11,705**	**47,344**		**628,362**
Purchased impaired	**4,830**	**29,993**	**98,510**	**73**	**133,406**
Other commercial real estate	**1,072,876**	**43,709**	**139,877**	**98**	**1,256,560**
Total commercial real estate	**$ 4,660,195**	**$ 191,140**	**$ 645,513**	**$ 309**	**$ 5,497,157**
	Credit Risk Profile by FICO score (1)				
	750+	650-749	<650	Other (2)	Total
Automobile	**$ 2,553,258**	**$ 2,182,389**	**$ 735,651**	**$ 104,456**	**$ 5,575,754 (3)**
Home equity:					
Secured by first-lien	**$ 2,441,087**	**$ 1,404,312**	**$ 348,109**	**$ 20,197**	**$ 4,213,705**
Secured by junior-lien	**1,943,216**	**1,530,622**	**569,785**	**123,214**	**4,166,837**
Total home equity	**$ 4,384,303**	**$ 2,934,934**	**$ 917,894**	**$ 143,411**	**$ 8,380,542**
Residential mortgage:					
Residential mortgage	**$ 2,577,715**	**$ 1,795,920**	**$ 696,414**	**$ 119,961**	**$ 5,190,010**
Purchased impaired	**349**	**1,347**	**468**	**67**	**2,231**
Total residential mortgage	**$ 2,578,064**	**$ 1,797,267**	**$ 696,882**	**$ 120,028**	**$ 5,192,241**
Other consumer:					
Other consumer	**$ 163,538**	**$ 180,968**	**$ 65,480**	**$ 26,110**	**$ 436,096**
Purchased impaired		**231**	**289**	**99**	**619**
Total other consumer	**$ 163,538**	**$ 181,199**	**$ 65,769**	**$ 26,209**	**$ 436,715**

	December 31, 2011				
	Credit Risk Profile by UCS classification				
(dollar amounts in thousands)	Pass	OLEM	Substandard	Doubtful	Total
Commercial and industrial:					
Owner occupied	$ 3,624,103	$ 101,897	$ 285,561	$ 1,195	$ 4,012,756
Other commercial and industrial	10,108,946	145,963	425,882	5,824	10,686,615
Total commercial and industrial	$ 13,733,049	$ 247,860	$ 711,443	$ 7,019	$ 14,699,371
Commercial real estate:					
Retail properties	$ 1,191,471	$ 122,337	$ 271,675	$	$ 1,585,483
Multi family	801,717	48,094	93,449	285	943,545
Office	896,230	67,050	61,476	108	1,024,864

Industrial and warehouse	649,165	9,688	70,621	68	729,542
Other commercial real estate	1,112,751	110,276	318,479	769	1,542,275
Total commercial real estate	$ 4,651,334	$ 357,445	$ 815,700	$ 1,230	$ 5,825,709

Table of Contents

	Credit Risk Profile by FICO score (1)				
	750+	650-749	<650	Other (2)	Total
Automobile	$ 2,635,082	$ 2,276,990	$ 707,141	$ 88,233	$ 5,707,446 (4)
Home equity:					
Secured by first-lien	2,196,566	1,287,444	329,670	1,899	3,815,579
Secured by junior-lien	2,119,292	1,646,117	625,298	9,127	4,399,834
Residential mortgage	2,454,401	1,752,409	723,377	298,089	5,228,276
Other consumer	185,333	206,749	83,431	22,055	497,568

(1) Reflects currently updated customer credit scores.
(2) Reflects deferred fees and costs, loans in process, loans to legal entities, etc.
(3) Includes $1,300,000 thousand of loans reflected as loans held for sale.
(4) Includes $1,250,000 thousand of loans reflected as loans held for sale.

Impaired Loans

For all classes within the C&I and CRE portfolios, all loans with an outstanding balance of $1.0 million or greater are evaluated on a quarterly basis for impairment. Generally, consumer loans within any class are not individually evaluated on a regular basis for impairment. All TDRs, regardless of the outstanding balance amount, are also considered to be impaired. Also, loans acquired with evidence of deterioration of credit quality since origination for which it is probable, at acquisition, that all contractually required payments will not be collected are also considered to be impaired.

