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, 2011

Commission File Number 1-34073

Huntington Bancshares Incorporated

Maryland (State or other jurisdiction of incorporation or organization)	**31-0724920** (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. ☑ 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). ☑ 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 ☑	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 ☑ No

There were 864,074,883 shares of Registrant's common stock ($0.01 par value) outstanding on September 30, 2011.

HUNTINGTON BANCSHARES INCORPORATED
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Glossary of Acronyms and Terms

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

2010 Form 10-K	Annual Report on Form 10-K for the year ended December 31, 2010
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
ARRA	American Recovery and Reinvestment Act of 2009
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
CDARS	Certificate of Deposit Account Registry Service
CDO	Collateralized Debt Obligations
CDs	Certificates of Deposit
CFPB	Bureau of Consumer Financial Protection
CMO	Collateralized Mortgage Obligations
CPP	Capital Purchase Program
CRE	Commercial Real Estate
DDA	Demand Deposit Account
DIF	Deposit Insurance Fund
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EESA	Emergency Economic Stabilization Act of 2008
EPS	Earnings Per Share
ERISA	Employee Retirement Income Security Act
EVE	Economic Value of Equity
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FDICIA	Federal Deposit Insurance Corporation Improvement Act of 1991
FFIEC	Federal Financial Institutions Examination Council
FHA	Federal Housing Administration
FHFA	Federal Housing Finance Agency
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FICA	Federal Insurance Contributions Act
FICO	Fair Isaac Corporation
FOMC	Federal Open Market Committee
FNMA	Federal National Mortgage Association
Franklin	Franklin Credit Management Corporation
FRB	Federal Reserve Bank
FSP	Financial Stability Plan
FTE	Fully-Taxable Equivalent

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FTP	Funds Transfer Pricing
GAAP	Generally Accepted Accounting Principles in the United States of America
GSIFI	Globally Systemically Important Financial Institution
GSE	Government Sponsored Enterprise
HASP	Homeowner Affordability and Stability Plan
HCER Act	Health Care and Education Reconciliation Act of 2010
IPO	Initial Public Offering
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
MRC	Market Risk Committee
MSA	Metropolitan Statistical Area
MSR	Mortgage Servicing Rights
NALs	Nonaccrual Loans
NAV	Net Asset Value
NCO	Net Charge-off
NPAs	Nonperforming Assets
NSF / OD	Nonsufficient Funds and Overdraft
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
Reg E	Regulation E, of the Electronic Fund Transfer Act
REIT	Real Estate Investment Trust
SAD	Special Assets Division
SBA	Small Business Administration
SEC	Securities and Exchange Commission
SERP	Supplemental Executive Retirement Plan
SIFIs	Systemically Important Financial Institutions
Sky Financial	Sky Financial Group, Inc.
SRIP	Supplemental Retirement Income Plan
Sky Trust	Sky Bank and Sky Trust, National Association
TAGP	Transaction Account Guarantee Program
TARP	Troubled Asset Relief Program
TARP Capital	Series B Preferred Stock
TCE	Tangible Common Equity
TDR	Troubled Debt Restructured Loan
TLGP	Temporary Liquidity Guarantee Program
Treasury	U.S. Department of the Treasury

UCS	Uniform Classification System
Unizan	Unizan Financial Corp.
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

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 600 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 2010 Form 10-K should be read in conjunction with this MD&A as this discussion provides only material updates to the 2010 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 2011.

- **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.

EXECUTIVE OVERVIEW

Summary of 2011 Third Quarter Results

For the quarter, we reported net income of $143.4 million, or $0.16 per common share, compared with $145.9 million, or $0.16 per common share, in the prior quarter (*see Table 1*).

Fully-taxable equivalent net interest income was $410.1 million for the quarter, up $3.0 million, or 1%, from the prior quarter. The increase reflected the benefit of a 2% (6% annualized) increase in average earning assets, partially offset by a 6 basis point decline in the fully-taxable equivalent net interest margin to 3.34% from 3.40%.

The provision for credit losses in the 2011 third quarter was $43.6 million, up $7.8 million, or 22%, from the prior quarter. This reflected the combination of strong loan growth and the expectation of a weaker and prolonged economic recovery. These were partially offset by the benefits of an end-of-period decline of 8% in nonaccrual loans and a 4% decline in total Criticized commercial loans.

Total noninterest income increased $2.8 million, or 1%, from the prior quarter. This included an increase in other income of $15.1 million, or 33%, reflecting a $15.5 million gain on sale from the automobile securitization and a $2.8 million increase in market-related gains and capital markets income, which was partially offset by a $5.8 million decline in SBA servicing income. Service charges on deposit accounts and electronic banking income increased $4.5 million, or 7%, and $1.0 million, or 3%, respectively, primarily driven by new account growth. These benefits were partially offset by an $11.0 million decline in mortgage banking income, primarily driven by a negative $13.9 million linked quarter change in the net MSR valuation, the majority of which occurred over the last two weeks of the quarter.

Noninterest expense increased $10.7 million, or 2%. Personnel costs increased $8.3 million, or 4%, due to higher salary, severance, and healthcare costs. Outside data processing and other services increased $5.7 million, or 13%, primarily due to costs associated with a conversion to a new debit card processor.

The period end ACL as a percentage of total loans and leases decreased to 2.71% from 2.84%. However, the ACL as a percentage of period end NALs increased to 187% from 181%. Net charge-offs were $90.6 million, or an annualized 0.92% of average total loans and leases, down 7% from $97.5 million, or 1.01%, in the prior quarter. Credit quality continued its expected improvement. Even so, many of these performance metrics remain elevated compared with historical performance. We expect to see continued declines in nonaccrual loans and net charge-offs going forward.

Business Overview

General

Our general business objectives are: (1) grow revenue and profitability, (2) improve cross-sell and share-of-wallet across all business segments, (3) grow key fee businesses (existing and new), (4) improve credit quality, including lower NCOs and NALs, (5) reduce noncore CRE exposure, and (6) continue to improve our overall management of risk.

Throughout last year, and continuing into this year, we are taking advantage of what we view as an opportunity to make significant investments in strategic initiatives to position us for more profitable and sustainable long-term growth. This includes implementing our "Fair Play" banking philosophy, value proposition for our consumer customers, increasing share-of-wallet, investing in expanding existing business, and launching new businesses.

Our emphasis on cross-sell, coupled with customers increasingly being attracted by the benefits offered through our "Fair Play" banking philosophy is having a positive effect. The number of consumer checking account households grew at a 10.8% annualized rate for the first three quarters of 2011. These new households are not just focused around single service. We have been able to continue to grow our share of wallet with new and existing customers. Almost 73% of our consumer customers now have four or more products or services. On the commercial side, we also saw an increase with commercial relationships growing for the first nine months at an 8.6% annualized rate.

Economy

Wavering business and consumer confidence, U.S. debt and fiscal uncertainties, and slow economic growth remain challenges to the operating environment. Consumer sentiment has dropped to the lowest level since the recessionary period in 2008. Elevated housing inventories continue to present a near-term drag; however housing affordability is near record highs on historically low mortgage rates and lower home prices.

Legislative and Regulatory

Regulatory reforms continue to be adopted which impose additional restrictions on current business practices. Recent actions affecting us included the Federal Reserve's maturity extension program, and the rules and regulations that have been issued pursuant to the Dodd-Frank Act.

Federal Reserve Maturity Extension Program — Under the maturity extension program announced on September 21, 2011, the Federal Reserve intends to sell $400 billion of shorter-term Treasury securities by the end of 2012 and use the proceeds to buy longer-term securities. This will extend the average maturity of the securities in the Federal Reserve's portfolio. By reducing the supply of longer-term securities in the market, it is the FOMC's intention to put downward pressure on longer-term interest rates, including rates on financial assets that investors consider to be close substitutes for longer-term Treasury securities. Further, it is their objective that the reduction in longer-term interest rates, in turn, will contribute to a broad easing in financial market conditions that will provide additional stimulus to support the economic recovery. We do not anticipate that this recent announcement will have a material impact on our current securities portfolio or future investment strategy. However, it could cause our net interest margin to drop modestly.

Resolution Plan — The FRB and FDIC issued final regulations as required by section 165 of the Dodd-Frank Act regarding resolution plans, also referred to as "living wills." Insured depository institutions with $50 billion or more in total assets must submit to the FDIC a plan whereby the institution can be resolved by the FDIC, in the event of failure, in a manner that ensures depositors will receive access to insured funds within the required timeframes and generally ensures an orderly liquidation of the institution. Additionally, bank holding companies with assets of $50 billion or more are required to submit to the FRB and the FDIC a plan that, in the event of material financial distress or failure, establishes the rapid and orderly liquidation of the company under the bankruptcy code and in a way that would not pose systemic risk to the financial system of the United States. The regulations allow for a tier approach for complying with the requirements based on materiality of the institution. Currently, we are required to submit resolution plans as prescribed by December 31, 2013.

Durbin Amendment — The Durbin Amendment to the Dodd-Frank Act instructed the Federal Reserve to establish the rate merchants pay banks for electronic clearing of debit card transactions (i.e., the interchange rate). The Federal Reserve recently issued its final rule establishing standards for debit card interchange fees and prohibiting network exclusivity arrangements and routing restrictions. The final rule establishes standards for assessing whether debit card interchange fees received by debit card issuers are reasonable and proportional to the costs incurred by issuers for electronic debit transactions. Under the final rule, the maximum permissible interchange fee that an issuer may receive for an electronic debit transaction will be the sum of 21 cents per transaction, 1 cent fraud prevention adjustment, and 5 basis points multiplied by the value of the transaction. This provision regarding debit card interchange fees became effective on October 1, 2011. Based on the final rule, we expect our 2011 fourth quarter electronic banking income to decline from the 2011 third quarter level by approximately 50%, or $16 million.

Recent Industry Developments

Recent industry events and related supervisory guidance brought about by the continued weak housing market have caused us to evaluate certain aspects of our mortgage operations. This included a review of our foreclosure documentation, MSR valuation, and representation and warranty reserve level. Additionally, we are evaluating potential impacts from recent announcements of the enhanced Home Affordable Refinance Program (HARP) and by PMI Mortgage Insurance Co. (PMI).

Foreclosure Documentation — On June 30, 2011, the OCC issued OCC Bulletin 2011-29 clarifying their expectations for the oversight and management of mortgage foreclosure activities by national banks and directing national banks to perform a self-assessment no later than September 30, 2011. We believe that, with the self-assessments we have performed and will continue to perform, we are in compliance with the OCC expectation for self-assessment.

Mortgage Servicing Rights — MSR fair values are estimated based on residential mortgage servicing revenue in excess of estimated market costs to service the underlying loans. Historically, the estimated market cost to service has been stable. Due to changes in the regulatory environment related to loan servicing and foreclosure activities, costs to service may potentially increase, however the potential impact on the market costs to service remains uncertain. Certain large residential mortgage loan servicers entered into consent orders with banking regulators in April 2011, which require the servicers to remedy deficiencies and unsafe or unsound practices and to enhance residential mortgage servicing and foreclosure processes. It is unclear what impact this may ultimately have on market costs to service.

Representation and Warranty Reserve —We primarily conduct our loan sale and securitization activity with FNMA and FHLMC. In connection with these and other sale and securitization transactions, we make 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 material breaches of these representations and warranties. At September 30, 2011, we had a reserve for such losses of $23.9 million, which is included in accrued expenses and other liabilities.

Home Affordable Refinance Program — The FHFA has announced changes to the Home Affordable Refinance Program designed to attract more borrowers with FNMA and FHLMC backed mortgages that can benefit from refinancing their residential mortgage loans under current low interest rates. The new operational details are to be issued by November 15, 2011. We do not expect the impact to be material.

PMI Mortgage Insurance Co. (PMI) — On August 19, 2011, PMI informed its customers that it was required to stop writing new commitments and we stopped doing new business with PMI at that time. On October 24, 2011, PMI informed all policyholders, insured parties, and servicers of loans insured by PMI that the Director of the Arizona Department of Insurance (Director) obtained an "Order Directing Full and Exclusive Possession and Control of Insurer" (the Order) with respect to PMI. Effective October 24, 2011, and pursuant to the Order, instead of a moratorium on claims payments, the Director instituted a partial claims payment plan. Claim payments will be made at 50%, with the remaining amount deferred as a policyholder claim. PMI has not been a significant provider of mortgage insurance for loans in our portfolio. We utilize a number of insurance providers, limiting our risk associated with any one provider. We do not expect the exposure associated with our owned residential mortgage portfolio to have a material impact on our results of operations or financial position.

Expectations

The lack of prospects for meaningful economic improvement, higher interest rates, and wider spreads between short-term and long-term interest rates for the foreseeable future is a challenge. For example, broad-based loan growth, as well as growth in certain fee income activities, is expected to be less than would otherwise be the case in an expanding economy, even though growth in certain portfolios and activities is anticipated. Further, a period of prolonged low interest rates is expected to put pressure on our net interest margin. This would reflect more compression in loan and investment securities yields relative to any declines in deposit and funding rates. In addition, deposit inflows over and above any reinvestment opportunities at appropriate risk adjusted spreads means we may elect to curtail deposit growth, typically an engine of revenue growth. These revenue headwinds are magnified by the continued fragility of business and consumer confidence that is expected to continue the postponement of borrowing and investment decisions. Nevertheless, our success in growing and deepening relationships presents us with an opportunity to selectively expand revenue, while maintaining disciplined loan and deposit pricing, as well as conservative credit underwriting.

Net interest income is expected to continue to show very modest improvement from the third quarter level. The momentum we are seeing in loan and low cost deposit growth is expected to continue, yet the benefits will be mostly offset by pressure on the net interest margin due to the expected continued mix shift to higher quality loans and lower securities reinvestment rates that reflect the low absolute level and shape of the yield curve. If the current interest rate environment, which has partially resulted from the Federal Reserve Maturity Extension Program "Operation Twist", remains unchanged through 2012, it could cause our net interest margin to drop modestly below our long-term range of 3.30% to 3.75%. Our C&I portfolio is expected to continue to show meaningful growth with much of this reflecting the positive impact from strategic initiatives to expand our commercial lending expertise into areas like specialty banking, asset based lending, and equipment financing, in addition to our long-standing continued support of middle market and small business lending. For automobile loans, we expect to see strong growth from September 30, 2011 balances. Residential mortgages are expected to show modest growth, with CRE continuing to experience modest declines.

We again anticipate the increase in total core deposits to match that of loans, reflecting continued growth in consumer households and commercial relationships. Further, we expect the shift toward low and no cost demand deposits and money market accounts will continue.

Noninterest income is expected to show a modest decline in the 2011 fourth quarter, primarily due to an anticipated 50%, or $16 million, decline in electronic banking income from the third quarter, given the newly mandated lower interchange fee structure implemented October 1, 2011. We expect to see continued growth of service charge income commensurate with customer growth and increased product penetration. Mortgage banking income should increase as the third quarter's sizable MSR impairment is not expected to repeat. We also anticipate continued growth in the contribution from other key fee income activities including capital markets, treasury management services, and brokerage, reflecting the impact of our cross-sell and product penetration initiatives throughout the company as well as the positive impact from strategic initiatives.

Expense levels are expected to modestly decline in coming quarters though strategic actions like the current debit card conversion may cause short-term fluctuations.

Nonaccrual loans and net charge-offs are expected to continue to decline. Provision for credit losses should remain near current levels, yet there could be some volatility given the uncertain and uneven nature of the economic recovery.

We anticipate the effective tax rate for the foreseeable future to be in the range of 24% to 27%.

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 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 1 — Selected Quarterly Income Statement Data (1)

	2011			2010	
(dollar amounts in thousands, except per share amounts)	**Third**	Second	First	Fourth	Third
Interest income	**$ 490,996**	$ 492,137	$ 501,877	$ 528,291	$ 534,669
Interest expense	**84,518**	88,800	97,547	112,997	124,707
Net interest income	**406,478**	403,337	404,330	415,294	409,962
Provision for credit losses	**43,586**	35,797	49,385	86,973	119,160
Net interest income after provision for credit losses	**362,892**	367,540	354,945	328,321	290,802
Service charges on deposit accounts	**65,184**	60,675	54,324	55,810	65,932
Mortgage banking income	**12,791**	23,835	22,684	53,169	52,045
Trust services	**29,473**	30,392	30,742	29,394	26,997
Electronic banking	**32,714**	31,728	28,786	28,900	28,090
Insurance income	**17,220**	16,399	17,945	19,678	19,801
Brokerage income	**20,349**	20,819	20,511	16,953	16,575
Bank owned life insurance income	**15,644**	17,602	14,819	16,113	14,091
Automobile operating lease income	**5,890**	7,307	8,847	10,463	11,356
Securities gains (losses)	**(1,350)**	1,507	40	(103)	(296)
Other income	**60,644**	45,503	38,247	33,843	32,552
Total noninterest income	**258,559**	255,767	236,945	264,220	267,143
Personnel costs	**226,835**	218,570	219,028	212,184	208,272
Outside data processing and other services	**49,602**	43,889	40,282	40,943	38,553
Net occupancy	**26,967**	26,885	28,436	26,670	26,718
Deposit and other insurance expense	**17,492**	23,823	17,896	23,320	23,406
Professional services	**20,281**	20,080	13,465	21,021	20,672
Equipment	**22,262**	21,921	22,477	22,060	21,651
Marketing	**22,251**	20,102	16,895	16,168	20,921
Amortization of intangibles	**13,387**	13,386	13,370	15,046	15,145
OREO and foreclosure expense	**4,668**	4,398	3,931	10,502	12,047
Automobile operating lease expense	**4,386**	5,434	6,836	8,142	9,159
Other expense	**30,987**	29,921	48,083	38,537	30,765
Total noninterest expense	**439,118**	428,409	430,699	434,593	427,309
Income before income taxes	**182,333**	194,898	161,191	157,948	130,636
Provision for income taxes	**38,942**	48,980	34,745	35,048	29,690
Net income	**$ 143,391**	$ 145,918	$ 126,446	$ 122,900	$ 100,946
Dividends on preferred shares	**7,703**	7,704	7,703	83,754	29,495
Net income applicable to common shares	**$ 135,688**	$ 138,214	$ 118,743	$ 39,146	$ 71,451
Average common shares — basic	**863,911**	863,358	863,359	757,924	716,911
Average common shares — diluted (2)	**867,633**	867,469	867,237	760,582	719,567
Net income per common share — basic	**$ 0.16**	$ 0.16	$ 0.14	$ 0.05	$ 0.10
Net income per common share — diluted	**0.16**	0.16	0.14	0.05	0.10
Cash dividends declared per common share	**0.04**	0.01	0.01	0.01	0.01
Return on average total assets	**1.05%**	1.11%	0.96%	0.90%	0.76%
Return on average common shareholders' equity	**10.8**	11.6	10.3	3.8	7.4
Return on average tangible common shareholders' equity (3)	**13.0**	13.3	12.7	5.6	10.0
Net interest margin (4)	**3.34**	3.40	3.42	3.37	3.45
Efficiency ratio (5)	**63.5**	62.7	64.7	61.4	60.6
Effective tax rate	**21.4**	25.1	21.6	22.2	22.7
Revenue — FTE					
Net interest income	**$ 406,478**	$ 403,337	$ 404,330	$ 415,294	$ 409,962
FTE adjustment	**3,658**	3,834	3,945	3,708	2,631
Net interest income (4)	**410,136**	407,171	408,275	419,002	412,593
Noninterest income	**258,559**	255,767	236,945	264,220	267,143
Total revenue (4)	**$ 668,695**	$ 662,938	$ 645,220	$ 683,222	$ 679,736

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

(2) For periods presented prior to their repurchase, the impact of the convertible 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 those periods. The convertible 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).