Once a loan has been identified for an assessment of impairment, the loan is considered impaired when, based on current information and events, it is probable that all amounts due according to the contractual terms of the loan agreement will not be collected. This determination requires significant judgment and use of estimates, and the eventual outcome may differ significantly from those estimates.

When a loan in any class has been determined to be impaired, the amount of the impairment is measured using the present value of expected future cash flows discounted at the loan s effective interest rate or, as a practical expedient, the observable market price of the loan, or the fair value of the collateral, less anticipated selling costs, if the loan is collateral dependent. When the present value of expected future cash flows is used, the effective interest rate is the original contractual interest rate of the loan adjusted for any premium or discount. When the contractual interest rate is variable, the effective interest rate of the loan changes over time. A specific reserve is established as a component of the ALLL when a loan has been determined to be impaired. Subsequent to the initial measurement of impairment, if there is a significant change to the impaired loan s expected future cash flows, or if actual cash flows are significantly different from the cash flows previously estimated, Huntington recalculates the impairment and appropriately adjusts the specific reserve. Similarly, if Huntington measures impairment based on the observable market price of an impaired loan or the fair value of the collateral of an impaired collateral dependent loan, Huntington will adjust the specific reserve.

When a loan within any class is impaired, the accrual of interest income is discontinued unless the receipt of principal and interest is no longer in doubt. Interest income on TDRs is accrued when all principal and interest is expected to be collected under the post-modification terms. Cash receipts received on nonaccruing impaired loans within any class are generally applied entirely against principal until the loan has been collected in full, after which time any additional cash receipts are recognized as interest income. Cash receipts received on accruing impaired loans within any class are applied in the same manner as accruing loans that are not considered impaired.

The following tables present the balance of the ALLL attributable to loans by portfolio segment individually and collectively evaluated for impairment and the related loan and lease balance at September 30, 2012, and December 31, 2011:

Table of Contents

	Commercial and Industrial	Commercial Real Estate	Automobile	Home Equity	Residential Mortgage	Other Consumer	Total
ALLL at September 30, 2012:							
(dollar amounts in thousands)							
Portion of ending balance:							
Attributable to loans purchased with deteriorated credit quality	$	$	$	$	$	$	$
Attributable to loans individually evaluated for impairment	**22,023**	**36,689**	**1,196**	**3,635**	**14,134**	**245**	**77,922**
Attributable to loans collectively evaluated for impairment	**235,058**	**243,687**	**32,085**	**118,970**	**53,086**	**28,334**	**711,220**
Total ALLL balance	**$ 257,081**	**$ 280,376**	**$ 33,281**	**$ 122,605**	**$ 67,220**	**$ 28,579**	**$ 789,142**
Loans and Leases at September 30, 2012:							
(dollar amounts in thousands)							
Portion of ending balance:							
Attributable to loans purchased with deteriorated credit quality	**$ 62,253**	**$ 133,406**	**$**	**$**	**$ 2,231**	**$ 619**	**$ 198,509**
Attributable to loans individually evaluated for impairment	**106,554**	**322,277**	**45,533**	**100,519**	**364,053**	**2,757**	**941,693**
Attributable to loans collectively evaluated for impairment	**16,309,201**	**5,041,474**	**4,230,221**	**8,280,023**	**4,825,957**	**433,339**	**39,120,215**
Total loans evaluated for impairment	**$ 16,478,008**	**$ 5,497,157**	**$ 4,275,754**	**$ 8,380,542**	**$ 5,192,241**	**$ 436,715**	**$ 40,260,417**

93

Table of Contents

	Commercial and Industrial	Commercial Real Estate	Automobile	Home Equity	Residential Mortgage	Other Consumer	Total
ALLL at December 31, 2011							
(dollar amounts in thousands)							
Portion of ending balance:							
Attributable to loans individually evaluated for impairment	$ 30,613	$ 55,306	$ 1,393	$ 1,619	$ 16,091	$ 530	$ 105,552
Attributable to loans collectively evaluated for impairment	244,754	333,400	36,889	142,254	71,103	30,876	859,276
Total ALLL balance:	$ 275,367	$ 388,706	$ 38,282	$ 143,873	$ 87,194	$ 31,406	$ 964,828
Loans and Leases at December 31, 2011:							
(dollar amounts in thousands)							
Portion of ending balance:							
Attributable to loans individually evaluated for impairment	$ 153,724	$ 387,402	$ 36,574	$ 52,593	$ 335,768	$ 6,220	$ 972,281
Attributable to loans collectively evaluated for impairment	14,545,647	5,438,307	4,420,872	8,162,820	4,892,508	491,348	37,951,502
Total loans evaluated for impairment	$ 14,699,371	$ 5,825,709	$ 4,457,446	$ 8,215,413	$ 5,228,276	$ 497,568	$ 38,923,783

94

Table of Contents

The following tables present by class the ending, unpaid principal balance, and the related ALLL, along with the average balance and interest income recognized only for loans and leases individually evaluated for impairment: (1), (2)

	September 30, 2012			Three Months Ended September 30, 2012		Nine Months Ended September 30, 2012	
(dollar amounts in thousands)	Ending Balance	Unpaid Principal Balance (5)	Related Allowance	Average Balance	Interest Income Recognized	Average Balance	Interest Income Recognized
With no related allowance recorded:							
Commercial and industrial:							
Owner occupied	**$ 3,652**	**$ 10,099**	**$**	**$ 4,702**	**$ 1**	**$ 5,310**	**$ 61**
Purchased impaired	**62,253**	**90,527**		**62,740**	**935**	**64,627**	**1,767**
Other commercial and industrial	**17,886**	**37,036**		**9,274**	**88**	**8,556**	**343**
Total commercial and industrial	**$ 83,791**	**$ 137,662**	**$**	**$ 76,716**	**$ 1,024**	**$ 78,493**	**$ 2,171**
Commercial real estate:							
Retail properties	**$ 58,095**	**$ 63,479**	**$**	**$ 53,317**	**$ 531**	**$ 52,127**	**$ 2,007**
Multi family	**4,483**	**5,170**		**5,413**	**85**	**5,879**	**278**
Office	**8,256**	**10,415**		**8,695**	**138**	**4,631**	**191**
Industrial and warehouse	**16,651**	**19,609**		**9,779**	**106**	**8,045**	**312**
Purchased impaired	**133,406**	**224,607**		**134,279**	**2,004**	**138,858**	**3,954**
Other commercial real estate	**14,408**	**15,374**		**15,070**	**140**	**17,068**	**412**
Total commercial real estate	**$ 235,299**	**$ 338,654**	**$**	**$ 226,553**	**$ 3,004**	**$ 226,608**	**$ 7,154**
Home equity:							
Secured by first-lien	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Secured by junior-lien							
Total home equity	$	$	$	$	$	$	$
Residential mortgage:							
Residential mortgage	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Purchased impaired	**2,231**	**4,160**		**2,293**	**34**	**3,947**	**68**
Total residential mortgage	**$ 2,231**	**$ 4,160**	**$**	**$ 2,293**	**$ 34**	**$ 3,947**	**$ 68**
Other consumer							
Other consumer	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Purchased impaired	**619**	**922**		**626**	**9**	**782**	**18**
Total other consumer	**$ 619**	**$ 922**	**$**	**$ 626**	**$ 9**	**$ 782**	**$ 18**
With an allowance recorded:							
Commercial and industrial: (3)							
Owner occupied	**$ 41,476**	**$ 46,462**	**$ 5,678**	**$ 39,339**	**$ 303**	**$ 38,927**	**$ 998**
Purchased impaired							
Other commercial and industrial	**43,540**	**54,747**	**16,345**	**56,377**	**424**	**77,289**	**1,906**
Total commercial and industrial	**$ 85,016**	**$ 101,209**	**$ 22,023**	**$ 95,716**	**$ 727**	**$ 116,216**	**$ 2,904**
Commercial real estate: (4)							
Retail properties	**$ 96,085**	**$ 104,001**	**$ 16,468**	**$ 109,146**	**$ 848**	**$ 117,069**	**$ 4,032**
Multi family	**22,918**	**27,550**	**3,546**	**26,375**	**280**	**29,734**	**1,108**
Office	**16,918**	**22,154**	**3,118**	**10,394**	**52**	**16,954**	**210**
Industrial and warehouse	**26,402**	**27,972**	**3,180**	**23,854**	**151**	**24,205**	**504**
Purchased impaired							
Other commercial real estate	**58,061**	**75,883**	**10,377**	**66,999**	**455**	**74,020**	**2,032**