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

(dollar amounts in thousands, except per share amounts)	Nine Months Ended September 30, 2011	2010	Change Amount	Percent
Interest income	**$ 1,485,010**	$ 1,617,101	$ (132,091)	(8)%
Interest expense	**270,865**	413,590	(142,725)	(35)
Net interest income	**1,214,145**	1,203,511	10,634	1
Provision for credit losses	**128,768**	547,574	(418,806)	(76)
Net interest income after provision for credit losses	**1,085,377**	655,937	429,440	65
Service charges on deposit accounts	**180,183**	211,205	(31,022)	(15)
Mortgage banking income	**59,310**	122,613	(63,303)	(52)
Trust services	**90,607**	83,161	7,446	9
Electronic banking	**93,228**	81,334	11,894	15
Insurance income	**51,564**	56,735	(5,171)	(9)
Brokerage income	**61,679**	51,901	9,778	19
Bank owned life insurance income	**48,065**	44,953	3,112	7
Automobile operating lease income	**22,044**	35,501	(13,457)	(38)
Securities gains (losses)	**197**	(171)	368	N.R.
Other income	**144,394**	90,406	53,988	60
Total noninterest income	**751,271**	777,638	(26,367)	(3)
Personnel costs	**664,433**	586,789	77,644	13
Outside data processing and other services	**133,773**	118,305	15,468	13
Net occupancy	**82,288**	81,192	1,096	1
Deposit and other insurance expense	**59,211**	74,228	(15,017)	(20)
Professional services	**53,826**	67,757	(13,931)	(21)
Equipment	**66,660**	63,860	2,800	4
Marketing	**59,248**	49,756	9,492	19
Amortization of intangibles	**40,143**	45,432	(5,289)	(12)
OREO and foreclosure expense	**12,997**	28,547	(15,550)	(54)
Automobile operating lease expense	**16,656**	28,892	(12,236)	(42)
Other expense	**108,991**	94,455	14,536	15
Total noninterest expense	**1,298,226**	1,239,213	59,013	5
Income before income taxes	**538,422**	194,362	344,060	177
Provision for income taxes	**122,667**	4,915	117,752	2,396
Net income	**$ 415,755**	$ 189,447	$ 226,308	119%
Dividends declared on preferred shares	**23,110**	88,278	(65,168)	(74)
Net income applicable to common shares	**$ 392,645**	$ 101,169	$ 291,476	288%
Average common shares — basic	**863,542**	716,604	146,938	21%
Average common shares — diluted (2)	**867,446**	719,182	148,264	21
Per common share				
Net income per common share — basic	**$ 0.45**	$ 0.14	$ 0.31	221%
Net income per common share — diluted	**0.45**	0.14	0.31	221
Cash dividends declared	**0.06**	0.03	0.03	100
Return on average total assets	**1.04%**	0.49%	0.55%	112%
Return on average common shareholders' equity	**10.9**	3.6	7.3	203
Return on average tangible common shareholders' equity (3)	**13.2**	5.6	7.6	136
Net interest margin (4)	**3.39**	3.46	(0.07)	(2)
Efficiency ratio (5)	**63.6**	60.0	3.6	6
Effective tax rate	**22.8**	2.5	20.3	812
Revenue — FTE				
Net interest income	**$ 1,214,145**	$ 1,203,511	$ 10,634	1%
FTE adjustment	**11,437**	7,369	4,068	55
Net interest income (4)	**1,225,582**	1,210,880	14,702	1
Noninterest income	**751,271**	777,638	(26,367)	(3)
Total revenue (4)	**$ 1,976,853**	$ 1,988,518	$ (11,665)	(1)%

N.R. - Not relevant, as denominator of calculation is a loss in prior period compared with income in current period.

(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 convertible 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 convertible 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 out of the ordinary course of business; e.g., merger / restructuring charges, recapitalization actions, goodwill impairment, etc.

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

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.** During the 2011 first quarter, $17.0 million of additions to litigation reserves were recorded as other noninterest expense. This resulted in a negative impact of $0.01 per common share.

2. **Franklin Relationship.** Our relationship with Franklin was acquired in the Sky Financial acquisition in 2007. Significant events relating to this relationship following the acquisition, and the impacts of those events on our reported results were as follows:

   - On March 31, 2009, we restructured our relationship with Franklin. During the 2010 first quarter, a $38.2 million ($0.05 per common share) net tax benefit was recognized, primarily reflecting the increase in the net deferred tax asset relating to the assets acquired from the March 31, 2009 restructuring.

   - During the 2010 second quarter, the remaining portfolio of Franklin-related loans ($333.0 million of residential mortgages, and $64.7 million of home equity loans) was transferred to loans held for sale. At the time of the transfer, the loans were marked to the lower of cost or fair value, less costs to sell, of $323.4 million, resulting in $75.5 million of charge-offs, and the provision for credit losses commensurately increased $75.5 million ($0.07 per common share).

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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					
(dollar amounts in thousands, except per share amounts)	**September 30, 2011**		June 30, 2011		September 30, 2010	
	After-tax	**EPS**	After-tax	EPS	After-tax	EPS
Net income	**$ 143,391**		$ 145,918		$ 100,946	
Earnings per share, after-tax		**$ 0.16**		$ 0.16		$ 0.10
Change from prior quarter — $		**—**		0.02		0.07
Change from prior quarter — %		**—%**		14.3%		233.3%
Change from year-ago — $		**$ 0.06**		$ 0.13		$ 0.43
Change from year-ago — %		**60%**		433%		N.R.%

	Nine Months Ended			
	September 30, 2011		September 30, 2010	
(dollar amounts in thousands)	**After-tax**	**EPS**	After-tax	EPS
Net income	**$ 415,755**		$ 189,447	
Earnings per share, after-tax		**$ 0.45**		$ 0.14
Change from a year-ago — $		**0.31**		6.22
Change from a year-ago — %		**221%**		N.R.%
Significant Items - favorable (unfavorable) impact:	**Earnings (1)**	**EPS**	Earnings (1)	EPS
Franklin-related loans transferred to held for sale	**$ —**	**$ —**	$ (75,500)	$ (0.07)
Net tax benefit recognized (2)	**—**	**—**	38,222	0.05
Litigation reserves addition	**(17,028)**	**(0.01)**	—	—

N.R. - Not relevant, as denominator of calculation is a loss in prior period compared with income in current period.

(1) Pretax unless otherwise noted.

(2) After-tax.

Pretax, Pre-provision Income Trends

One non-GAAP performance measurement that we believe is useful in analyzing our underlying performance trends is pretax, pre-provision income. This is the level of pretax earnings adjusted to exclude the impact of: (a) provision expense, (b) investment securities gains/losses, which are excluded because securities market valuations may become particularly volatile in times of economic stress, (c) amortization of intangibles expense, which is excluded because the return on tangible common equity is a key measurement we use to gauge performance trends, and (d) certain other items identified by us *(see Significant Items)* that we believe may distort our underlying performance trends.

The following table reflects pretax, pre-provision income for each of the past five quarters:

Table 4 — Pretax, Pre-provision Income (1)

	2011			2010	
(dollar amounts in thousands)	**Third**	Second	First	Fourth	Third
Income before income taxes	**$ 182,333**	$ 194,898	$ 161,191	$ 157,948	$ 130,636
Add: Provision for credit losses	**43,586**	35,797	49,385	86,973	119,160
Less: Securities gains (losses)	**(1,350)**	1,507	40	(103)	(296)
Add: Amortization of intangibles	**13,387**	13,386	13,370	15,046	15,145
Less: Litigation reserves addition	**—**	—	(17,028)	—	—
Total pretax, pre-provision income	**$ 240,656**	$ 242,574	$ 240,934	$ 260,070	$ 265,237
Change in total pretax, pre-provision income:					
Prior quarter change — amount	**$ (1,918)**	$ 1,640	$ (19,136)	$ (5,167)	$ (5,237)
Prior quarter change — percent	**(1)%**	1%	(7)%	(2)%	(2)%

(1) Pretax, pre-provision income is a non-GAAP financial measure. Any ratio utilizing this financial measure is also non-GAAP. This financial measure has been included as it is considered to be an important metric with which to analyze and evaluate our results of operations and financial strength. Other companies may calculate this financial measure differently.

Pretax, pre-provision income was $240.7 million in the 2011 third quarter, down $1.9 million, or 1%, from the prior quarter. As discussed in the sections that follow, the decrease primarily reflected the negative impact from a lower net interest margin percentage and higher noninterest expense as compared to the prior quarter.

Net Interest Income / Average Balance Sheet

The following table details the change in our average loans / leases and deposits:

Table 5 — Average Loans/Leases and Deposits

	Third Quarter		Second Quarter	3Q11 vs 3Q10		3Q11 vs 2Q11	
(dollar amounts in millions)	**2011**	2010	2011	Amount	Percent	Amount	Percent
Loans/Leases							
Commercial and industrial	**$ 13,664**	$ 12,393	$ 13,370	$ 1,271	10%	$ 294	2%
Commercial real estate	**6,111**	7,073	6,233	(962)	(14)	(122)	(2)
Total commercial	**19,775**	19,466	19,603	309	2	172	1
Automobile	**6,211**	5,140	5,954	1,071	21	257	4
Home equity	**8,002**	7,567	7,874	435	6	128	2
Residential mortgage	**4,788**	4,389	4,566	399	9	222	5
Other loans	**521**	653	538	(132)	(20)	(17)	(3)
Total consumer	**19,522**	17,749	18,932	1,773	10	590	3
Total loans and leases	**$ 39,297**	$ 37,215	$ 38,535	$ 2,082	6%	$ 762	2%
Deposits							
Demand deposits — noninterest-bearing	**$ 8,719**	$ 6,768	$ 7,806	$ 1,951	29%	$ 913	12%
Demand deposits — interest-bearing	**5,573**	5,319	5,565	254	5	8	—
Money market deposits	**13,321**	12,336	12,879	985	8	442	3
Savings and other domestic time deposits	**4,752**	4,639	4,778	113	2	(26)	(1)
Core certificates of deposit	**7,592**	8,948	8,079	(1,356)	(15)	(487)	(6)
Total core deposits	**39,957**	38,010	39,107	1,947	5	850	2
Other deposits	**2,321**	2,636	2,147	(315)	(12)	174	8
Total deposits	**$ 42,278**	$ 40,646	$ 41,254	$ 1,632	4%	$ 1,024	2%

2011 Third Quarter versus 2010 Third Quarter

Fully-taxable equivalent net interest income decreased $2.5 million, or 1%, from the year-ago quarter. This reflected the benefit of a $1.3 billion, or 3%, increase in average total earning assets partially offset by an 11 basis point decline in the net interest margin. The increase in average earning assets reflected:

- $2.1 billion, or 6%, increase in average total loans and leases.

Partially offset by:

- $0.3 billion, or 3%, decrease in average total available-for-sale and other securities and held-to-maturity securities.
- $0.4 billion, or 64%, decrease in average loans held for sale.

The 11 basis point decline in the net interest margin reflected a reduction in derivatives income, lower loan and securities yields, partially offset by the positive impacts of increases in low cost deposits and improved deposit pricing.

The $2.1 billion, or 6%, increase in average total loans and leases primarily reflected:

- $1.3 billion, or 10%, growth in the average C&I portfolio reflected a combination of factors. This included the benefits from our strategic initiatives including a focus on large corporate, asset based lending, and equipment finance. In addition, we continued to see growth in more traditional middle-market, business banking, and automobile floorplan loans. This growth was evident despite line utilization rates that remained well below historical norms.
- $1.1 billion, or 21%, increase in the average automobile portfolio. Automobile lending is a core competency and continues to be an area of targeted growth. The growth from the year-ago quarter exhibited further penetration within our historical geographic footprint, as well as the positive impacts of our expansion into Eastern Pennsylvania and five New England states. Origination quality remained high as measured by all of our internal quality metrics.
- $0.4 billion, or 9%, increase in average residential mortgages.
- $0.4 billion, or 6%, increase in average home equity loans.

Partially offset by:

- $1.0 billion, or 14%, decrease in the average CRE portfolio, reflecting the continued execution of our plan to reduce the total CRE exposure, primarily in the noncore CRE portfolio. This reduction is expected to continue, reflecting the combined impact of amortization, pay downs, refinancing, and restructures.

The $1.6 billion, or 4%, increase in average total deposits from the year-ago quarter reflected:

- $1.9 billion, or 5%, growth in average total core deposits. The drivers of this change were a $2.2 billion, or 18%, growth in average total demand deposits, and a $1.0 billion, or 8%, growth in average money market deposits. Partially offset by $1.4 billion, or 15%, decline in average core certificates of deposit.

Partially offset by:

- $0.3 billion, or 44%, decline in average other domestic deposits of $250,000 or more, reflecting a strategy of reducing such noncore funding.

2011 Third Quarter versus 2011 Second Quarter

FTE net interest income increased $3.0 million, or 1%, from the 2011 second quarter. This reflected a $0.8 billion, or 2%, increase in average earning assets partially offset by a 6 basis point decline 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.

The 6 basis point decline in the net interest margin reflected a reduction in derivatives income and lower loan yields, partially offset by the positive impact of increases in low cost deposits and improved deposit pricing.

The $0.8 billion, or 2% (8% annualized), increase in average total loans and leases reflected:

- $0.3 billion, or 2% (9% annualized), growth in the average C&I portfolio. The growth in the C&I portfolio during the third quarter came from several business lines including large corporate, equipment finance, business banking, and middle market. C&I utilization rates were little changed from the end of the prior quarter.

- $0.3 billion, or 4% (17% annualized), growth in the average automobile portfolio. In September, the bank completed a $1.0 billion securitization of automobile loans. We continued to originate very high quality loans with attractive returns. We focus on larger, multi-franchised, well-capitalized dealers that are rarely reliant on the success of one franchise to generate profitability. While the used car market remained very strong, we increased our originations of new vehicle loans, which reflected a reduced level of manufacturer captive finance company incentive programs due to lower new vehicle inventory levels in the market.

- $0.2 billion, or 5% (19% annualized), growth in residential mortgages as the bank experienced the continuation of a year-long trend of customer preferences shifting to shorter-term and variable rate mortgages.

Partially offset by:

- $0.1 billion, or 2% (8% annualized), decline in the average CRE portfolio, primarily as a result of our on-going strategy to reduce our exposure to the commercial real estate market. We were successful in reducing exposure across virtually all of the CRE project types that we actively manage via our concentration management process. The decline in the noncore CRE portfolio accounted for the vast majority of the decline in the total CRE portfolio. The noncore CRE portfolio declines reflected paydowns, refinancing, and NCOs. The core CRE portfolio continued to exhibit high quality characteristics with minimal downgrade or NCO activity.

The $1.0 billion, or 2% (10% annualized), increase in average total deposits from the 2011 second quarter reflected:

- $0.9 billion, or 7% (28% annualized), increase in total demand deposits. This was driven primarily by growth in commercial and consumer noninterest-bearing demand deposits. Commercial demand deposit growth reflected, in part, temporary deposits from several large relationships.

- $0.4 billion, or 3% (14% annualized), increase in average money market deposits.

Partially offset by:

- $0.5 billion, or 6% (24% annualized), decrease in core certificates of deposits.

Tables 6 and 7 reflect quarterly average balance sheets and rates earned and paid on interest-earning assets and interest-bearing liabilities.

Table 6 — Consolidated Quarterly Average Balance Sheets

	Average Balances					Change	
	2011			2010		3Q11 vs. 3Q10	
(dollar amounts in millions)	**Third**	Second	First	Fourth	Third	Amount	Percent
Assets							
Interest-bearing deposits in banks	**$ 164**	$ 131	$ 130	$ 218	$ 282	$ (118)	(42)%
Trading account securities	**92**	112	144	297	110	(18)	(16)
Federal funds sold and securities purchased under resale agreement	**—**	21	—	—	—	—	—
Loans held for sale	**237**	181	420	779	663	(426)	(64)
Available-for-sale and other securities:							
Taxable	**7,902**	8,428	9,108	9,747	8,876	(974)	(11)
Tax-exempt	**421**	436	445	449	365	56	15
Total available-for-sale and other securities	**8,323**	8,864	9,553	10,196	9,241	(918)	(10)
Held-to-maturity securities — taxable	**665**	174	—	—	—	665	—
Loans and leases: (1)							
Commercial:							
Commercial and industrial	**13,664**	13,370	13,121	12,767	12,393	1,271	10
Commercial real estate:							
Construction	**670**	554	611	716	989	(319)	(32)
Commercial	**5,441**	5,679	5,913	6,082	6,084	(643)	(11)
Commercial real estate	**6,111**	6,233	6,524	6,798	7,073	(962)	(14)
Total commercial	**19,775**	19,603	19,645	19,565	19,466	309	2
Consumer:							
Automobile	**6,211**	5,954	5,701	5,520	5,140	1,071	21
Home equity	**8,002**	7,874	7,728	7,709	7,567	435	6
Residential mortgage	**4,788**	4,566	4,465	4,430	4,389	399	9
Other consumer	**521**	538	559	576	653	(132)	(20)
Total consumer	**19,522**	18,932	18,453	18,235	17,749	1,773	10
Total loans and leases	**39,297**	38,535	38,098	37,800	37,215	2,082	6
Allowance for loan and lease losses	**(1,066)**	(1,128)	(1,231)	(1,323)	(1,384)	318	(23)
Net loans and leases	**38,231**	37,407	36,867	36,477	35,831	2,400	7
Total earning assets	**48,778**	48,018	48,345	49,290	47,511	1,267	3
Cash and due from banks	**1,700**	1,068	1,299	1,187	1,618	82	5
Intangible assets	**639**	652	665	679	695	(56)	(8)
All other assets	**4,142**	4,160	4,291	4,313	4,277	(135)	(3)
Total assets	**$ 54,193**	$ 52,770	$ 53,369	$ 54,146	$ 52,717	$ 1,476	3%
Liabilities and Shareholders' Equity							
Deposits:							
Demand deposits — noninterest-bearing	**$ 8,719**	$ 7,806	$ 7,333	$ 7,188	$ 6,768	$ 1,951	29%
Demand deposits — interest-bearing	**5,573**	5,565	5,357	5,317	5,319	254	5
Money market deposits	**13,321**	12,879	13,492	13,158	12,336	985	8
Savings and other domestic deposits	**4,752**	4,778	4,701	4,640	4,639	113	2
Core certificates of deposit	**7,592**	8,079	8,391	8,646	8,948	(1,356)	(15)
Total core deposits	**39,957**	39,107	39,274	38,949	38,010	1,947	5
Other domestic time deposits of $250,000 or more	**387**	467	606	737	690	(303)	(44)
Brokered deposits and negotiable CDs	**1,533**	1,333	1,410	1,575	1,495	38	3
Deposits in foreign offices	**401**	347	374	443	451	(50)	(11)
Total deposits	**42,278**	41,254	41,664	41,704	40,646	1,632	4
Short-term borrowings	**2,251**	2,112	2,134	2,134	1,739	512	29
Federal Home Loan Bank advances	**285**	97	30	112	188	97	52
Subordinated notes and other long-term debt	**3,030**	3,249	3,525	3,558	3,672	(642)	(17)
Total interest-bearing liabilities	**39,125**	38,906	40,020	40,320	39,477	(352)	(1)
All other liabilities	**1,017**	913	994	993	952	65	7
Shareholders' equity	**5,332**	5,145	5,022	5,645	5,520	(188)	(3)
Total liabilities and shareholders' equity	**$ 54,193**	$ 52,770	$ 53,369	$ 54,146	$ 52,717	$ 1,476	3%

(1) For purposes of this analysis, NALs are reflected in the average balances of loans.