Total commercial real estate	**$ 220,384**	**$ 257,560**	**$ 36,689**	**$ 236,768**	**$ 1,786**	**$ 261,982**	**$ 7,886**
Automobile	**$ 45,533**	**$ 47,525**	**$ 1,196**	**$ 39,996**	**$ 782**	**$ 38,022**	**$ 2,398**
Home equity:							
Secured by first-lien	**$ 67,256**	**$ 76,166**	**$ 1,736**	**$ 59,247**	**$ 730**	**$ 49,559**	**$ 1,769**
Secured by junior-lien	**33,263**	**48,123**	**1,899**	**24,698**	**368**	**20,463**	**804**
Total home equity	**$ 100,519**	**$ 124,289**	**$ 3,635**	**$ 83,945**	**$ 1,098**	**$ 70,022**	**$ 2,573**
Residential mortgage (6):							
Residential mortgage	**$ 364,053**	**$ 402,182**	**$ 14,134**	**$ 345,677**	**$ 2,722**	**$ 337,876**	**$ 8,525**
Purchased impaired							
Total residential mortgage	**$ 364,053**	**$ 402,182**	**$ 14,134**	**$ 345,677**	**$ 2,722**	**$ 337,876**	**$ 8,525**
Other consumer:							
Other consumer	**$ 2,757**	**$ 2,757**	**$ 245**	**$ 2,954**	**$ 19**	**$ 4,118**	**$ 78**
Purchased impaired							
Total other consumer	**$ 2,757**	**$ 2,757**	**$ 245**	**$ 2,954**	**$ 19**	**$ 4,118**	**$ 78**

	December 31, 2011		
(dollar amounts in thousands)	Ending Balance	Unpaid Principal Balance (5)	Related Allowance
With no related allowance recorded:			
Commercial and industrial:			
Owner occupied	$	$	$
Other commercial and industrial			
Total commercial and industrial	$	$	$
Commercial real estate:			
Retail properties	$ 43,970	$ 45,192	$
Multi family	6,292	6,435	
Office	1,191	1,261	
Industrial and warehouse	8,163	9,945	
Other commercial real estate	22,396	38,401	
Total commercial real estate	$ 82,012	$ 101,234	$
With an allowance recorded:			
Commercial and industrial:			
Owner occupied	$ 53,613	$ 77,205	$ 7,377
Other commercial and industrial	100,111	117,469	23,236
Total commercial and industrial	$ 153,724	$ 194,674	$ 30,613
Commercial real estate:			
Retail properties	$ 129,396	$ 161,596	$ 30,363
Multi family	38,154	45,138	4,753
Office	23,568	42,287	2,832
Industrial and warehouse	29,435	47,373	3,136
Other commercial real estate	84,837	119,212	14,222
Total commercial real estate	$ 305,390	$ 415,606	$ 55,306
Automobile	$ 36,574	$ 36,574	$ 1,393
Home equity:			
Secured by first-lien	35,842	35,842	626
Secured by junior-lien	16,751	16,751	993
Residential mortgage	335,768	361,161	16,091
Other consumer	6,220	6,220	530

(1) These tables do not include loans fully charged-off.
(2) All automobile, home equity, residential mortgage, and other consumer impaired loans included in these tables are considered impaired due to their status as a TDR.
(3) At September 30, 2012, $43,795 thousand of the $85,016 thousand commercial and industrial loans with an allowance recorded were considered impaired due to their status as a TDR.
(4) At September 30, 2012, $36,922 thousand of the $220,384 thousand commercial real estate loans with an allowance recorded were considered impaired due to their status as a TDR.
(5) The differences between the ending balance and unpaid principal balance amounts represent partial charge-offs.
(6) At September 30, 2012, $17,445 thousand of the $364,053 thousand residential mortgages loans with an allowance recorded were guaranteed by the U.S. government.

Table of Contents

TDR Loans

TDRs are modified loans where a concession was provided to a borrower experiencing financial difficulties. Loan modifications are considered TDRs when the concessions provided are not available to the borrower through either normal channels or other sources. However, not all loan modifications are TDRs.

TDR Concession Types

The Company s standards relating to loan modifications consider, among other factors, minimum verified income requirements, cash flow analysis, and collateral valuations. Each potential loan modification is reviewed individually and the terms of the loan are modified to meet a borrower s specific circumstances at a point in time. Commercial loan modifications, including those classified as TDRs, are reviewed and approved by our SAD. The types of concessions provided to borrowers include:

Interest rate reduction: A reduction of the stated interest rate to a nonmarket rate for the remaining original life of the debt.

Amortization or maturity date change beyond what the collateral supports, including any of the following:

(1) Lengthens the amortization period of the amortized principal beyond market terms. This concession reduces the minimum monthly payment and increases the amount of the balloon payment at the end of the term of the loan. Principal is generally not forgiven.

(2) Reduces the amount of loan principal to be amortized. This concession also reduces the minimum monthly payment and increases the amount of the balloon payment at the end of the term of the loan. Principal is generally not forgiven.

(3) Extends the maturity date or dates of the debt beyond what the collateral supports. This concession generally applies to loans without a balloon payment at the end of the term of the loan.

Chapter 7 bankruptcy: A bankruptcy court s discharge of a borrower s debt is considered a concession when the borrower does not reaffirm the discharged debt.

Other: A concession that is not categorized as one of the concessions described above. These concessions include, but are not limited to: principal forgiveness, collateral concessions, covenant concessions, and reduction of accrued interest. Principal forgiveness may result from any TDR modification of any concession type. However, the aggregate amount of principal forgiven as a result of loans modified as TDRs during the three-month and nine-month periods ended September 30, 2012 and 2011, was not significant.

TDRs by Loan Type

Following is a description of TDRs by the different loan types:

Commercial loan TDRs Commercial accruing TDRs often result from loans receiving a concession with terms that are not considered a market transaction to Huntington. The TDR remains in accruing status as long as the customer is less than 90-days past due on payments per the restructured loan terms and no loss is expected.

Commercial nonaccrual TDRs result from either: (1) an accruing commercial TDR being placed on nonaccrual status, or (2) a workout where an existing commercial NAL is restructured and a concession was given. At times, these workouts restructure the NAL so that two or more new notes are created. The primary note is underwritten based upon our normal underwriting standards and is sized so projected cash flows are sufficient to repay contractual principal and interest. The terms on the secondary note(s) vary by situation, and may include notes that defer principal and interest payments until after the primary note is repaid. Creating two or more notes often allows the borrower to continue a project or weather a temporary economic downturn and allows Huntington to right-size a loan based upon the current expectations for a borrower s or project s performance.

Our strategy involving TDR borrowers includes working with these borrowers to allow them to refinance elsewhere, as well as allow them time to improve their financial position and remain our customer through refinancing their notes according to market terms and conditions in the future. A refinancing or modification of a loan occurs when either the loan matures according to the terms of the TDR-modified agreement or the borrower requests a change to the loan agreements. At that time, the loan is evaluated to determine if it is creditworthy. It is subjected to the normal underwriting standards and processes for other similar credit extensions, both new and existing.

In accordance with ASC 310-20-35, the refinanced note is evaluated to determine if it is considered a new loan or a continuation of the prior loan. A new loan is considered for removal of the TDR designation, whereas a continuation of the prior note requires a continuation of the TDR designation. In order for a TDR designation to be removed, the borrower must no longer be experiencing financial difficulties and the terms of the refinanced loan must not represent a concession.

Residential Mortgage loan TDRs Residential mortgage TDRs represent loan modifications associated with traditional first-lien mortgage loans in which a concession has been provided to the borrower. The primary concessions given to residential mortgage borrowers are amortization or maturity date changes and interest rate reductions. Residential mortgages identified as TDRs involve borrowers unable to refinance their mortgages through the Company s normal mortgage origination channels or through other independent sources. Some, but not all, of the loans may be delinquent.

Automobile, Home Equity, and Other Consumer loan TDRs The Company may make similar interest rate, term, and principal concessions as with residential mortgage loan TDRs.

TDR Impact on Credit Quality

Huntington s ALLL is largely driven by updated risk ratings assigned to commercial loans, updated borrower credit scores on consumer loans, and borrower delinquency history in both the commercial and consumer portfolios. These updated risk ratings and credit scores consider the default history of the borrower, including payment redefaults. As such, the provision for credit losses is impacted primarily by changes in borrower payment performance rather than the TDR classification. TDRs can be classified as either accrual or nonaccrual loans. Nonaccrual TDRs are included in NALs whereas accruing TDRs are excluded from NALs as it is probable that all contractual principal and interest due under the restructured terms will be collected.