Table 7 — Consolidated Quarterly Net Interest Margin Analysis

	Average Rates (2)				
	2011			2010	
Fully-taxable equivalent basis (1)	**Third**	Second	First	Fourth	Third
Assets					
Interest-bearing deposits in banks	**0.04%**	0.22%	0.11%	0.63%	0.21%
Trading account securities	**1.41**	1.59	1.37	1.98	1.20
Federal funds sold and securities purchased under resale agreement	**—**	0.09	—	—	—
Loans held for sale	**4.46**	4.97	4.08	4.01	5.75
Available-for-sale and other securities:					
Taxable	**2.43**	2.59	2.53	2.42	2.77
Tax-exempt	**4.17**	4.02	4.70	4.59	4.70
Total available-for-sale and other securities	**2.52**	2.66	2.63	2.52	2.84
Held-to-maturity securities — taxable	**3.04**	2.96	—	—	—
Loans and leases: (3)					
Commercial:					
Commercial and industrial	**4.13**	4.31	4.57	4.94	5.14
Commercial real estate:					
Construction	**3.87**	3.37	3.36	3.07	2.83
Commercial	**3.91**	3.90	3.93	3.92	3.91
Commercial real estate	**3.91**	3.84	3.88	3.83	3.76
Total commercial	**4.06**	4.16	4.34	4.56	4.64
Consumer:					
Automobile	**4.89**	5.06	5.22	5.46	5.79
Home equity	**4.45**	4.49	4.54	4.64	4.74
Residential mortgage	**4.47**	4.62	4.76	4.82	4.97
Other consumer	**7.57**	7.76	7.85	7.92	7.10
Total consumer	**4.68**	4.79	4.90	5.04	5.19
Total loans and leases	**4.37**	4.47	4.61	4.79	4.90
Total earning assets	**4.02%**	4.14%	4.24%	4.29%	4.49%
Liabilities					
Deposits:					
Demand deposits — noninterest-bearing	**—%**	—%	—%	—%	—%
Demand deposits — interest-bearing	**0.10**	0.09	0.09	0.13	0.17
Money market deposits	**0.41**	0.40	0.50	0.77	0.86
Savings and other domestic deposits	**0.69**	0.74	0.81	0.90	0.99
Core certificates of deposit	**1.95**	2.04	2.07	2.11	2.31
Total core deposits	**0.77**	0.82	0.89	1.05	1.18
Other domestic time deposits of $250,000 or more	**0.93**	1.01	1.08	1.21	1.28
Brokered deposits and negotiable CDs	**0.77**	0.89	1.11	1.53	2.21
Deposits in foreign offices	**0.26**	0.26	0.20	0.17	0.22
Total deposits	**0.77**	0.82	0.90	1.06	1.21
Short-term borrowings	**0.16**	0.16	0.18	0.20	0.22
Federal Home Loan Bank advances	**0.32**	0.88	2.98	0.95	1.25
Subordinated notes and other long-term debt	**2.43**	2.39	2.34	2.15	2.15
Total interest-bearing liabilities	**0.86%**	0.91%	0.99%	1.11%	1.25%
Net interest rate spread	**3.11%**	3.19%	3.21%	3.16%	3.24%
Impact of noninterest-bearing funds on margin	**0.23**	0.21	0.21	0.21	0.21
Net interest margin	**3.34%**	3.40%	3.42%	3.37%	3.45%

(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.

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Table 8 — 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)	**2011**	2010	Amount	Percent	**2011**	2010
Assets						
Interest-bearing deposits in banks	**$ 141**	$ 313	$ (172)	(55)%	**0.12%**	0.20%
Trading account securities	**116**	111	5	5	**1.46**	1.68
Federal funds sold and securities purchased under resale agreement	**7**	—	7	—	**0.09**	—
Loans held for sale	**279**	445	(166)	(37)	**4.39**	5.36
Available-for-sale and other securities:						
Taxable	**8,475**	8,428	47	1	**2.52**	2.85
Tax-exempt	**434**	399	35	9	**4.30**	4.56
Total available-for-sale and other securities	**8,909**	8,827	82	1	**2.61**	2.93
Total held-to-maturity securities	**282**	—	282	—	**3.00**	—
Loans and leases: (3)						
Commercial:						
Commercial and industrial	**13,387**	12,317	1,070	9	**4.33**	5.35
Commercial real estate:						
Construction	**612**	1,224	(612)	(50)	**3.55**	2.69
Commercial	**5,676**	6,145	(469)	(8)	**3.91**	3.73
Commercial real estate	**6,288**	7,369	(1,081)	(15)	**3.88**	3.56
Total commercial	**19,675**	19,686	(11)	—	**4.19**	4.68
Consumer:						
Automobile	**5,958**	4,678	1,280	27	**5.05**	6.27
Home equity	**7,869**	7,550	319	4	**4.49**	5.20
Residential mortgage	**4,607**	4,491	116	3	**4.61**	4.85
Other consumer	**539**	690	(151)	(22)	**7.73**	6.98
Total consumer	**18,973**	17,409	1,564	9	**4.79**	5.46
Total loans and leases	**38,648**	37,095	1,553	4	**4.48**	5.05
Allowance for loan and lease losses	**(1,141)**	(1,466)	325	(22)		
Net loans and leases	**37,507**	35,629	1,878	5		
Total earning assets	**48,382**	46,791	1,591	3	**4.14%**	4.64%
Cash and due from banks	**1,358**	1,629	(271)	(17)		
Intangible assets	**652**	709	(57)	(8)		
All other assets	**4,196**	4,381	(185)	(4)		
Total assets	**$ 53,447**	$ 52,044	$ 1,403	3%		
Liabilities and Shareholders' Equity						
Deposits:						
Demand deposits — noninterest-bearing	**$ 7,958**	$ 6,748	$ 1,210	18%	**—%**	—%
Demand deposits — interest-bearing	**5,499**	5,667	(168)	(3)	**0.10**	0.20
Money market deposits	**13,230**	11,267	1,963	17	**0.44**	0.92
Savings and other domestic deposits	**4,744**	4,643	101	2	**0.75**	1.08
Core certificates of deposit	**8,017**	9,371	(1,354)	(14)	**2.02**	2.65
Total core deposits	**39,448**	37,696	1,752	5	**0.83**	1.34
Other domestic time deposits of $250,000 or more	**486**	683	(197)	(29)	**1.02**	1.36
Brokered deposits and negotiable CDs	**1,426**	1,613	(187)	(12)	**0.92**	2.43
Deposits in foreign offices	**374**	421	(47)	(11)	**0.24**	0.20
Total deposits	**41,734**	40,413	1,321	3	**0.83**	1.38
Short-term borrowings	**2,166**	1,214	952	78	**0.17**	0.21
Federal Home Loan Bank advances	**138**	193	(55)	(28)	**0.64**	1.94
Subordinated notes and other long-term debt	**3,266**	3,855	(589)	(15)	**2.38**	2.15
Total interest-bearing liabilities	**39,346**	38,927	419	1	**0.92**	1.42
All other liabilities	**975**	941	34	4		
Shareholders' equity	**5,168**	5,428	(260)	(5)		
Total liabilities and shareholders' equity	**$ 53,447**	$ 52,044	$ 1,403	3%		
Net interest rate spread					**3.17**	3.22
Impact of noninterest-bearing funds on margin					**0.22**	0.24
Net interest margin					**3.39%**	3.46%

(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.

2011 First Nine Months versus 2010 First Nine Months

Fully-taxable equivalent net interest income for the nine-month period of 2011 increased $14.7 million, or 1%, from the comparable year-ago period. This reflected the benefit of a 3% increase in average total earning assets partially offset by a decrease in the net interest margin to 3.39% from 3.46%. The increase in average earning assets reflected a combination of factors including:

- $1.6 billion, or 4%, increase in average total loans and leases.
- $0.4 billion, or 4%, increase in average total available-for-sale and other and held-to-maturity securities.

The 7 basis point decrease in the net interest margin reflected reduction in derivatives income, lower loan and securities yields, partially offset by the positive impact of increases in low cost deposits and improved deposit pricing.

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

Table 9 — Average Loans/Leases and Deposits — 2011 First Nine Months vs. 2010 First Nine Months

	Nine Months Ended September 30,		Change	
(dollar amounts in millions)	**2011**	2010	Amount	Percent
Loans/Leases				
Commercial and industrial	**$ 13,387**	$ 12,317	$ 1,070	9%
Commercial real estate	**6,288**	7,369	(1,081)	(15)
Total commercial	**19,675**	19,686	(11)	—
Automobile	**5,958**	4,678	1,280	27
Home equity	**7,869**	7,550	319	4
Residential mortgage	**4,607**	4,491	116	3
Other consumer	**539**	690	(151)	(22)
Total consumer	**18,973**	17,409	1,564	9
Total loans and leases	**$ 38,648**	$ 37,095	$ 1,553	4%
Deposits				
Demand deposits — noninterest-bearing	**$ 7,958**	$ 6,748	$ 1,210	18%
Demand deposits — interest-bearing	**5,499**	5,667	(168)	(3)
Money market deposits	**13,230**	11,267	1,963	17
Savings and other domestic deposits	**4,744**	4,643	101	2
Core certificates of deposit	**8,017**	9,371	(1,354)	(14)
Total core deposits	**39,448**	37,696	1,752	5
Other deposits	**2,286**	2,717	(431)	(16)
Total deposits	**$ 41,734**	$ 40,413	$ 1,321	3%

The $1.6 billion, or 4%, increase in average total loans and leases primarily reflected:

- $1.3 billion, or 27%, increase in the average automobile portfolio. Automobile lending is a core competency and continued area of growth. The growth from the year-ago period exhibited further penetration within our historical geographic footprint, as well as the positive impact of our expansion into Eastern Pennsylvania and selected New England states. Origination quality remained high.
- $1.1 billion, or 9%, increase in the average C&I portfolio. Growth from the year-ago period reflected the benefits from our strategic initiatives including large corporate, asset based lending, business banking, automobile floor plan lending, and equipment finance. Traditional middle-market loans continued to grow despite line utilization rates that remain well below historical norms.
- $0.3 billion, or 4%, increase in the average home equity portfolio, reflecting higher originations and continued slower runoff.

Partially offset by:

- $1.1 billion, or 15%, decrease in the average CRE portfolio reflecting the continued execution of our plan to reduce the CRE exposure, primarily in the noncore CRE portfolio. This reduction is expected to continue through 2011, reflecting normal amortization, paydowns, and refinancing.

The $1.3 billion, or 3%, increase in average total deposits reflected:

- $1.8 billion, or 5%, growth in average total core deposits. The drivers of this change were a $2.0 billion, or 17%, growth in average money market deposits, and a $1.2 billion, or 18%, growth in average noninterest-bearing demand deposits. These increases were partially offset by a $1.4 billion, or 14%, decline in average core certificates of deposit.

Partially offset by:

- $0.4 billion, or 16%, decline in other deposits including a $0.2 billion, or 29%, decrease in other domestic time deposits of $250,000 or more, and a $0.2 billion, or 12%, decline in average brokered deposits and negotiable CDs, reflecting a strategy of reducing such noncore funding.

Provision for Credit Losses

(This section should be read in conjunction with Significant Item 2 and 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 2011 third quarter was $43.6 million, an increase of $7.8 million, or 22%, from the prior quarter, reflecting the combination of strong loan growth and the expectation of a weaker and prolonged economic recovery. These factors were partially offset by a combination of lower NCOs and commercial Criticized loans. The reduction in commercial Criticized loans reflected the resolution of problem credits for which reserves had been previously established. The current quarter's provision for credit losses was $47.0 million less than total NCOs.

Compared to the year-ago quarter, provision for credit losses declined $75.6 million, or 63%. The provision for credit losses for the first nine-month period of 2011 was $128.8 million, down $418.8 million, or 76%, from the year-ago period. These declines reflected the combination of lower NCOs and commercial Criticized loans as noted above. The provision for credit losses for the first nine-month period of 2011 was $224.4 million less than total NCOs *(see Credit Quality discussion).*

Noninterest Income

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

Table 10 — Noninterest Income

	2011			2010		3Q11 vs 3Q10		3Q11 vs 2Q11	
(dollar amounts in thousands)	**Third**	Second	First	Fourth	Third	Amount	Percent	Amount	Percent
Service charges on deposit accounts	**$ 65,184**	$ 60,675	$ 54,324	$ 55,810	$ 65,932	$ (748)	(1)%	$ 4,509	7%
Mortgage banking income	**12,791**	23,835	22,684	53,169	52,045	(39,254)	(75)	(11,044)	(46)
Trust services	**29,473**	30,392	30,742	29,394	26,997	2,476	9	(919)	(3)
Electronic banking	**32,714**	31,728	28,786	28,900	28,090	4,624	16	986	3
Insurance income	**17,220**	16,399	17,945	19,678	19,801	(2,581)	(13)	821	5
Brokerage income	**20,349**	20,819	20,511	16,953	16,575	3,774	23	(470)	(2)
Bank owned life insurance income	**15,644**	17,602	14,819	16,113	14,091	1,553	11	(1,958)	(11)
Automobile operating lease income	**5,890**	7,307	8,847	10,463	11,356	(5,466)	(48)	(1,417)	(19)
Securities gains (losses)	**(1,350)**	1,507	40	(103)	(296)	(1,054)	356	(2,857)	(190)
Other income	**60,644**	45,503	38,247	33,843	32,552	28,092	86	15,141	33
Total noninterest income	**$ 258,559**	$ 255,767	$ 236,945	$ 264,220	$ 267,143	$ (8,584)	(3)%	$ 2,792	1%

2011 Third Quarter versus 2010 Third Quarter

The $8.6 million, or 3%, decrease in total noninterest income from the year-ago quarter reflected:

- $39.3 million, or 75%, decrease in mortgage banking income. This primarily reflected a $21.4 million decrease in net MSR activity and a $20.2 million, or 56%, decrease in origination and secondary marketing income, as originations decreased 41% from the year-ago quarter.
- $5.5 million, or 48%, decline in automobile operating lease income reflecting the impact of a declining portfolio as a result of having exited that business in 2008.

Partially offset by:

- $28.1 million, or 86%, increase in other income, of which $15.5 million related to the automobile loan securitization. Also contributing to the growth were increases totaling $6.4 million from the sale of interest rate protection products and capital markets activities.
- $4.6 million, or 16%, increase in electronic banking income, reflecting an increase in debit card transaction volume and new account growth.
- $3.8 million, or 23%, increase in brokerage income, primarily reflecting increased sales of investment products.

2011 Third Quarter versus 2011 Second Quarter

The $2.8 million, or 1%, increase in total noninterest income from the prior quarter reflected:

- $15.1 million, or 33%, increase in other income, reflecting a $15.5 million automobile loan securitization gain on sale, $2.8 million higher market-related gains and capital markets income; partially offset by a $5.8 million reduction in SBA-related servicing income.
- $4.5 million, or 7%, increase in service charges on deposit accounts, primarily reflecting an increase in personal services charges, mostly due to strong customer growth.

Partially offset by:

- $11.0 million, or 46%, decline in mortgage banking income reflecting a $13.9 million decrease in net MSR activity, partially offset by a $4.1 million, or 36%, increase in origination and secondary marketing income.
- $1.4 million securities loss in the current period compared with a $1.5 million securities gain in the second quarter.

2011 First Nine Months versus 2010 First Nine Months

Noninterest income for the first nine-month period of 2011 decreased $26.4 million, or 3%, from the comparable year-ago period.

Table 11 — Noninterest Income — 2011 First Nine Months vs. 2010 First Nine Months

	Nine Months Ended September 30,		Change	
(dollar amounts in thousands)	**2011**	2010	Amount	Percent
Service charges on deposit accounts	**$ 180,183**	$ 211,205	$ (31,022)	(15)%
Mortgage banking income	**59,310**	122,613	(63,303)	(52)
Trust services	**90,607**	83,161	7,446	9
Electronic banking	**93,228**	81,334	11,894	15
Insurance income	**51,564**	56,735	(5,171)	(9)
Brokerage income	**61,679**	51,901	9,778	19
Bank owned life insurance income	**48,065**	44,953	3,112	7
Automobile operating lease income	**22,044**	35,501	(13,457)	(38)
Securities gains (losses)	**197**	(171)	368	N.R.
Other income	**144,394**	90,406	53,988	60
Total noninterest income	**$ 751,271**	$ 777,638	$ (26,367)	(3)%

N.R. - Not relevant, as denominator of calculation is a loss in prior period compared with income in current period.

The $26.4 million, or 3%, decrease in total noninterest income reflected:

- $63.3 million, or 52%, decrease in mortgage banking income. This primarily reflected a $46.2 million decrease in net MSR activity and a $22.2 million, or 32%, decrease in origination and secondary marketing income, as originations decreased 23% from the year-ago period.
- $31.0 million, or 15%, decline in service charges on deposit accounts, reflecting lower personal service charges due to the implementation of the amendment to Reg E and our “Fair Play” consumer banking initiatives.
- $13.5 million, or 38%, decline in automobile operating lease income reflecting the impact of a declining portfolio as a result of having exited that business in 2008.

Partially offset by:

- $54.0 million, or 60%, increase in other income, of which $19.3 million was associated with SBA-related loan fees and gains from SBA loan sales, and a $15.5 million automobile loan securitization gain on sale. Also contributing to the growth were increases totaling $13.4 million from the sale of interest rate protection products and capital markets activities.
- $11.9 million, or 15%, increase in electronic banking income, reflecting an increase in debit card transaction volume and new account growth.

- $9.8 million, or 19%, increase in brokerage income, primarily reflecting increased sales of investment products.
- $7.4 million, or 9%, increase in trust services income, due to a $0.8 billion increase in assets under management. This increase reflected improved market values and net growth in accounts.

  For additional information regarding noninterest income, see the Legislative and Regulatory section located within the Executive Overview.

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 12 — Noninterest Expense

	2011			2010		3Q11 vs 3Q10		3Q11 vs 2Q11	
(dollar amounts in thousands)	**Third**	Second	First	Fourth	Third	Amount	Percent	Amount	Percent
Personnel costs	**$226,835**	$218,570	$219,028	$212,184	$208,272	$18,563	9%	$ 8,265	4%
Outside data processing and other services	**49,602**	43,889	40,282	40,943	38,553	11,049	29	5,713	13
Net occupancy	**26,967**	26,885	28,436	26,670	26,718	249	1	82	—
Deposit and other insurance expense	**17,492**	23,823	17,896	23,320	23,406	(5,914)	(25)	(6,331)	(27)
Professional services	**20,281**	20,080	13,465	21,021	20,672	(391)	(2)	201	1
Equipment	**22,262**	21,921	22,477	22,060	21,651	611	3	341	2
Marketing	**22,251**	20,102	16,895	16,168	20,921	1,330	6	2,149	11
Amortization of intangibles	**13,387**	13,386	13,370	15,046	15,145	(1,758)	(12)	1	—
OREO and foreclosure expense	**4,668**	4,398	3,931	10,502	12,047	(7,379)	(61)	270	6
Automobile operating lease expense	**4,386**	5,434	6,836	8,142	9,159	(4,773)	(52)	(1,048)	(19)
Other expense	**30,987**	29,921	48,083	38,537	30,765	222	1	1,066	4
Total noninterest expense	**$439,118**	$428,409	$430,699	$434,593	$427,309	$11,809	3%	$10,709	2%
Number of employees (full-time equivalent), at period-end	**11,473**	11,457	11,319	11,341	11,279	194	2%	16	—%

2011 Third Quarter versus 2010 Third Quarter

The $11.8 million, or 3%, increase in total noninterest expense from the year-ago quarter reflected:

- $18.6 million, or 9%, increase in personnel costs, primarily reflecting a 2% increase in full-time equivalent staff in support of strategic initiatives, as well as higher benefit-related expenses, including $4.2 million of healthcare related costs.
- $11.0 million, or 29%, increase in outside data processing and other service, reflecting the costs associated with the conversion to a new debit card processor and outside services supporting increased regulations.

Partially offset by:

- $7.4 million, or 61%, decrease in OREO and foreclosure expense.
- $5.9 million, or 25%, decline in deposit and other insurance expenses.
- $4.8 million, or 52%, decline in automobile operating lease expense as that portfolio continued to run-off having exited that business in 2008.

2011 Third Quarter versus 2011 Second Quarter

The $10.7 million, or 2%, increase in total noninterest expense from the prior quarter reflected:

- $8.3 million, or 4%, increase in personnel costs, primarily reflecting higher salaries, severance, and healthcare costs.
- $5.7 million, or 13%, increase in outside data processing and other services, reflecting the costs associated with the conversion to a new debit card processor and the implementation of strategic initiatives.

Partially offset by:

- $6.3 million, or 27%, decline in deposit and other insurance expenses.

2011 First Nine Months versus 2010 First Nine Months

Noninterest expense for the first nine-month period of 2011 increased $59.0 million, or 5%, from the comparable year-ago period.

Table 13 — Noninterest Expense — 2011 First Nine Months vs. 2010 First Nine Months

	Nine Months Ended September 30,		Change	
(dollar amounts in thousands)	**2011**	2010	Amount	Percent
Personnel costs	**$ 664,433**	$ 586,789	$ 77,644	13%
Outside data processing and other services	**133,773**	118,305	15,468	13
Net occupancy	**82,288**	81,192	1,096	1
Deposit and other insurance expense	**59,211**	74,228	(15,017)	(20)
Professional services	**53,826**	67,757	(13,931)	(21)
Equipment	**66,660**	63,860	2,800	4
Marketing	**59,248**	49,756	9,492	19
Amortization of intangibles	**40,143**	45,432	(5,289)	(12)
OREO and foreclosure expense	**12,997**	28,547	(15,550)	(54)
Automobile operating lease expense	**16,656**	28,892	(12,236)	(42)
Other expense	**108,991**	94,455	14,536	15
Total noninterest expense	**$ 1,298,226**	$ 1,239,213	$ 59,013	5%

The $59.0 million, or 5%, increase in total noninterest expense reflected:

- $77.6 million, or 13%, increase in personnel costs, primarily reflecting an increase in full-time equivalent staff in support of strategic initiatives, as well as higher benefit related expenses, including the reinstatement of our 401(k) plan matching contribution in May of 2010.

- $15.5 million, or 13%, increase in outside data processing and other service, reflecting the costs associated with the conversion to a new debit card processor and the implementation of strategic initiatives.

- $14.5 million, or 15%, increase in other expense, primarily reflecting the 2011 first quarter $17.0 million addition to litigation reserves (see Significant Items).

- $9.5 million, or 19%, increase in marketing expense, reflecting higher advertising costs.

Partially offset by:

- $15.6 million, or 54%, decline in OREO and foreclosure expenses as OREO balances declined 69% in the current period.

- $15.0 million, or 20%, decrease in deposit and other insurance expenses.

- $13.9 million, or 21%, decrease in professional services, reflecting lower legal costs, as collection activities declined, and consulting expenses.

- $12.2 million, or 42%, decline in automobile operating lease expense as that portfolio continued to run-off having exited that business in 2008.

Provision for Income Taxes

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

The provision for income taxes in the 2011 third quarter was $38.9 million. This compared with a provision for income taxes of $49.0 million in the 2011 second quarter and a provision for income taxes of $29.7 million in the 2010 third quarter. All three quarters included the benefits from tax-exempt income, tax-advantaged investments, and general business credits. At September 30, 2011, we had a net deferred tax asset of $364.2 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, 2011. The total disallowed deferred tax asset for regulatory capital purposes decreased to $19.4 million at September 30, 2011 compared to the total disallowed deferred tax asset of $48.2 million at June 30, 2011.

The IRS completed audits of our consolidated federal income tax returns for tax years through 2007. In the third quarter 2011, the IRS began its examination of our 2008 and 2009 consolidated federal income tax returns. The IRS, various states, and other jurisdictions remain open to examination, including Kentucky, Indiana, Michigan, Pennsylvania, West Virginia and Illinois. The IRS has proposed adjustments to our previously filed tax returns. We believe our tax positions related to such proposed adjustments are correct and supported by applicable statutes, regulations, and judicial authority, and intend to vigorously defend them. 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. However, although no assurance 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.

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. 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 2010 Form 10-K and subsequent filings with the SEC. Additionally, the MD&A included in our 2010 Form 10-K should be read in conjunction with this MD&A as this discussion provides only material updates to the 2010 Form 10-K. Our definition, philosophy, and approach to risk management have not materially changed from the discussion presented in the 2010 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 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. Given the current level of global financial issues, we believe it is important to provide clarity around our exposure in this specific area. 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 added more quantitative measurement capabilities utilizing external data sources, enhanced use of modeling technology, and internal stress testing processes. The continued expansion of our portfolio management resources demonstrates our commitment to maintaining an aggregate moderate-to-low risk profile.

Loan and Lease Credit Exposure Mix

At September 30, 2011, our loans and leases totaled $39.0 billion, representing a $0.9 billion, or 2%, increase compared to $38.1 billion at December 31, 2010, primarily reflecting growth in the C&I, residential mortgage, and home equity portfolios. The automobile portfolio was little changed reflecting the 2011 third quarter automobile securitization *(see Automobile Portfolio discussion)*. The CRE portfolio continued to decline reflecting our planned strategy to reduce our CRE exposure.

At September 30, 2011, commercial loans and leases totaled $19.9 billion, and represented 51% 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 function 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. Also, our Equipment Finance area is targeting larger equipment financings in the manufacturing sector in addition to our core products. We also expanded our large corporate banking group with sufficient resources to ensure we appropriately recognize and manage the risks associated with these types of lending.

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 product 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 $19.1 billion at September 30, 2011, and represented 49% of our total loan and lease credit exposure. The consumer portfolio was primarily diversified among home equity loans and lines-of-credit, residential mortgages, and automobile loans and leases *(see Consumer Credit discussion).*

Automobile — Automobile loans and leases 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 3% of our total automobile portfolio at September 30, 2011.

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 second-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. 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 credit risk profile is substantially reduced when we hold a first-lien position. During the first nine-month period of 2011, more than 65% of our home equity portfolio originations were secured by a first-lien mortgage. 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, the majority of the loans in our portfolio are ARMs. These ARMs primarily consist of a fixed-rate of interest for the first 3 to 5 years, and then adjust annually. These loans comprised approximately 53% of our total residential mortgage loan portfolio at September 30, 2011. We are subject to repurchase risk associated with residential mortgage loans sold in the secondary market. This activity has increased recently reflecting the overall market conditions and GSE activity and an appropriate level of allowance has been established to address the repurchase risk inherent in the portfolio *(refer to the Operational Risk section for additional discussion).*

Other consumer — This portfolio primarily consists of consumer loans not secured by real estate or automobiles, including personal unsecured loans.

Table 14 — Loan and Lease Portfolio Composition

	2011						2010			
(dollar amounts in millions)	**September 30,**		June 30,		March 31,		December 31,		September 30,	
Commercial:(1)										
Commercial and industrial	**$ 13,939**	**36%**	$13,544	34%	$13,299	35%	$13,063	34%	$12,425	33%
Commercial real estate:										
Construction	**520**	**1**	591	2	587	2	650	2	738	2
Commercial	**5,414**	**14**	5,573	14	5,711	15	6,001	16	6,174	16
Total commercial real estate	**5,934**	**15**	6,164	16	6,298	17	6,651	18	6,912	18
Total commercial	**19,873**	**51**	19,708	50	19,597	52	19,714	52	19,337	51
Consumer:										
Automobile	**5,558**	**14**	6,190	16	5,802	15	5,614	15	5,385	14
Home equity	**8,079**	**21**	7,952	20	7,784	20	7,713	20	7,690	21
Residential mortgage	**4,986**	**13**	4,751	12	4,517	12	4,500	12	4,511	12
Other consumer	**516**	**1**	525	2	546	1	566	1	578	2
Total consumer	**19,139**	**49**	19,418	50	18,649	48	18,393	48	18,164	49
Total loans and leases	**$ 39,012**	**100%**	$39,126	100%	$38,246	100%	$38,107	100%	$37,501	100%

(1) There were no commercial loans outstanding that would be considered a concentration of lending to a particular industry or group of industries.

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

Table 15 — Loan and Lease Portfolio by Collateral Type

	2011						2010			
(dollar amounts in millions)	**September 30,**		June 30,		March 31,		December 31,		September 30,	
Secured loans:										
Real estate — commercial	**$ 9,554**	**24%**	$ 9,781	25%	$ 9,931	26%	$10,389	27%	$10,516	28%
Real estate — consumer	**13,065**	**33**	12,703	32	12,300	32	12,214	32	12,201	33
Vehicles	**6,898**	**18**	7,594	19	7,333	19	7,134	19	6,652	18
Receivables/Inventory	**4,297**	**11**	4,171	11	3,819	10	3,763	10	3,524	9
Machinery/Equipment	**1,864**	**5**	1,784	5	1,787	5	1,766	5	1,763	5
Securities/Deposits	**805**	**2**	802	2	778	2	734	2	730	2
Other	**1,103**	**3**	1,095	3	1,139	3	990	2	1,097	2
Total secured loans and leases	**37,586**	**96**	37,930	97	37,087	97	36,990	97	36,483	97
Unsecured loans and leases	**1,426**	**4**	1,196	3	1,159	3	1,117	3	1,018	3
Total loans and leases	**$ 39,012**	**100%**	$39,126	100%	$38,246	100%	$38,107	100%	$37,501	100%

Commercial Credit

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. As an example, the retail properties class of the CRE portfolio and manufacturing loans within the C&I portfolio have each received more frequent evaluation at the individual loan level given the weak environment and our portfolio composition. 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 allowance amount for this portfolio.

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. Similarly, to provide consistent oversight, a centralized portfolio management team monitors and reports on the performance of small business loans, which are included within the commercial loan portfolio.

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. Our assessment of the guarantor's credit strength is reflected in our risk ratings for such loans. The risk rating is directly tied to, and an integral component of, our allowance for loan loss methodology. When our assessment of the guarantor's credit strength demonstrates an inherent capacity to perform, we will seek repayment from the guarantor as part of the collection process and have successfully negotiated repayment from guarantors as part of our overall credit risk management process. When a loan goes to impaired status, viable guarantor support is considered in the determination of the recognition of a loan loss.

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 adequacy 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

We manage the risks inherent in this portfolio through origination policies, concentration 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 C&I borrowers have been challenged by the weak economy, problem loans have trended downward, reflecting a combination of proactive risk identification as well as some relative improvement in the economic conditions. Nevertheless, some borrowers may no longer have sufficient capital to withstand the extended stress. As a result, these borrowers may not be able to 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 and 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.

As shown in the following table, C&I loans and leases totaled $13.9 billion at September 30, 2011:

Table 16 — Commercial and Industrial Loans and Leases by Class

	September 30, 2011			
	Commitments		Loans Outstanding	
(dollar amounts in millions)	Amount	Percent	Amount	Percent
Class:				
Owner occupied	$ 4,390	21%	$ 3,978	29%
Other commercial and industrial	17,020	79	9,961	71
Total	$ 21,410	100%	$ 13,939	100%

The difference in the composition between the commitments and loans and leases outstanding in the other commercial and industrial class results from a significant amount of working capital lines-of-credit and businesses have reduced these borrowings. The funding percentage associated with the lines-of-credit has been a significant indicator of credit quality. Generally, borrowers that fully utilize their line-of-credit consistently, over time, have a higher risk profile. The overall funding rate on the commercial lines-of-credit has declined compared to pre-2008 levels as borrowers have limited their borrowing and focused on maintaining high liquidity and reducing debt. Line-of-credit utilization is one of many credit risk factors we utilize in assessing the credit risk portfolio of individual borrowers and the overall portfolio.

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, (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. Additionally, we established a limit to our CRE exposure of no more than our amount of Tier 1 Capital plus the ACL. We have been actively reducing our CRE exposure during the past three years, and our CRE exposure was below this established limit at September 30, 2011.

Each CRE loan is classified as either core or noncore. We separated the CRE portfolio into these categories in order to provide more clarity around our portfolio management strategies and to provide an additional level of transparency. We believe segregating the noncore CRE from core CRE improves our ability to understand the nature, performance prospects, and problem resolution opportunities, thus allowing us to continue to deal proactively with any emerging credit issues.

A CRE loan is generally considered core when the borrower is an experienced, well-capitalized developer in our Midwest footprint, and has either an established meaningful relationship with us that generates an acceptable return on capital or demonstrates the prospect of becoming one. The core CRE portfolio was $3.9 billion at September 30, 2011, representing 65% of total CRE loans. The performance of the core portfolio 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.

A CRE loan is 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 $2.6 billion at December 31, 2010, to $2.1 billion at September 30, 2011, and represented 35% of total CRE loans. Of the loans in the noncore portfolio at September 30, 2011, 66% were categorized as Pass, 95% had guarantors, 99% were secured, and 95% were located within our geographic footprint. However, it is within the noncore portfolio where most of the credit quality challenges exist. For example, $0.2 billion, or 11%, of related outstanding balances, are classified as NALs. SAD administered $0.9 billion, or 44%, of total noncore CRE loans at September 30, 2011. We expect to exit the majority of noncore CRE relationships over time through normal repayments and refinancings, possible sales should economically attractive opportunities arise, or the reclassification to a core CRE relationship if it expands to meet the core criteria.

The table below provides a segregation of the CRE portfolio as of September 30, 2011:

Table 17 — Core Commercial Real Estate Loans by Property Type and Property Location

	September 30, 2011									
(dollar amounts in millions)	Ohio	Michigan	Pennsylvania	Indiana	Kentucky	Florida	West Virginia	Other	Total	%
Core portfolio:										
Retail properties	$ 505	$ 64	$ 69	$ 84	$ 9	$ 39	$ 29	$ 363	$1,162	20%
Office	337	105	93	17	11	—	39	56	658	11
Multi family	217	91	66	35	28	1	27	56	521	9
Industrial and warehouse	222	66	21	49	3	2	5	82	450	8
Other commercial real estate	701	121	37	38	—	19	53	111	1,080	18
Total core portfolio	1,982	447	286	223	51	61	153	668	3,871	65
Total noncore portfolio	1,149	350	123	173	28	100	40	100	2,063	35
Total	$3,131	$ 797	$ 409	$ 396	$ 79	$ 161	$ 193	$ 768	$5,934	100%

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

Table 18 — Commercial Real Estate — Core vs. Noncore Portfolios

	September 30, 2011					
(dollar amounts in millions)	Ending Balance	Prior NCOs	ACL $	ACL %	Credit Mark (1)	Nonaccrual Loans
Total core	**$ 3,871**	**$ 16**	**$ 122**	**3.15%**	**3.55%**	**$ 25**
Noncore — SAD (2)	**910**	**286**	**213**	**23.41**	**41.72**	**202**
Noncore — Other	**1,153**	**14**	**89**	**7.72**	**8.83**	**30**
Total noncore	**2,063**	**300**	**302**	**14.64**	**25.48**	**232**
Total commercial real estate	**$ 5,934**	**$ 316**	**$ 424**	**7.15%**	**11.84%**	**$ 257**
	December 31, 2010					
Total core	$ 4,042	$ 5	$ 160	3.96%	4.08%	$ 16
Noncore — SAD (2)	1,400	379	329	23.50	39.80	307
Noncore — Other	1,209	5	105	8.68	9.06	41
Total noncore	2,609	384	434	16.63	27.33	348
Total commercial real estate	$ 6,651	$ 389	$ 594	8.93%	13.96%	$ 364

(1) Calculated as (Prior NCOs + ACL $) / (Ending Balance + Prior NCOs).