Our TDRs may include multiple concessions and the disclosure classifications are presented based on the primary concession provided to the borrower. The majority of our concessions for the C&I and CRE portfolios are the extension of the maturity date coupled with an increase in the interest rate. In these instances, the primary concession is the maturity date extension.

TDR concessions may also result in the reduction of the ALLL within the C&I and CRE portfolios. This reduction is derived from payments, and the resulting application of the reserve calculation within the ALLL. The transaction reserve for non-TDR C&I and CRE loans is calculated based upon several estimated probability factors, such as PD and LGD, both of which were previously discussed above. Upon the occurrence of a TDR in our C&I and CRE portfolios, the reserve is measured based on discounted expected cash flows of the modified loan in accordance with ASC 310-10. The resulting TDR ALLL calculation often results in a lower ALLL amount because (1) the discounted expected cash flows indicate a lower estimated loss, (2) if the modification includes a rate increase, the discounting of the cash flows on the modified loan, using the pre-modification interest rate, exceeds the carrying value of the loan, or (3) payments may occur as part of the modification. The ALLL for C&I and CRE loans may increase as a result of the modification, as the discounted cash flow analysis may indicate additional reserves are required.

TDR concessions on consumer loans may increase the ALLL. The concessions made to these borrowers often include interest rate reductions, and therefore, the TDR ALLL calculation results in a greater ALLL compared with the non-TDR calculation as the reserve is measured based on the estimation of the discounted expected cash flows on the modified loan in accordance with ASC 310-10. The resulting TDR ALLL calculation often results in a higher ALLL amount because (1) the discounted expected cash flows indicate a higher estimated loss or, (2) due to the rate decrease, the discounting of the cash flows on the modified loan, using the pre-modification interest rate, indicates a reduction in the expected cash flows. In certain instances, the ALLL may decrease as a result of payments made in connection with the modification.

Commercial loan TDRs In instances where the bank substantiates that it will collect its outstanding balance in full, the note is considered for return to accrual status upon the borrower sustaining sufficient cash flows for a six-month period of time. This six-month period could extend before or after the restructure date. If a charge-off was taken as part of the restructuring, any interest or principal payments received on that note are applied to first reduce the bank s outstanding book balance and then to recoveries of charged-off principal, unpaid interest, and/or fee expenses.

Residential Mortgage, Automobile, Home Equity, and Other Consumer loan TDRs Modified loans identified as TDRs are aggregated into pools for analysis. Cash flows and weighted average interest rates are used to calculate impairment at the pooled-loan level. Once the loans are aggregated into the pool, they continue to be classified as TDRs until contractually repaid or charged-off.

Residential mortgage loans not guaranteed by a U.S. government agency such as the FHA, VA, and the USDA, including TDR loans, are reported as accrual or nonaccrual based upon delinquency status. Nonaccrual TDRs are those that are greater than 150-days contractually past due. Loans guaranteed by U.S. government organizations continue to accrue interest upon delinquency.

The following tables present by class and by the reason for the modification, the number of contracts, post-modification outstanding balance, and the net change in ALLL resulting from the modification for the three-month and nine-month periods ended September 30, 2012 and 2011:

Table of Contents

		New Troubled Debt Restructurings During The Three-Month Period Ended (1)					
		September 30, 2012			September 30, 2011		
(dollar amounts in thousands)		Number of Contracts	Post-modification Outstanding Ending Balance	Financial effects of modification(2)	Number of Contracts	Post-modification Outstanding Ending Balance	Financial effects of modification (2)
C&I Owner occupied:	(3)						
Interest rate reduction		**7**	**$ 4,292**	**$ 13**	3	$ 638	$ (70)
Amortization or maturity date change		**23**	**5,271**	**(49)**	16	11,023	(1,085)
Other		**5**	**1,410**	**(153)**	2	729	(1)
Total C&I Owner occupied		**35**	**$ 10,973**	**$ (189)**	21	$ 12,390	$ (1,156)
C&I Other commercial and industrial:	(3)						
Interest rate reduction		**6**	**$ 2,029**	**$ (261)**	6	$ 18,292	$ 1,225
Amortization or maturity date change		**20**	**12,393**	**(432)**	11	2,175	13
Other		**10**	**3,523**	**136**	2	3,027	64
Total C&I Other commercial and industrial		**36**	**$ 17,945**	**$ (557)**	19	$ 23,494	$ 1,302
CRE Retail properties:	(3)						
Interest rate reduction			**$**	**$**	2	$ 19,883	$ 5,603
Amortization or maturity date change		**1**	**116**	**(2)**	7	17,984	4,012
Other		**1**	**276**	**(1)**	1	2,595	5
Total CRE Retail properties		**2**	**$ 392**	**$ (3)**	10	$ 40,462	$ 9,620
CRE Multi family:	(3)						
Interest rate reduction		**8**	**$ 809**	**$ (22)**	4	$ 1,275	$ 103
Amortization or maturity date change		**12**	**1,216**	**51**	1	1,066	(51)
Other		**1**	**343**	**(8)**			
Total CRE Multi family		**21**	**$ 2,368**	**$ 21**	5	$ 2,341	$ 52
CRE Office:	(3)						
Interest rate reduction		**1**	**$ 2,039**	**$ (599)**		$	$
Amortization or maturity date change		**2**	**9,632**	**(36)**			
Other							
Total CRE Office		**3**	**$ 11,671**	**$ (635)**		$	$
CRE Industrial and warehouse:	(3)						
Interest rate reduction		**1**	**$ 1,600**	**$ (224)**		$	$
Amortization or maturity date change		**7**	**31,577**	**(3,729)**	2	229	(2)
Other					1	2,147	(937)
Total CRE Industrial and Warehouse		**8**	**$ 33,177**	**$ (3,953)**	3	$ 2,376	$ (939)
CRE Other commercial real estate:	(3)						
Interest rate reduction		**2**	**$ 755**	**$ (72)**	10	$ 7,834	$ (374)
Amortization or maturity date change		**10**	**13,454**	**383**	12	31,470	(211)
Other		**3**	**199**	**111**	2	2,489	

Total CRE Other commercial real estate	**15**	**$**	**14,408**	**$**	**422**	24	$	41,793	$	(585)
Automobile: [4]										
Interest rate reduction	**7**	**$**	**51**	**$**		12	$	147	$	3
Amortization or maturity date change	**501**		**3,533**		**(30)**	822		7,687		(68)
Chapter 7 bankruptcy	**1,978**		**11,666**		**1,754**					
Other										
Total Automobile	**2,486**	**$**	**15,250**	**$**	**1,724**	834	$	7,834	$	(65)
Residential mortgage: [5]										
Interest rate reduction	**8**	**$**	**1,300**	**$**	**59**	2	$	181	$	
Amortization or maturity date change	**113**		**16,234**		**117**	164		22,120		649
Chapter 7 bankruptcy	**528**		**39,352**		**4,527**					
Other	**6**		**663**		**41**	5		600		33
Total Residential mortgage	**655**	**$**	**57,549**	**$**	**4,744**	171	$	22,901	$	682
First-lien home equity: [6]										
Interest rate reduction	**47**	**$**	**6,837**	**$**	**1,185**	48	$	5,857	$	1,016
Amortization or maturity date change	**31**		**2,928**		**28**	49		5,820		111
Chapter 7 bankruptcy	**177**		**7,461**		**4,203**					
Other										
Total First-lien home equity	**255**	**$**	**17,226**	**$**	**5,416**	97	$	11,677	$	1,127
Junior-lien home equity: [7]										
Interest rate reduction	**15**	**$**	**1,273**	**$**	**226**	55	$	2,992	$	22
Amortization or maturity date change	**40**		**1,586**		**(40)**	44		1,631		40
Chapter 7 bankruptcy	**1,198**		**12,366**		**17,781**					
Other	**7**		**285**							
Total Junior-lien home equity	**1,260**	**$**	**15,510**	**$**	**17,967**	99	$	4,623	$	62
Other consumer: [8]										
Interest rate reduction	**7**	**$**	**65**	**$**	**9**	6	$	561	$	48
Amortization or maturity date change	**4**		**25**			50		348		(18)
Chapter 7 bankruptcy	**12**		**148**							
Other										
Total Other consumer	**23**	**$**	**238**	**$**	**9**	56	$	909	$	30
Total new troubled debt restructurings	**4,799**	**$**	**196,707**	**$**	**24,966**	1,339	$	170,800	$	10,130

99

Table of Contents