(2) Noncore loans managed by SAD, the area responsible for managing loans and relationships designated as Classified Loans.

As shown in the above table, the ending balance of the CRE portfolio at September 30, 2011, declined $0.7 billion, or 11%, compared with December 31, 2010. Of this decline, 68% occurred in the noncore segment of the portfolio administered by the SAD, 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 anticipate further significant declines in the noncore segment, consistent with our strategy to continue to reduce our overall CRE exposure. The reduction in the core segment is a result of normal portfolio attrition combined with limited origination activity. We will continue to support our core developer customers as appropriate, however, we do not believe that significant additional CRE activity is appropriate given our current exposure in CRE lending and the current economic conditions.

Also as shown above, substantial reserves for the noncore portfolio have been established. At September 30, 2011, the ACL related to the noncore portfolio was 14.64%, and 23.41% related to the SAD managed noncore portfolio. 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 41.72% Credit Mark associated with the SAD-managed noncore portfolio is an indicator of the aggressive portfolio management strategy employed for this portfolio.

Retail Properties

Our portfolio of total CRE loans secured by retail properties totaled $1.6 billion, or approximately 4%, of total loans and leases, at September 30, 2011. Loans within this portfolio segment declined $0.1 billion, or 6%, from $1.8 billion at December 31, 2010. Credit approval in this portfolio segment is generally dependent on preleasing requirements, and net operating income from the project must cover debt service by specified percentages when the loan is fully funded.

The weakness of the economic environment in our geographic regions continued to impact the projects that secure the loans in this portfolio class. Lower occupancy rates, reduced rental rates, and the expectation these levels will remain stressed for the foreseeable future may adversely affect some of our borrowers' ability to repay these loans. We have increased the level of credit risk management activity on this portfolio segment, and we analyze our retail property loans in detail by combining property type, geographic location, and other data, to assess and manage our credit risks. We review the majority of this portfolio segment on a monthly basis.

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.

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 the expansion into 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 while taking advantage of market opportunities that allow us to grow our automobile loan portfolio. The significant growth in the portfolio over the past two years was accomplished while maintaining our consistently high credit quality metrics. As we further execute our strategies and take advantage of these opportunities, we are developing alternative plans to address any growth in excess of our established portfolio concentration limits, including both securitizations and loan sales.

During the 2011 third quarter, we transferred automobile loans totaling $1.0 billion to a trust in a securitization transaction. The securitization qualified for sale accounting. As a result of this transaction, we recognized a $15.5 million gain on sale which is reflected in other noninterest income and recorded a $16.0 million servicing asset which is reflected in accrued income and other assets.

RESIDENTIAL-SECURED PORTFOLIOS

The properties securing our residential mortgage and home equity portfolios are primarily located within our footprint. The continued stress on home prices has caused the performance in these portfolios to remain weaker than historical levels. We continue to evaluate all of our policies and processes associated with managing these portfolios to provide as much clarity as possible.

In the 2011 first quarter, we accelerated the timing of charge-off recognition in our residential mortgage portfolio. In addition, we established an immediate charge-off process regardless of the delinquency status for short sale situations. Both of these policy changes resulted in accelerated recognition of residential mortgage charge-offs totaling $6.8 million in the 2011 first quarter. Further, in the 2011 second quarter, we implemented a policy change regarding the placement of loans on nonaccrual status in both our home equity and residential mortgage portfolios. This policy change resulted in accelerated placement of loans on nonaccrual status totaling $6.7 million in the home equity portfolio and $8.0 million in the residential mortgage portfolio.

Table 19 — Selected Home Equity and Residential Mortgage Portfolio Data
(dollar amounts in millions)

	Home Equity				Residential Mortgage	
	Secured by first-lien		Secured by second-lien			
	09/30/11	12/31/10	**09/30/11**	12/31/10	**09/30/11**	12/31/10
Ending balance	**$ 3,589**	$ 3,041	**$ 4,490**	$ 4,672	**$ 4,986**	$ 4,500
Portfolio weighted average LTV ratio(1)	**71%**	70%	**80%**	80%	**78%**	77%
Portfolio weighted average FICO score(2)	**749**	745	**734**	733	**731**	721

	Home Equity				Residential Mortgage (3)	
	Secured by first-lien		Secured by second-lien			
	Nine Months Ended September 30,					
	2011	2010	**2011**	2010	**2011**	2010
Originations	**$ 1,392**	$ 922	**$ 630**	$ 523	**$ 1,102**	$ 1,179
Origination weighted average LTV ratio(1)	**71%**	69%	**82%**	79%	**84%**	81%
Origination weighted average FICO score(2)	**768**	767	**759**	756	**758**	760

(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 second-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, 2011, approximately 44% 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 2011, more than 65% 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, FICO score, and the lien position status provide a high degree of confidence regarding the performance of the 2009-2011 originations.

Within the home equity line-of-credit portfolio, the standard product is a 10-year interest-only draw period with a balloon payment and represents a majority of the line-of-credit portfolio at September 30, 2011. As previously discussed, a significant portion of recent originations are secured by first-liens on the property as high quality borrowers take advantage of the low variable-rates available with a line-of-credit. If the current 30-year fixed-rate declines substantially from its already low level, we would anticipate some portion of these first-lien line-of-credit borrowers to refinance to a more traditional mortgage at a fixed-rate.

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, continued 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 particular focus of our Loss Mitigation and Home Saver groups.

We obtain a property valuation for every loan or line-of-credit. The type of property valuation obtained is based on a series of credit parameters, and ranges from an AVM 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, specifically related to the December 2010 FFIEC guidelines regarding property valuation. The intent of these guidelines is to ensure complete independence in the requesting and review of real estate valuations associated with loan decisions. We are committed to appropriate valuations for all of our real estate lending, and do not anticipate significant impacts to our loan decision process as a result of these guidelines. 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.

We continue to make origination policy adjustments based on our assessment of an appropriate risk profile, as well as industry actions. In addition to origination policy adjustments, we take actions, as necessary, to manage the risk profile of this portfolio.

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.

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.

A majority of the loans in our portfolio have adjustable rates. These ARMs comprised approximately 53% of our total residential mortgage loan portfolio at September 30, 2011. At September 30, 2011, ARM loans that were expected to have rates reset totaled $1.5 billion through 2014. 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 value. Given the quality of our borrowers and the relatively low current 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. Our ARM portfolio has performed substantially better than the fixed-rate portfolio in part due to this proactive management process. Additionally, when borrowers are experiencing payment difficulties, loans may be reunderwritten based on the borrower’s ability to repay the loan.

Several government actions were enacted that impacted the residential mortgage portfolio, including various refinance programs which positively affected the availability of credit for the industry. We are utilizing these programs to enhance our existing strategy of working closely with our customers.

Financial Institution Exposure Risk

In the normal course of business, we engage with other financial institutions for a variety of purposes resulting from ordinary banking activities such as payment processing, transactions entered into for risk management purposes *(see Note 14 of the Notes to Unaudited Condensed Consolidated Financial Statements)*, and for investment diversification. As a result, we are exposed to credit risk, or risk of loss, if the other financial institution fails to perform according to the terms of our contract or agreement.

Current European credit pressures have increased concerns about correlated adverse effects upon financial institutions. Specifically, there has been heightened emphasis on direct credit exposure to certain sovereigns, in particular, Greece, Ireland, Portugal, Spain and Italy, as well as to financial institutions headquartered in those countries. We conduct significant due diligence on each financial institution prior to approval as a counterparty. Our Treasury Credit Risk group within Credit Administration is responsible for the initial risk assessment as well as on-going monitoring. We actively manage the level of exposure to each financial institution, with regular assessment of the exposure limits by our Credit Policy and Strategy Committee. We believe our overall exposure to financial institution exposure risk, including direct credit exposure to any of these sovereigns and their banks, is not significant. Nonetheless, we minimize this risk through increased frequency and degree of monitoring of each contract or agreement as we manage the risk exposure on a real-time basis over the course of each day.

Credit Quality

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 2011 third quarter reflected a continued improvement in the levels of our NCOs, NALs, and commercial Criticized assets. Although the commercial Criticized asset levels continued to decline, there was an increase in new commercial Criticized asset inflows compared to the prior quarter. The inflow of new commercial Criticized assets was across all business segments and included one large relationship. We do not believe the increase in this current quarter's commercial Criticized assets to be either an indication of a future increase in the overall level of commercial Criticized loans or a widespread deterioration in commercial credit performance. Also, our ACL coverage ratios improved compared to the prior quarter. Specifically, our ACL as a percentage of NALs improved to 187% at September 30, 2011 compared with 181% at June 30, 2011 and 166% at December 31, 2010.

NPAs, NALs, AND TDRs

NPAs and NALs

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

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 no greater than 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 and second-lien home equity loans are placed on nonaccrual status at 150-days past due and 120-days past due, respectively. Automobile and other consumer loans are not placed on nonaccrual status, but are generally charged-off when the loan is 120-days past due. 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 20 — Nonaccrual Loans and Leases and Nonperforming Assets

	2011			2010	
(dollar amounts in thousands)	**September 30,**	June 30,	March 31,	December 31,	September 30,
Nonaccrual loans and leases:					
Commercial and industrial	**$ 209,632**	$ 229,327	$ 260,397	$ 346,720	$ 398,353
Commercial real estate	**257,086**	291,500	305,793	363,692	478,754
Residential mortgage	**61,129**	59,853	44,812	45,010	82,984
Home equity	**37,156**	33,545	25,255	22,526	21,689
Total nonaccrual loans and leases	**565,003**	614,225	636,257	777,948	981,780
Other real estate owned, net					
Residential	**18,588**	20,803	28,668	31,649	65,775
Commercial	**19,418**	17,909	25,961	35,155	57,309
Total other real estate owned, net	**38,006**	38,712	54,629	66,804	123,084
Other nonperforming assets(1)	**10,972**	—	—	—	—
Total nonperforming assets	**$ 613,981**	$ 652,937	$ 690,886	$ 844,752	$ 1,104,864
Nonaccrual loans as a % of total loans and leases	**1.45%**	1.57%	1.66%	2.04%	2.62%
Nonperforming assets ratio(2)	**1.57**	1.67	1.80	2.21	2.94
Nonperforming Franklin assets:					
Residential mortgage	**$ —**	$ —	$ —	$ —	$ —
Home equity	**—**	—	—	—	—
OREO	**534**	883	5,971	9,477	15,330
Impaired loans held for sale	**—**	—	—	—	—
Total nonperforming Franklin assets	**$ 534**	$ 883	$ 5,971	$ 9,477	$ 15,330

(1) Other nonperforming assets represent an investment security backed by a municipal bond.

(2) This ratio is calculated as nonperforming assets divided by the sum of loans and leases, other nonperforming assets, and net other real estate.

The $39.0 million, or 6%, decline in NPAs compared with June 30, 2011, primarily reflected:

- $34.4 million, or 12%, decline in CRE NALs, reflecting both NCO activity and problem credit resolutions, including borrower payments and payoffs. We continue to focus on early recognition of risks through our on-going portfolio management processes.

- $19.7 million, or 9%, 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.

Partially offset by:

- $11.0 million increase in other NPAs reflecting an investment security backed by a municipal bond.

- $3.6 million, or 11%, increase in home equity NALs, primarily reflecting the current weak economic conditions and the continued decline of residential real estate property values. Home equity NALs have been written down to net realizable value, less anticipated selling costs, which substantially limits any significant future risk of loss.

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.

Compared with December 31, 2010, NPAs decreased $230.8 million, or 27%, primarily reflecting:

- $137.1 million, or 40%, 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 geographic concentration. From an industry perspective, improvement in the manufacturing-related segment accounted for a significant portion of the decrease.

- $106.6 million, or 29%, decline in CRE NALs, reflecting both NCO activity and problem credit resolutions, including borrower payments and payoffs. This decline was a direct result of our on-going proactive management of these credits by our SAD.

- $28.8 million, or 43%, decrease in OREO properties, reflecting lower inflow levels combined with aggressive sales activities.

Partially offset by:

- $16.1 million, or 36%, increase in residential mortgage NALs, reflecting the current weak economic conditions and the continued decline in residential real estate property values, as well as a change in our nonaccrual policy *(see Consumer Credit section).*

- $14.6 million, or 65%, increase in home equity NALs, also reflecting the current weak economic conditions and the continued decline in residential real estate property values, as well as a change in our nonaccrual policy *(see Consumer Credit section).*

- $11.0 million increase in other NPAs reflecting an investment security backed by a municipal bond.

NPA activity for each of the past five quarters was as follows:

Table 21- Nonperforming Asset Activity

	2011			2010	
(dollar amounts in thousands)	**Third**	Second	First	Fourth	Third
Nonperforming assets, beginning of period	**$ 652,937**	$ 690,886	$ 844,752	$ 1,104,864	$ 1,582,702
New nonperforming assets	**153,626**	210,255	192,044	237,802	278,388
Franklin-related impact, net	**(349)**	(5,088)	(3,506)	(5,853)	(251,412)
Returns to accruing status	**(25,794)**	(68,429)	(70,886)	(100,051)	(111,168)
Loan and lease losses	**(79,992)**	(74,945)	(128,730)	(126,047)	(151,013)
Other real estate owned gains (losses)	**(242)**	388	1,492	(5,117)	(5,302)
Payments	**(76,510)**	(73,009)	(87,041)	(191,296)	(210,612)
Sales	**(9,695)**	(27,121)	(57,239)	(69,550)	(26,719)
Nonperforming assets, end of period	**$ 613,981**	$ 652,937	$ 690,886	$ 844,752	$ 1,104,864

As discussed previously, residential mortgage loans are placed on nonaccrual status at 150-days past due, with the exception of residential mortgage loans guaranteed by government organizations which continue to accrue interest, and first-lien and second-lien home equity loans and lines-of-credit are placed on nonaccrual status at 150-days past due and 120-days past due, respectively.

The following table reflects period-end accruing loans and leases 90 days or more past due for each of the last five quarters:

Table 22 — Accruing Past Due Loans and Leases

	2011			2010	
(dollar amounts in thousands)	**September 30,**	June 30,	March 31,	December 31,	September 30,
Accruing loans and leases past due 90 days or more:					
Commercial and industrial	$ **—**	$ —	$ —	$ —	$ —
Residential mortgage (excluding loans guaranteed by the U.S. government)	**32,850**	33,975	41,858	53,983	56,803
Home equity	**20,420**	17,451	24,130	23,497	27,160
Other consumer	**7,755**	6,227	7,578	10,177	11,423
Total, excl. loans guaranteed by the U.S. government	**61,025**	57,653	73,566	87,657	95,386
Add: loans guaranteed by the U.S. government	**84,413**	76,979	94,440	98,288	94,249
Total accruing loans and leases past due 90 days or more, including loans guaranteed by the U.S. government	$ **145,438**	$ 134,632	$ 168,006	$ 185,945	$ 189,635
Ratios: (1)					
Excluding loans guaranteed by the U.S. government, as a percent of total loans and leases	**0.16%**	0.15%	0.19%	0.23%	0.25%
Guaranteed by the U.S. government, as a percent of total loans and leases	**0.21**	0.19	0.25	0.26	0.26
Including loans guaranteed by the U.S. government, as a percent of total loans and leases	**0.37**	0.34	0.44	0.49	0.51

(1) Ratios are calculated as a percentage of related loans and leases.

Loans guaranteed by the U.S. government accrue interest at the rate guaranteed by the government agency. We are reimbursed from the government agency for reasonable expenses incurred in servicing loans. The FHA reimburses us for 66% of expenses, and the VA reimburses us at a maximum percentage of guarantee which is established for each individual loan. We have not experienced either material losses in excess of guarantees caps or significant delays or rejected claims from the related government entity.

The over 90-day delinquency ratio for total loans not guaranteed by a U.S. government agency was 0.16% at September 30, 2011, representing an 7 basis point decline compared with December 31, 2010. This decline reflected the sale of certain loans in this category.

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.

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

Table 23 — Accruing and Nonaccruing Troubled Debt Restructured Loans

	2011			2010	
(dollar amounts in thousands)	**September 30,**	June 30,	March 31,	December 31,	September 30,
Troubled debt restructured loans — accruing:					
Residential mortgage	**$ 304,365**	$ 313,772	$ 333,492	$ 328,411	$ 304,356
Other consumer(1)	**89,596**	75,036	78,488	76,586	73,210
Commercial	**321,598**	240,126	206,462	222,632	157,971
Total troubled debt restructured loans — accruing	**715,559**	628,934	618,442	627,629	535,537
Troubled debt restructured loans — nonaccruing:					
Residential mortgage	**20,877**	14,378	8,523	5,789	10,581
Other consumer(1)	**279**	140	14	—	—
Commercial	**74,264**	77,745	37,858	33,462	33,236
Total troubled debt restructured loans — nonaccruing	**95,420**	92,263	46,395	39,251	43,817
Total troubled debt restructured loans	**$ 810,979**	$ 721,197	$ 664,837	$ 666,880	$ 579,354

(1) Includes automobile, home equity, and other consumer TDRs.

TDRs primarily reflect our loss mitigation efforts to proactively work with borrowers having difficulty making their payments. Within commercial accruing TDRs, $40.1 million of the increase from the prior quarter reflected a change based on clarifying language in the FASB's ASU 2011-02 — Receivables (Topic 310), *A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring*, related to when a TDR designation is removed.

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, 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.

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 2011 third quarter was $43.6 million, compared with $35.8 million in the prior quarter and $119.2 million in the year-ago quarter. *(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 declining residential real estate values and the diversification of CRE loans, particularly loans secured by retail properties.

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 improved as a result of the asset quality improvement. The coverage ratios of NALs, Criticized, and Classified loans have significantly improved in recent quarters despite the decline in the ACL level. For example, the ACL coverage ratio associated with NALs was 187% at September 30, 2011, compared with 166% at December 31, 2010 and 140% at September 30, 2010.

The table below reflects activity in the ALLL and the AULC for each of the last five quarters:

Table 24 — Quarterly Allowance for Credit Losses Analysis

	2011			2010	
(dollar amounts in thousands)	**Third**	Second	First	Fourth	Third
Allowance for loan and lease losses, beginning of period	**$ 1,071,126**	$ 1,133,226	$ 1,249,008	$ 1,336,352	$ 1,402,160
Loan and lease losses	**(115,899)**	(128,701)	(199,007)	(205,587)	(221,144)
Recoveries of loans previously charged-off	**25,344**	31,167	33,924	33,336	36,630
Net loan and lease losses	**(90,555)**	(97,534)	(165,083)	(172,251)	(184,514)
Provision for loan and lease losses	**45,867**	36,948	49,301	84,907	118,788
Allowance for assets sold	**(6,728)**	(1,514)	—	—	(82)
Allowance for loan and lease losses, end of period	**$ 1,019,710**	$ 1,071,126	$ 1,133,226	$ 1,249,008	$ 1,336,352
Allowance for unfunded loan commitments and letters of credit, beginning of period	**$ 41,060**	$ 42,211	$ 42,127	$ 40,061	$ 39,689
Provision for (reduction in) unfunded loan commitments and letters of credit losses	**(2,281)**	(1,151)	84	2,066	372
Allowance for unfunded loan commitments and letters of credit, end of period	**$ 38,779**	$ 41,060	$ 42,211	$ 42,127	$ 40,061
Total allowance for credit losses, end of period	**$ 1,058,489**	$ 1,112,186	$ 1,175,437	$ 1,291,135	$ 1,376,413
Allowance for loan and lease losses as % of:					
Total loans and leases	**2.61%**	2.74%	2.96%	3.28%	3.56%
Nonaccrual loans and leases	**180**	174	178	161	136
Nonperforming assets	**166**	164	164	148	121
Total allowance for credit losses as % of:					
Total loans and leases	**2.71%**	2.84%	3.07%	3.39%	3.67%
Nonaccrual loans and leases	**187**	181	185	166	140
Nonperforming assets	**172**	170	170	153	125

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

Table 25 — Allocation of Allowance for Credit Losses (1)

	2011						2010			
(dollar amounts in thousands)	**September 30,**		June 30,		March 31,		December 31,		September 30,	
Commercial										
Commercial and industrial	**$ 285,254**	**36%**	$ 281,016	35%	$ 299,564	35%	$ 340,614	34%	$ 353,431	33%
Commercial real estate	**418,895**	**15**	463,874	16	511,068	17	588,251	18	654,219	18
Total commercial	**704,149**	**51**	744,890	51	810,632	52	928,865	52	1,007,650	51
Consumer										
Automobile	**49,402**	**14**	55,428	16	50,862	15	49,488	15	44,505	14
Home equity	**139,616**	**21**	146,444	20	149,370	20	150,630	20	154,323	21
Residential mortgage	**98,974**	**13**	98,992	12	96,741	12	93,289	12	93,407	12
Other consumer	**27,569**	**1**	25,372	1	25,621	1	26,736	1	36,467	2
Total consumer	**315,561**	**49**	326,236	49	322,594	48	320,143	48	328,702	49
Total allowance for loan and lease losses	**1,019,710**	**100%**	1,071,126	100%	1,133,226	100%	1,249,008	100%	1,336,352	100%
Allowance for unfunded loan commitments	**38,779**		41,060		42,211		42,127		40,061	
Total allowance for credit losses	**$1,058,489**		$1,112,186		$1,175,437		$1,291,135		$1,376,413	

(1) Percentages represent the percentage of each loan and lease category to total loans and leases.

The reduction in the ALLL, compared with both June 30, 2011, and December 31, 2010, reflected declines in the ALLL in both the commercial and consumer portfolios.

The decline in the commercial-related ALLL reflected NCOs on loans with specific reserves, and an overall reduction in the level of commercial Criticized loans. Commercial Criticized loans are commercial loans rated as OLEM, Substandard, Doubtful, or Loss. As shown in the table below, commercial Criticized loans declined $88.1 million from June 30, 2011, and $783.4 million from December 31, 2010, reflecting significant upgrade and payment activity.

Table 26 — Criticized Commercial Loan Activity

	2011			2010	
(dollar amounts in thousands)	**Third**	Second	First	Fourth	Third
Criticized commercial loans, beginning of period	**$ 2,379,150**	$ 2,660,792	$ 3,074,481	$ 3,637,533	$ 4,106,602
New additions / increases	**357,057**	250,422	169,884	289,850	407,514
Advances	**46,148**	44,442	61,516	52,282	75,386
Upgrades to Pass	**(252,388)**	(271,698)	(238,518)	(382,713)	(391,316)
Payments	**(180,845)**	(231,819)	(294,564)	(401,302)	(408,698)
Loan losses	**(58,035)**	(72,989)	(112,008)	(121,169)	(151,955)
Criticized commercial loans, end of period	**$ 2,291,088**	$ 2,379,150	$ 2,660,792	$ 3,074,481	$ 3,637,533

The decline in the consumer-related ALLL primarily reflected the impact of the 2011 third quarter automobile securitization*(see Automobile Portfolio discussion)* as well as a decrease in the home equity-related ALLL as a result of lower delinquency levels, partially offset by an increase in the mortgage-related ALLL as a result of increased residential mortgage-related balances.

The entire loan and lease portfolio has shown steadily improving credit quality trends throughout 2010 and 2011. The ACL to total loans declined to 2.71% at September 30, 2011 compared to 3.39% at December 31, 2010. 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 problem loans and aggressive action plans for these problem loans, combined with originating high quality new loans will contribute to continued improvement in our key credit quality metrics. However, the continued weakness in the residential real estate market and the overall economic conditions remained stressed, and additional risks emerged during the first nine-month period of 2011. These additional risks included the European banking sector stress, the 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. We do not anticipate any meaningful economic improvement in the near-term. All of these factors are impacting consumer confidence, as well as business investments and acquisitions. 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.

The table below reflects activity in the ALLL and AULC for the first nine-month periods ended September 30, 2011 and 2010.

Table 27 — Year to Date Allowance for Credit Losses Analysis

	Nine Months Ended September 30,	
(dollar amounts in thousands)	**2011**	2010
Allowance for loan and lease losses, beginning of period	**$ 1,249,008**	$ 1,482,479
Loan and lease losses	**(443,607)**	(798,320)
Recoveries of loans previously charged-off	**90,435**	96,097
Net loan and lease losses	**(353,172)**	(702,223)
Provision for loan and lease losses	**132,116**	556,392
Allowance for assets sold	**(8,242)**	(296)
Allowance for loan and lease losses, end of period	**$ 1,019,710**	$ 1,336,352
Allowance for unfunded loan commitments and letters of credit, beginning of period	**$ 42,127**	$ 48,879
Provision for (reduction in) unfunded loan commitments and letters of credit losses	**(3,348)**	(8,818)
Allowance for unfunded loan commitments and letters of credit, end of period	**$ 38,779**	$ 40,061
Total allowance for credit losses	**$ 1,058,489**	$ 1,376,413
Allowance for loan and lease losses as % of:		
Total loans and leases	**2.61%**	3.56%
Nonaccrual loans and leases	**180**	136
Nonperforming assets	**166**	121
Total allowance for credit losses as % of:		
Total loans and leases	**2.71%**	3.67%
Nonaccrual loans and leases	**187**	140
Nonperforming assets	**172**	125

NCOs

(This section should be read in conjunction with Significant Item 2 and the Franklin-related Impacts section.)

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.

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 second-lien home equity loans are charged-off to the estimated fair value of the collateral at 150-days past due and 120-days past due, respectively. Residential mortgages are charged-off to the estimated fair value of the collateral at 150-days past due.

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

Table 28 — Quarterly Net Charge-off Analysis

(dollar amounts in thousands)	**2011** Third	2011 Second	2011 First	2010 Fourth	2010 Third
Net charge-offs by loan and lease type:					
Commercial:					
Commercial and industrial	**$ 17,891**	$ 18,704	$ 42,191	$ 59,124	$ 62,241
Commercial real estate:					
Construction	**1,450**	4,145	28,400	11,084	17,936
Commercial	**22,990**	23,450	39,283	33,787	45,725
Commercial real estate	**24,440**	27,595	67,683	44,871	63,661
Total commercial	**42,331**	46,299	109,874	103,995	125,902
Consumer:					
Automobile	**3,863**	2,255	4,712	7,035	5,570
Home equity	**26,222**	25,441	26,715	29,175	27,827
Residential mortgage(1)	**11,562**	16,455	18,932	26,775	18,961
Other consumer	**6,577**	7,084	4,850	5,271	6,254
Total consumer	**48,224**	51,235	55,209	68,256	58,612
Total net charge-offs	**$ 90,555**	$ 97,534	$ 165,083	$ 172,251	$ 184,514
Net charge-offs — annualized percentages:					
Commercial:					
Commercial and industrial	**0.52%**	0.56%	1.29%	1.85%	2.01%
Commercial real estate:					
Construction	**0.87**	2.99	18.59	6.19	7.25
Commercial	**1.69**	1.65	2.66	2.22	3.01
Commercial real estate	**1.60**	1.77	4.15	2.64	3.60
Total commercial	**0.86**	0.94	2.24	2.13	2.59
Consumer:					
Automobile	**0.25**	0.15	0.33	0.51	0.43
Home equity	**1.31**	1.29	1.38	1.51	1.47
Residential mortgage(1)	**0.97**	1.44	1.70	2.42	1.73
Other consumer	**5.05**	5.27	3.47	3.66	3.83
Total consumer	**0.99**	1.08	1.20	1.50	1.32
Net charge-offs as a % of average loans	**0.92%**	1.01%	1.73%	1.82%	1.98%

(1) The 2010 fourth quarter included net charge-offs of $16,389 thousand related to the sale of certain underperforming residential mortgage loans.

In assessing NCO trends, it is helpful to understand the process of how these loans are treated as they deteriorate over time. The ALLL established at origination 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 as warranted. If the quality of a loan has deteriorated, it migrates to a lower quality risk rating, requiring a higher ALLL amount. Charge-offs, if necessary, are generally recognized in a period after the specific ALLL was established. If the previously established ALLL exceeds that needed to satisfactorily resolve the problem loan, a reduction in the overall level of the ALLL could be recognized. In summary, if loan quality deteriorates, the typical credit sequence would be periods of ALLL 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.

Residential mortgage NCO annualized percentages generally are greater than those of the home equity portfolio. The NCO annualized percentage in the home equity portfolio is the result of a higher quality customer base as measured by FICO distribution and a substantial portion of the growth is represented by first-lien positions. Additionally, we accelerated the charge-off policy associated with the residential mortgage portfolio in 2010 which shortened the maximum timeframe to charge-off and, during 2011, have executed two NPL sales in the residential mortgage portfolio with resulting charge-offs.

2011 Third Quarter versus 2011 Second Quarter

C&I NCOs declined $0.8 million, or 4%. CRE NCOs decreased $3.2 million, or 11%. These declines were evident across our geographic footprint and generally associated with small relationships. The performance of both portfolios was consistent with our expectations. Based on asset quality trends, we continue to anticipate this lower level of CRE NCOs in future quarters.

Automobile NCOs increased $1.6 million, or 71%. The current quarter's performance was consistent with our expectations. The prior quarter's NCOs were historically low reflecting a combination of low delinquency levels and a strong resale market for used vehicles.

Home equity NCOs increased $0.8 million, or 3%. Although the performance of this portfolio continues to be impacted by the weakened overall economy and the continued decline in home values, this slight increase was consistent with our expectations. We continue to manage the default rate through focused delinquency monitoring as essentially all defaults for second-lien home equity loans incur significant losses reflecting the reduction of equity associated with the collateral property.

Residential mortgage NCOs declined $4.9 million, or 30%, consistent with our expectations for a continued downward trend in this portfolio.

The following table reflects NCO activity for the first nine-month periods ended September 30, 2011 and 2010:

Table 29 — Year to Date Net Charge-off Analysis

	Nine Months Ended September 30,	
(dollar amounts in thousands)	**2011**	2010
Net charge-offs by loan and lease type:		
Commercial:		
Commercial and industrial	$ **78,786**	$ 195,808
Commercial real estate:		
Construction	**33,995**	97,924
Commercial	**85,723**	132,767
Commercial real estate	**119,718**	230,691
Total commercial	**198,504**	426,499
Consumer:		
Automobile	**10,830**	19,537
Home equity(1)	**78,378**	110,198
Residential mortgage(2)	**46,949**	126,120
Other loans	**18,511**	19,869
Total consumer	**154,668**	275,724
Total net charge-offs	$ **353,172**	$ 702,223
Net charge-offs — annualized percentages:		
Commercial:		
Commercial and industrial	**0.78%**	2.12%
Commercial real estate:		
Construction	**7.41**	10.67
Commercial	**2.01**	2.88
Commercial real estate	**2.54**	4.17
Total commercial	**1.35**	2.89
Consumer:		
Automobile	**0.24**	0.56
Home equity(1)	**1.33**	1.95
Residential mortgage(2)	**1.36**	3.74
Other loans	**4.58**	3.84
Total consumer	**1.09**	2.11
Net charge-offs as a % of average loans	**1.22%**	2.52%

(1) The 2010 first nine-month period included net charge-offs totaling $14,678 thousand associated with the transfer of Franklin-related home equity loans to loans held for sale and $6,143 thousand of other Franklin-related net charge-offs.

(2) The 2010 first nine-month period included net charge-offs totaling $60,822 thousand associated with the transfer of Franklin-related residential mortgage loans to loans held for sale and $14,914 thousand of other Franklin-related net charge-offs.

2011 First Nine Months versus 2010 First Nine Months

C&I NCOs decreased $117.0 million, or 60%. CRE NCOs decreased $111.0 million, or 48%. These declines primarily reflected significant credit quality improvement in the underlying portfolio as well as our on-going proactive credit management practices.

Automobile NCOs decreased $8.7 million, or 45%, reflected our consistent high quality origination profile, as well as a stronger market for used automobiles. This focus on origination quality has been the primary driver for the improvement in this portfolio in the current period compared with the year-ago period.

Home equity NCOs declined $31.8 million, or 29%. The first nine-month period of 2010 included $20.7 million of Franklin-related NCOs compared with no Franklin-related NCOs in the current period. Excluding the Franklin-related impacts, home equity NCOs decreased $11.1 million compared with the first nine-month period of 2010. Although the performance of this portfolio continued to be impacted by the overall weak economic conditions and the continued decline of residential real estate property values, the performance was consistent with our expectations for the portfolio.

Residential mortgage NCOs declined $79.2 million, or 63%. The first nine-month period of 2010 included $75.7 million of Franklin-related net charge-offs, and the first nine-month period of 2011 included Franklin-related net recoveries of $2.5 million. Excluding the Franklin impacts, residential mortgage NCOs decreased $1.0 million compared with the first nine-month period of 2010. Additionally, the first nine-month period of 2011 included $6.8 million of NCOs related to a change in loss recognition policy *(see Consumer Credit section).* Excluding these impacts, performance was consistent with our expectations for a continued downward trend in this portfolio.

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 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 (reprice risk), changes in the expected maturities of assets and liabilities arising 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).

INCOME SIMULATION AND ECONOMIC VALUE ANALYSIS

Interest rate risk measurement is performed monthly. Two broad approaches to modeling interest rate risk are employed: income simulation and economic value analysis. An income simulation analysis is used to measure the sensitivity of forecasted ISE to changes in market rates over a one-year time period. Although bank owned life insurance, automobile operating lease assets, and excess cash balances held at the Federal Reserve Bank are classified as noninterest-earning assets, and the net revenue from these assets is recorded in noninterest income and noninterest expense, these portfolios are included in the interest sensitivity analysis because they have attributes similar to interest-earning assets. EVE analysis is used to measure the sensitivity of the values of period-end assets and liabilities to changes in market interest rates. EVE analysis serves as a complement to ISE analysis as it provides risk exposure estimates for time periods beyond the one-year simulation period.

The models used for these measurements take into account prepayment speeds on mortgage loans, mortgage-backed securities, and consumer installment loans, as well as cash flows of other assets and liabilities. Balance sheet growth assumptions are also considered in the ISE analysis. The models include the effects of derivatives, such as interest rate swaps, caps, floors, and other types of interest rate options.

The baseline scenario for ISE analysis, with which all other scenarios are compared, is based on market interest rates implied by the prevailing yield curve as of the period-end. Alternative interest rate scenarios are then compared with the baseline scenario. These alternative interest rate scenarios include parallel rate shifts on both a gradual and an immediate basis, movements in interest rates that alter the shape of the yield curve (e.g., flatter or steeper yield curve), and no changes in current interest rates for the entire measurement period. Scenarios are also developed to measure short-term repricing risks, such as the impact of LIBOR-based interest rates rising or falling faster than the prime rate.

The simulations for evaluating short-term interest rate risk exposure are scenarios that model gradual +/-100 and +/-200 basis points parallel shifts in market interest rates over the next one-year period beyond the interest rate change implied by the current yield curve. We assumed market interest rates would not fall below 0% over the next one-year period for the scenarios that used the -100 and -200 basis points parallel shift in market interest rates. The table below shows the results of the scenarios as of September 30, 2011, and December 31, 2010. All of the positions were within the board of directors' policy limits as of September 30, 2011.

Table 30 — 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, 2011	**-2.1**	**-1.3**	**1.1**	**2.2**
December 31, 2010	-3.2	-1.8	0.3	0.0

The ISE at risk reported as of September 30, 2011, for the +200 basis points scenario shows a significant change to an asset sensitive near-term interest rate risk position compared with December 31, 2010. The ALCO's strategy is to be near-term asset-sensitive to a rising rate scenario. The primary factors contributing to this change are the 2011 first quarter termination of $4.5 billion of interest rate swaps maturing through June 2012, offset slightly by $1.8 billion of interest rate swaps executed in the 2011 second and third quarters, and the impact of lower interest rates on mortgage asset prepayments.

The following table shows the income sensitivity of select portfolios to changes in market interest rates. A portfolio with 100% sensitivity would indicate that interest income and expense will change with the same magnitude and direction as interest rates. A portfolio with 0% sensitivity is insensitive to changes in interest rates. For the +200 basis points scenario, total interest-sensitive income is 36.8% sensitive to changes in market interest rates, while total interest-sensitive expense is 40.2% sensitive to changes in market interest rates. However, net interest income at risk for the +200 basis points scenario has an asset-sensitive near-term interest rate risk position because of the larger base of total interest-sensitive income relative to total interest-sensitive expense.

Table 31 — 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	80%	-16.2%	-25.3%	37.9%	39.4%
Total investments and other earning assets	20	-17.8	-22.1	32.5	30.2
Total interest sensitive income		-16.0	-24.0	36.1	36.8
Total interest-bearing deposits	71	-11.5	-18.9	35.5	36.5
Total borrowings	11	-21.0	-37.6	62.7	66.0
Total interest-sensitive expense		-12.7	-21.2	38.9	40.2

(1) At September 30, 2011.

The primary simulations for EVE at risk assume immediate +/-100 and +/-200 basis points parallel shifts in market interest rates beyond the interest rate change implied by the current yield curve. The table below outlines the September 30, 2011, results compared with December 31, 2010. All of the positions were within the board of directors' policy limits.

Table 32 — 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, 2011	**-4.2**	**-0.7**	**-1.0**	**-3.3**
December 31, 2010	-0.5	1.3	-4.0	-8.9

The EVE at risk reported as of September 30, 2011, for the +200 basis points scenario shows a change to a lower long-term liability sensitive position compared with December 31, 2010. The primary factors contributing to this change are the impact of lower interest rates on mortgage asset prepayments, the growth in low-cost deposits, and the 2011 first quarter termination of $4.5 billion of interest rate swaps maturing through June 2012, offset slightly by $1.8 billion of interest rate swaps executed in the 2011 second and third quarters.

The following table shows the economic value sensitivity of select portfolios to changes in market interest rates. The change in economic value for each portfolio is measured as the percent change from the base economic value for that portfolio. For the +200 basis points scenario, total net tangible assets decreased in value 3.1% to changes in market interest rates, while total net tangible liabilities increased in value 3.1% to changes in market interest rates.

Table 33 — 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%	0.9%	0.8%	-1.3%	-2.6%
Total investments and other earning assets	18	2.0	2.0	-2.8	-5.9
Total net tangible assets (2)		1.1	1.0	-1.5	-3.1
Total deposits	79	-2.1	-1.4	1.7	3.3
Total borrowings	9	-1.1	-0.8	0.8	1.6
Total net tangible liabilities (3)		-2.0	-1.3	1.6	3.1

(1) At September 30, 2011.

(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, 2011, we had a total of $145.3 million of capitalized MSRs representing the right to service $16.1 billion in mortgage loans. Of this $145.3 million, $73.8 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 to MSRs recorded using the amortization method. 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 or impairment to MSRs recorded using the amortization method. 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. We report MSRs recorded using the amortization method at the lower of cost or fair value and these MSRs 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 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. We manage liquidity risk at both the Bank and the parent company.

Bank Liquidity and Sources of Liquidity

Our primary sources of funding for the Bank are retail and commercial core deposits. At September 30, 2011, these core deposits funded 74% of total assets. At September 30, 2011, total core deposits represented 94% of total deposits, an increase from 93% at December 31, 2010.

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.

Demand deposit overdrafts that have been reclassified as loan balances were $14.0 million, $13.1 million, and $13.1 million at September 30, 2011, December 31, 2010, and September 30, 2010, respectively.

Other domestic time deposits of $250,000 or more and brokered deposits and negotiable CDs totaled $2.0 billion, $2.2 billion, and $2.3 billion at September 30, 2011, December 31, 2010, and September 30, 2010, respectively.

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

Table 34 — Deposit Composition

	2011						2010			
(dollar amounts in millions)	**September 30,**		June 30,		March 31,		December 31,		September 30,	
By Type										
Demand deposits - noninterest-bearing	**$ 9,502**	**22%**	$ 8,210	20%	$ 7,597	18%	$ 7,217	17%	$ 6,926	17%
Demand deposits — interest-bearing	**5,763**	**13**	5,642	14	5,532	13	5,469	13	5,347	13
Money market deposits	**13,759**	**32**	12,643	31	13,105	32	13,410	32	12,679	31
Savings and other domestic deposits	**4,711**	**11**	4,752	11	4,762	12	4,643	11	4,613	11
Core certificates of deposit	**7,084**	**16**	7,936	19	8,208	20	8,525	20	8,765	21
Total core deposits	**40,819**	**94**	39,183	95	39,204	95	39,264	93	38,330	93
Other domestic deposits of $250,000 or more	**421**	**1**	436	1	531	1	675	2	730	2
Brokered deposits and negotiable CDs	**1,535**	**4**	1,486	4	1,253	3	1,532	4	1,576	4
Deposits in foreign offices	**445**	**1**	297	—	378	1	383	1	436	1
Total deposits	**$ 43,220**	**100%**	$ 41,402	100%	$ 41,366	100%	$ 41,854	100%	$ 41,072	100%
Total core deposits:										
Commercial	**$ 15,526**	**38%**	$ 13,541	35%	$ 12,785	33%	$ 12,476	32%	$ 12,262	32%
Consumer	**25,293**	**62**	25,642	65	26,419	67	26,788	68	26,068	68
Total core deposits	**$ 40,819**	**100%**	$ 39,183	100%	$ 39,204	100%	$ 39,264	100%	$ 38,330	100%

Table 35 — Federal Funds Purchased and Repurchase Agreements

(dollar amounts in millions)	2011 September 30,	2011 June 30,	2011 March 31,	2010 December 31,	2010 September 30,
Balance at period-end					
Federal Funds purchased and securities sold under agreements to repurchase	**$ 2,201**	$ 1,983	$ 2,017	$ 1,966	$ 1,773
Other short-term borrowings	**24**	40	34	75	86
Weighted average interest rate at period-end					
Federal Funds purchased and securities sold under agreements to repurchase	**0.16%**	0.15%	0.17%	0.19%	0.22%
Other short-term borrowings	**1.01**	0.69	0.92	0.53	0.40
Maximum amount outstanding at month-end during the period					
Federal Funds purchased and securities sold under agreements to repurchase	**$ 2,431**	$ 2,361	$ 2,091	$ 2,084	$ 1,773
Other short-term borrowings	**53**	50	86	108	99
Average amount outstanding during the period					
Federal Funds purchased and securities sold under agreements to repurchase	**$ 2,200**	$ 2,067	$ 2,064	$ 2,045	$ 1,645
Other short-term borrowings	**51**	45	69	89	94
Weighted average interest rate during the period					
Federal Funds purchased and securities sold under agreements to repurchase	**0.16%**	0.15%	0.17%	0.19%	0.21%
Other short-term borrowings	**0.56**	0.58	0.52	0.38	0.35

To the extent we are unable to obtain sufficient liquidity through core deposits, we may meet our liquidity needs through sources of wholesale funding. These sources 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, 2011, total wholesale funding was $7.6 billion, a decrease from $8.4 billion at December 31, 2010. There are no maturities of Bank obligations until 2012, when debt maturities of $664.9 million are payable.

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 36 — Federal Reserve and FHLB Borrowing Capacity

(dollar amounts in billions)	**September 30, 2011**	December 31, 2010
Loans and securities pledged:		
Federal Reserve Bank	$ **10.2**	$ 9.7
FHLB	**7.9**	7.8
Total loans and securities pledged	$ **18.1**	$ 17.5
Total unused borrowing capacity at Federal Reserve Bank and FHLB	$ **9.8**	$ 8.8

We can also obtain funding through other methods including: (1) purchasing federal funds, (2) selling securities under repurchase agreements, (3) the sale or maturity of investment securities, (4) the sale or securitization of loans, (5) the sale of national market certificates of deposit, (6) paydowns and/or securitization arising from the relatively shorter-term structure of our commercial loans and automobile loans, and (7) the issuance of common and preferred stock.

During the 2011 third quarter, Huntington transferred automobile loans totaling $1.0 billion to a trust in a securitization transaction. The securitization qualified for sale accounting. Net proceeds of $1.0 billion from the transaction will be used for general corporate purposes, including repayment of other long-term debt.

At September 30, 2011, we believe the Bank has 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 securities.

At September 30, 2011, December 31, 2010, and September 30, 2010, the parent company had \$0.7 billion, \$0.6 billion and \$0.9 billion, respectively, in cash and cash equivalents. The decrease from September 30, 2010, primarily reflected the repurchase of our TARP Capital in the 2010 fourth quarter, along with dividend payments on our common and preferred stock, partially offset by the net impact of the equity and debt public offerings. Appropriate limits and guidelines are in place to ensure the parent company has sufficient cash to meet operating expenses and other commitments over the next 12 months without relying on subsidiaries or capital markets for funding.

During the 2010 fourth quarter, we completed a public offering and sale of 146.0 million shares of common stock at a price of \$6.30 per share, or \$920.0 million in aggregate gross proceeds. Also during the 2010 fourth quarter, we completed the public offering and sale of \$300.0 million aggregate principal amount of 7.00% Subordinated Notes due 2020. We used the net proceeds from these transactions to repurchase our TARP Capital. On January 19, 2011, we repurchased the warrant we had issued to the Treasury at an agreed upon purchase price of \$49.1 million. The warrant had entitled the Treasury to purchase 23.6 million shares of common stock.

On October 20, 2011, we announced that the board of directors had declared a quarterly common stock cash dividend of \$0.04 per common share. The dividend is payable on January 3, 2012, to shareholders of record on December 20, 2011. Based on the dividend increase to \$0.04 per common share, cash demands required for common stock dividends are estimated to be approximately \$34.6 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.

Based on a regulatory dividend limitation, the Bank could not have declared and paid a dividend to the parent company at September 30, 2011, without regulatory approval. We do not anticipate that the Bank will need to request regulatory approval to pay dividends in the near future. 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 the next 12 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. The Bank and other subsidiaries fund approximately 90% of pension contributions. There is no required minimum contribution for 2011, although we contributed \$50 million in March 2011 and anticipate contributing an additional \$40 million in the 2011 fourth quarter. 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 "Operation Twist", 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. However, any additional pension contributions are not expected to significantly impact liquidity.

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.

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, 2011, 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, 2011, December 31, 2010, and September 30, 2010, we had commitments to sell residential real estate loans of \$673.5 million, \$998.7 million, and \$1,254.4 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.

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 Board Risk Oversight Committee, 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 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 were 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 do not believe we 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 37 — Summary of Reserve for Representations and Warranties on Mortgage Loans Serviced for Others

	2011			2010	
(dollar amounts in thousands)	**Third**	Second	First	Fourth	Third
Reserve for representations and warranties, beginning of period	**$ 24,496**	$ 23,785	$ 20,170	$ 18,026	$ 10,519
Assumed reserve for representations and warranties	**—**	—	—	—	7,000
Reserve charges	**(3,340)**	(365)	(270)	(4,242)	(1,787)
Provision for representations and warranties	**2,697**	1,076	3,885	6,386	2,294
Reserve for representations and warranties, end of period	**$ 23,853**	$ 24,496	$ 23,785	$ 20,170	$ 18,026

Table 38 — Mortgage Loan Repurchase Statistics

	2011			2010	
(dollar amounts in thousands)	**Third**	Second	First	Fourth	Third
Number of loans sold	**3,877**	3,875	8,933	10,314	6,944
Amount of loans sold (UPB)	**$ 529,722**	$ 512,069	$ 1,313,994	$ 1,577,879	$ 1,043,024
Number of loans repurchased	**43**	36	15	71	118
Amount of loans repurchased (UPB)	**$ 7,325**	$ 4,755	$ 2,343	$ 13,198	$ 15,356
Number of claims received	**96**	130	118	105	108
Successful dispute rate (1)	**27%**	49%	86%	21%	36%
Number of make whole payments	**38**	8	6	44	19
Amount of make whole payments	**$ 3,392**	$ 445	$ 560	$ 3,835	$ 1,444

(1) Successful disputes are a percent of close out requests. Process changes in 2011 significantly decreased close out requests inflating this ratio.

Process changes in 2011 increased the number of make whole payment request disputes and significantly decreased close outs of make whole requests. The related reserves were increased to account for the delay in close out requests.

Foreclosure Documentation

Compared to the high volume servicers, we service a relatively low volume of residential mortgage foreclosures, with approximately 4,100 foreclosure cases as of September 30, 2011, in states that require foreclosures to proceed through the courts. We have reviewed and are continuing to review our residential foreclosure process. We have not found any evidence suggesting that any foreclosure by the Bank should not have proceeded. We have and are strengthening our processes and controls to ensure that our foreclosure processes do not have the deficiencies identified in those institutions which are the subject of the consent orders between the high volume servicers and their respective federal regulators.

Compliance Risk

Financial institutions are subject to several laws, rules, and regulations emanating at both the federal and state levels. These broad-based mandates include, but are not limited to, expectations on anti-money laundering, lending limits, client privacy, fair lending, community reinvestment, and other important areas. Recently, the volume and complexity of regulatory changes have added to the overall compliance risk. We have invested in various resources to help ensure we meet expectations, and we have a team of compliance experts dedicated to ensuring our conformance. We require training for our colleagues for several broad-based laws and regulations. For example, all of our colleagues are expected to pass courses on anti-money laundering and customer privacy. Those colleagues who are engaged in lending activities must also take training related to flood disaster protection, equal credit opportunity, fair lending, and / or a variety of 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

Capital is managed both at the Bank and on a consolidated basis. Capital levels are maintained based on regulatory capital requirements and the economic capital required to support credit, market, liquidity, and operational risks inherent in our business, and to provide the flexibility needed for future growth and new business opportunities. Shareholders' equity totaled $5.4 billion at September 30, 2011, an increase of $0.4 billion, or 8%, from December 31, 2010, primarily reflecting an increase in retained earnings. We believe our current level of capital is adequate.

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TARP Capital

As discussed in our 2010 Form 10-K, we fully exited our TARP relationship during the 2011 first quarter by repurchasing for $49.1 million the ten-year warrant we had issued to the Treasury as part of the TARP. Refer to the 2010 Form 10-K for a complete discussion regarding the issuing and repayment of our TARP Capital.

Capital Adequacy

The following table presents risk-weighted assets and other financial data necessary to calculate certain financial ratios that we use to measure capital adequacy:

Table 39 — Capital Adequacy

	2011			2010	
(dollar amounts in millions)	**September 30,**	June 30,	March 31,	December 31,	September 30,
Consolidated capital calculations:					
Common shareholders' equity	**$ 5,037**	$ 4,890	$ 4,676	$ 4,618	$ 3,867
Preferred shareholders' equity	**363**	363	363	363	1,700
Total shareholders' equity	**5,400**	5,253	5,039	4,981	5,567
Goodwill	**(444)**	(444)	(444)	(444)	(444)
Other intangible assets	**(188)**	(202)	(215)	(229)	(244)
Other intangible assets deferred tax liability (1)	**66**	71	75	80	85
Total tangible equity (2)	**4,834**	4,678	4,455	4,388	4,964
Preferred shareholders' equity	**(363)**	(363)	(363)	(363)	(1,700)
Total tangible common equity (2)	**$ 4,471**	$ 4,315	$ 4,092	$ 4,025	$ 3,264
Total assets	**$ 54,979**	$ 53,050	$ 52,949	$ 53,820	$ 53,247
Goodwill	**(444)**	(444)	(444)	(444)	(444)
Other intangible assets	**(188)**	(202)	(215)	(229)	(244)
Other intangible assets deferred tax liability (1)	**66**	71	75	80	85
Total tangible assets (2)	**$ 54,413**	$ 52,475	$ 52,365	$ 53,227	$ 52,644
Tier 1 capital	**$ 5,488**	$ 5,352	$ 5,179	$ 5,022	$ 5,480
Preferred shareholders' equity	**(363)**	(363)	(363)	(363)	(1,700)
Trust-preferred securities	**(565)**	(565)	(570)	(570)	(570)
REIT-preferred stock	**(50)**	(50)	(50)	(50)	(50)
Tier 1 common equity (2)	**$ 4,510**	$ 4,374	$ 4,196	$ 4,039	$ 3,160
Risk-weighted assets (RWA)	**$ 44,376**	$ 44,080	$ 43,024	$ 43,471	$ 42,759
Tier 1 common equity / RWA ratio (2)	**10.17%**	9.92%	9.75%	9.29%	7.39%
Tangible equity / tangible asset ratio (2)	**8.88**	8.91	8.51	8.24	9.43
Tangible common equity / tangible asset ratio (2)	**8.22**	8.22	7.81	7.56	6.20
Tangible common equity / RWA ratio (2)	**10.08**	9.79	9.51	9.26	7.63

(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.

Capital continued to strengthen as period-end capital ratios improved compared to December 31, 2010. Our Tier 1 common risk-based ratio improved 88 basis points to 10.17% at September 30, 2011 compared to 9.29% at December 31, 2010. This increase primarily reflected the combination of an increase in retained earnings and a reduction in the disallowed tax deferred asset.

The Tier 1 common risk-based ratio is the metric that has gained prominence with regulators. The recent international banking Basel III accord sets this ratio minimum at 7.0% with an additional buffer of up to 2.5% for a GSIFI. While we are not a GSIFI, the Dodd-Frank Act requires that any bank with assets over $50.0 billion would be subject to additional scrutiny. U.S. regulators have identified such qualifying banks as SIFIs. With $55 billion in assets at September 30, 2011, we are at the lower range of the SIFI group. Although we do not know at this time how much, if any, our required buffer will be, we believe that our current period-end capital ratios are well positioned.

Regulatory Capital

Regulatory capital ratios are the primary metrics used by regulators in assessing the safety and soundness of banks. We intend to maintain both our and the Bank's risk-based capital ratios at levels at which both would be considered Well-capitalized by regulators. The Bank is primarily supervised and regulated by the OCC, which establishes regulatory capital guidelines for banks similar to those established for bank holding companies by the Federal Reserve Board.

Regulatory capital primarily consists of Tier 1 capital and Tier 2 capital. The sum of Tier 1 capital and Tier 2 capital equals our total risk-based capital. The following table reflects changes and activity to the various components utilized in the calculation of our consolidated Tier 1, Tier 2, and total risk-based capital amounts during the first nine-month period of 2011.

Table 40 — Consolidated Regulatory Capital Activity

	Tier 1 Capital					
(dollar amounts in millions)	Common Shareholders' Equity (1)	Preferred Shareholders' Equity	Qualifying Core Capital (2)	Disallowed Goodwill & Intangible assets	Disallowed Other Adjustments (net)	Total Tier 1 Capital
Balance at December 31, 2010	$ 4,815	$ 363	$ 620	$ (607)	$ (169)	$ 5,022
Earnings	416	—	—	—	—	416
Changes to disallowed adjustments	—	—	—	39	(13)	26
Dividends	(75)	—	—	—	—	(75)
Repurchase of TARP Capital warrant	(49)	—	—	—	—	(49)
Repurchase of qualifying trust preferred securities	—	—	(5)	—	—	(5)
Disallowance of deferred tax assets	—	—	—	—	142	142
Other	11	—	—	—	—	11
Balance at September 30, 2011	$ 5,118	$ 363	$ 615	$ (568)	$ (40)	$ 5,488

	Total risk-based capital				
	Qualifying ACL	Qualifying Subordinated Debt	Tier 2 Capital	Tier 1 Capital (from above)	Total risk-based capital
Balance at December 31, 2010	$ 552	$ 711	$ 1,263	$ 5,022	$ 6,285
Change in qualifying subordinated debt	—	(56)	(56)	—	(56)
Change in qualifying ACL	9	—	9	—	9
Changes to Tier 1 Capital (see above)	—	—	—	466	466
Balance at September 30, 2011	$ 561	$ 655	$ 1,216	$ 5,488	$ 6,704

(1) Excludes accumulated other comprehensive income and minority interest.

(2) Includes minority interest.

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

Table 41 — Regulatory Capital Ratios

		2011			2010	
		September 30,	June 30,	March 31,	December 31,	September 30,
Total risk-weighted assets *(in millions)*	Consolidated	**$ 44,376**	$ 44,080	$ 43,024	$ 43,471	$ 42,759
	Bank	**44,242**	43,907	42,750	43,281	42,503
Tier 1 leverage ratio	Consolidated	**10.24%**	10.25%	9.80%	9.41%	10.54%
	Bank	**7.79**	7.62	7.23	6.97	6.85
Tier 1 risk-based capital ratio	Consolidated	**12.37**	12.14	12.04	11.55	12.82
	Bank	**9.40**	9.01	8.87	8.51	8.28
Total risk-based capital ratio	Consolidated	**15.11**	14.89	14.85	14.46	15.08
	Bank	**13.54**	13.17	13.11	12.82	12.69

The increase in our consolidated Tier 1 risk-based capital ratios compared with December 31, 2010 primarily reflected earnings from the first nine-month period of 2011 and a reduction in the disallowed deferred tax asset, partially offset by an increase in risk-weighted assets and the negative impact related to the payment of dividends and the repurchase of the TARP warrants.

At September 30, 2011, our Tier 1 and total risk-based capital in excess of the minimum level required to be considered Well-capitalized were $2.8 billion and $2.3 billion, respectively. The Bank had Tier 1 and total risk-based capital in excess of the minimum level required to be considered Well-capitalized of $1.5 billion and $1.6 billion, respectively, at September 30, 2011.

Other Capital Matters

On October 20, 2011, our board of directors declared a quarterly cash dividend of $0.04 per common share, payable in January 2012. A $0.04 per common share cash dividend was also declared on July 21, 2011. The $0.04 cash dividend per common share represented an increase from a cash dividend of $0.01 per common share that had been declared for several quarters prior to these declarations.

On October 20, 2011, 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 January 17, 2012, to share holders of record on January 1, 2012.

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.

During the 2012 first quarter, we will be participating, for the first time, in the Federal Reserve's Comprehensive Capital Analysis and Review (CCAR). The Federal Reserve will evaluate our capital plan based on our risk profile and the strength of our internal capital assessment process under regulatory capital standards currently applicable and in accordance with our plans to address proposed revisions to the regulatory capital framework as set forth in Basel III and relevant provisions of the Dodd-Frank Act. The Federal Reserve's evaluation will take into consideration any capital distribution plans, such as plans to increase common stock dividends or to reinstate common stock repurchase programs.

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.

Funds Transfer Pricing

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 duration 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 duration 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 vintage-based 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.

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. 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 cross-referral technology.

OCR was introduced in late 2009. To date much of the effort has been spent on defining processes, sales training, and systems development to fully capture and measure OCR performance metrics. This quarter, we are introducing OCR-related metrics for commercial relationships, which complements the previously disclosed consumer OCR-related metrics.

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.

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. Further, in our definition of a checking account household, we only count a product or service once. We believe this is a better metric in that consumer behavior and loyalty are driven more by the variety of products used rather than just the 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 two services is viewed to be more profitable and loyal, even though it has a smaller number of accounts. 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 42 — Consumer Checking Household OCR Cross-sell Report

	2011			2010	
	Third	Second	First	Fourth	Third
Number of households	**1,073,708**	1,042,424	1,015,951	993,272	980,167
Product Penetration by Number of Services					
1 Service	**4.4%**	4.5%	4.9%	5.3%	5.5%
2-3 Services	**22.8**	24.2	24.6	25.3	26.0
4+ Services	**72.8**	71.3	70.5	69.4	68.5
Total revenue *(in millions)*	**$ 251.9**	$ 260.0	$ 248.6	$ 240.3	$ 239.6

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 more recently the launch of Asterisk-Free Checking™, are having a positive effect. The percent of consumer households with over four products at the end of the 2011 third quarter was 72.8%, up from 69.4% at the end of last year. For the first nine-month period of 2011, consumer checking account households grew at a 10.8% annualized rate, up from an annualized 6.8% in 2010. Total consumer checking account household revenue in the 2011 third quarter was $251.9 million, down $8.1 million, or 3%, from the 2011 second quarter. This was primarily driven by a decline in the FTP related net interest income on average deposits and lower average balances of core certificates of deposit. Total consumer checking account household revenue was up $12.3 million, or 5%, from the year-ago quarter.

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.

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.

The following table presents commercial relationship OCR metrics:

Table 43 — Commercial Relationship OCR Cross-sell Report

	2011			2010	
	Third	Second	First	Fourth	Third
Commercial Relationships	**135,826**	133,165	130,240	127,596	126,569
Product Penetration by Number of Services					
1 Service	**29.7%**	30.7%	32.1%	32.9%	33.8%
2-3 Services	**41.1**	42.6	42.5	42.9	43.1
4+ Services	**29.2**	26.7	25.4	24.2	23.1
Total revenue *(in millions)*	**$ 175.5**	$ 166.6	$ 157.7	$ 160.8	$ 151.9

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 with over four products at the end of the 2011 third quarter was 29.2%, up from 24.2% at the end of last year. For the first nine-month period of 2011, commercial relationships grew at a 8.6% annualized rate. Total commercial relationship revenue in the 2011 third quarter was $175.5 million, up $8.9 million, or 5%, from the 2011 second quarter, and $23.6 million, or 16%, higher than the year-ago quarter.

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.

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. 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 $415.8 million during the first nine-month period of 2011. This compared with net income of $189.4 million during the first nine-month period of 2010. The segregation of net income by business segment for the first nine-month period of 2011 and 2010 is presented in the following table:

Table 44 — Net Income by Business Segment

	Nine Months Ended September 30,	
(dollar amounts in thousands)	**2011**	2010
Retail and Business Banking	**$ 139,245**	$ 76,393
Regional and Commercial Banking	**69,744**	41,138
AFCRE	**151,968**	(7,060)
WGH	**18,115**	38,764
Treasury/Other	**36,683**	40,212
Total net income	**$ 415,755**	$ 189,447

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 2011, is presented in the following table:

Table 45 — Average Loans/Leases and Deposits by Business Segment

	Nine Months Ended September 30, 2011					
(dollar amounts in millions)	Retail and Business Banking	Regional and Commercial Banking	AFCRE	WGH	Treasury / Other	TOTAL
Average Loans/Leases						
Commercial and industrial	$ 3,039	$ 7,763	$ 1,739	$ 765	$ 81	$ 13,387
Commercial real estate	442	347	5,325	174	—	6,288
Total commercial	3,481	8,110	7,064	939	81	19,675
Automobile	—	—	5,957	—	1	5,958
Home equity	7,043	12	1	791	22	7,869
Residential mortgage	1,032	5	—	3,566	4	4,607
Other consumer	397	5	128	42	(33)	539
Total consumer	8,472	22	6,086	4,399	(6)	18,973
Total loans and leases	$ 11,953	$ 8,132	$ 13,150	$ 5,338	$ 75	$ 38,648
Average Deposits						
Demand deposits — noninterest-bearing	$ 3,748	$ 2,059	$ 421	$ 1,565	$ 165	$ 7,958
Demand deposits — interest-bearing	4,459	94	44	897	5	5,499
Money market deposits	7,923	1,273	248	3,784	2	13,230
Savings and other domestic deposits	4,579	13	13	140	(1)	4,744
Core certificates of deposit	7,835	28	3	146	5	8,017
Total core deposits	28,544	3,467	729	6,532	176	39,448
Other deposits	190	217	53	1,171	655	2,286
Total deposits	$ 28,734	$ 3,684	$ 782	$ 7,703	$ 831	$ 41,734

Retail and Business Banking

Table 46 — Key Performance Indicators for Retail and Business Banking

(dollar amounts in thousands unless otherwise noted)	Nine Months Ended September 30, 2011	2010	Change Amount	Percent
Net interest income	**$ 702,666**	$ 637,863	$ 64,803	10%
Provision for credit losses	**94,825**	150,320	(55,495)	(37)
Noninterest income	**311,598**	300,444	11,154	4
Noninterest expense	**705,216**	670,458	34,758	5
Provision for income taxes	**74,978**	41,136	33,842	82
Net income	**$ 139,245**	$ 76,393	$ 62,852	82%
Number of employees (full-time equivalent)	**5,649**	5,421	228	4%
Total average assets *(in millions)*	**$ 13,345**	$ 13,165	$ 180	1
Total average loans/leases *(in millions)*	**11,953**	11,801	152	1
Total average deposits *(in millions)*	**28,734**	28,615	119	—
Net interest margin	**3.25%**	2.96%	0.29	10
NCOs	**$ 125,360**	$ 239,083	$ (113,723)	(48)
NCOs as a % of average loans and leases	**1.40%**	2.70%	(1.30)	(48)
Return on average common equity	**13.1**	7.1	6.0	85

eop — End of Period.

2011 First Nine Months vs. 2010 First Nine Months

Retail and Business Banking reported net income of $139.2 million for the first nine-month period of 2011. This was an increase of $62.9 million, or 82%, compared with the year-ago period.

Results for the current year continued to be positively impacted by an increase in the number of households and improved product penetration, along with loan and deposit balance growth, plus deposit spread management. The household and relationship growth for both consumer and small business customers has come from an increase in direct mail and media, plus improvements in sales execution. The retail deposit strategy is focused on increased checking balances and improved deposit margin on the remaining deposit portfolio through reductions in CD balances and increased money market and savings balances. This strategy has improved deposit spreads by 27 basis points when compared to the year-ago period. Provision for credit losses for the first nine-month period was lower than the year-ago period as loan credit quality benefitted from aggressive account management and disciplined centralized underwriting both in consumer and small business. Finally, loan balances are up 1% over the year-ago period even though $187 million of SBA loans were sold during 2011. The loan portfolio has also had a 10 basis point improvement in the portfolio spread.

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

- $64.8 million, or 10%, increase in net interest income.
- $55.5 million, or 37%, decline in the provision of credit losses.

Partially offset by:

- $34.8 million, or 5%, increase in noninterest expense.

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

- $0.2 billion, or 1%, increase in total average loans and leases.
- 27 basis point increase in our deposit spread.

Partially offset by:

- $9.9 million of lower equity funding related to lower rate environment.

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

- $266 million, or 4%, increase in the consumer portfolio.
- $102 million, or 3%, increase in our C&I (Business Banking) portfolio.

Partially offset by:

- $149 million, or 13%, decrease in the residential portfolio reflecting the continued strategy of originating residential real estate for sale and not to hold in the portfolio.
- $143 million increase in sales of SBA loans involving $13.7 million in additional gains.
- $95 million, or 18%, decrease in the CRE portfolio reflecting our commitment to reduce exposure to CRE loans.

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

- $0.6 billion, or 8%, increase in money market deposits.
- $0.5 billion, or 16%, increase in noninterest-bearing demand deposits.
- $0.3 billion, or 7%, increase in interest-bearing demand deposits.

Partially offset by:

- $1.3 billion, or 15% decrease in core certificates of deposit.

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

- $92.2 million, or 49%, decrease in consumer NCOs and a $21.6 million, or 42%, decrease in commercial NCOs. Expressed as an annualized percentage of related average balance, total NCOs decreased to 1.40% in the first nine-month period of 2011 from 2.70% in the year-ago period. The overall decline in NCOs was the result of improved credit quality of the portfolio.

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

- $24.9 million, or 122%, increase in other income, which is primarily related to gains on sale of SBA loans and loan fees.
- $11.7 million, or 15%, increase in electronic banking income, which reflected higher activation rates on new and existing cards coupled with higher transaction volumes.
- $2.5 million, or 6%, increase in fee sharing income due to an increase in brokerage income driven by increased sales in structured investment products.

Partially offset by:

- $28.5 million, or 17%, decrease in deposit service charge income due to an amendment to Reg E relating to certain overdraft fees and the launch of Huntington's 24-Hour Grace® feature on all consumer checking accounts in September 2010.

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

- $20.0 million, or 10%, increase in personnel costs, which represent a 4% increase in full-time equivalent employees in support of strategic initiatives, such as the introduction of the in-store branches during the 2010 fourth quarter and the first nine-month period of 2011, as well as expanded Saturday hours in traditional branches.
- $6.7 million, or 2%, increase in other expenses, primarily due to a $4.0 million increase in services expense related to the increase in debit card processes and conversion expenses, $3.7 million increase in Building and Equipment associated with the rebrand and refurbishment effort of the branch and ATM network, and a $3.3 million increase in FDIC expense due to higher balances. This was offset by a $2.9 million decrease in OREO loss expenses.
- $8.1 million, or 20%, increase in marketing expenses, which primarily reflected a greater focus on direct mail and advertising. Our brand advertising did not start until June 2010; therefore 2011 is a more normalized run rate.

Regional and Commercial Banking

Table 47 — Key Performance Indicators for Regional and Commercial Banking

	Nine Months Ended September 30,		Change	
(dollar amounts in thousands unless otherwise noted)	**2011**	2010	Amount	Percent
Net interest income	**$ 178,787**	$ 155,686	$ 23,101	15%
Provision for credit losses	**23,957**	57,607	(33,650)	(58)
Noninterest income	**94,657**	80,667	13,990	17
Noninterest expense	**142,189**	115,457	26,732	23
Provision for income taxes	**37,554**	22,151	15,403	70
Net income	**$ 69,744**	$ 41,138	$ 28,606	70%
Number of employees (full-time equivalent)	**662**	516	146	28%
Total average assets *(in millions)*	**$ 9,062**	$ 8,127	$ 935	12
Total average loans/leases *(in millions)*	**8,132**	7,333	799	11
Total average deposits *(in millions)*	**3,684**	3,074	610	20
Net interest margin	**2.95%**	2.83%	0.12	4
NCOs	**$ 38,619**	$ 28,415	$ 10,204	36
NCOs as a % of average loans and leases	**0.63%**	0.52%	0.11	21
Return on average common equity	**13.2**	8.2	5.0	61

2011 First Nine Months vs. 2010 First Nine Months

Regional and Commercial Banking reported net income of $69.7 million for the first nine-month period of 2011. This was an increase of $28.6 million, or 70%, compared with the year-ago period.

Contributing to the increase in net income was growth in both net interest income and noninterest income due to the successful execution of our strategic initiatives. In addition, current year results continue to reflect significant improvement in provision for credit losses, resulting from the proactive treatment of problem credits and an improved credit environment.

Significant investments have been made in our sales process, which entails robust customer relationship planning, as well as a renewed investment in technology, including a referral tracking system and new customer relationship management system. These investments have resulted in a 28% increase in loan originations in the first nine-month period of 2011 compared to the year-ago period. 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:

- $23.1 million, or 15%, increase in net interest income.
- $14.0 million, or 17%, increase in noninterest income.
- $33.7 million, or 58%, decline in the provision of credit losses.

Partially offset by:

- $26.7 million, or 23%, increase in noninterest expense, due to our strategic initiatives investments.

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

- $0.8 billion, or 11%, increase in total average loans and leases.
- $0.7 billion, or 24%, increase in average core deposits.
- 12 basis point increase in the net interest margin due to a 46 basis point increase in the commercial loan spread. The commercial loan spread increase reflected lower cost of funds on our renewals. In addition, as the liquidity position of the Bank improved in 2010, the liquidity premium was lowered for new and renewed loans.

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

- $0.4 billion, or 10%, increase in the core middle market loan portfolio average balance. The majority of this growth was due to marketing efforts and community development within our Michigan and Cleveland markets.
- $0.4 billion, or 62%, increase in the large corporate portfolio average balance due to establishing relationships with targeted prospects within our footprint.
- $0.2 billion, or 20%, 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.

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

- $0.7 billion, or 24%, increase in average core deposits reflected a $0.5 billion increase in average money market deposits.
- Strategic initiatives to deepen customer relationships, new and innovative product offerings, pricing discipline, and sales and retention initiatives.
- Targeted money market promotions and sales campaigns for loans and other products. They served as an effective “door opener” to drive success in ultimately obtaining operating accounts supported with treasury management solutions to promote customer retention.
- Best practices from each region were shared and institutionalized.
- A money desk was created to assist commercial bankers with tailored solutions for customers having large dollar depository needs. This additional support and expertise provided additional value and helped our bankers win relationships and encouraged their expanded prospecting efforts.

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

- Improved credit quality of the portfolio.

Partially offset by:

- $10.2 million increase in NCOs. Expressed as a percentage of related average balance, NCOs increased to 0.63% in the first nine-month period of 2011 from 0.52% in the year-ago period. The increase in NCOs was the result of proactive treatment of problem credits in the portfolio.

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

- $13.7 million, or 35%, increase in other income resulting primarily from increased sales of customer interest rate derivatives.
- $4.4 million, or 216%, increase in brokerage income primarily due to the transfer of our institutional sales business to our business segment from WGH during the nine-month period of 2011.
- $3.4 million, or 85%, increase in capital markets income resulting from strategic investments made over the last year in these types of products and services.

Partially offset by:

- $2.1 million, or 6%, decrease in deposit service charge income resulting primarily from completed strategic exits.
- $1.9 million, or 46%, 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:

- $22.0 million, or 48%, increase in personnel costs, which represent a 28% increase in FTE employees. This increase in personnel is attributable to our strategic investments in our core footprint markets, vertical strategies, and product capabilities.
- $6.1 million, or 9%, increase in other expenses, which reflect expanded marketing efforts and community development.

Partially offset by:

- $1.4 million, or 42%, decrease in operating lease expense.

Automobile Finance and Commercial Real Estate

Table 48 — Key Performance Indicators for Automobile Finance and Commercial Real Estate

	Nine Months Ended September 30,		Change	
(dollar amounts in thousands unless otherwise noted)	**2011**	2010	Amount	Percent
Net interest income	**$ 271,510**	$ 247,319	$ 24,191	10%
Provision for credit losses	**(30,050)**	202,440	(232,490)	115
Noninterest income	**57,886**	58,625	(739)	(1)
Noninterest expense	**125,649**	114,366	11,283	10
Provision (benefit) for income taxes	**81,829**	(3,802)	85,631	N.R.
Net income (loss)	**$ 151,968**	$ (7,060)	$ 159,028	N.R.%
Number of employees (full-time equivalent)	**273**	267	6	2%
Total average assets *(in millions)*	**$ 13,157**	$ 12,803	$ 354	3
Total average loans/leases *(in millions)*	**13,150**	12,931	219	2
Total average deposits *(in millions)*	**782**	673	109	16
Net interest margin	**2.70%**	2.50%	0.20	8
NCOs	**$ 124,877**	$ 291,565	$ (166,688)	(57)
NCOs as a % of average loans and leases	**1.27%**	3.01%	(1.74)	(58)
Return on average common equity	**29.3**	(1.1)	30.4	N.R.

N.R. — Not relevant, as denominator of calculation is a loss in prior period compared with income in current period.

2011 First Nine Months vs. 2010 First Nine Months

AFCRE reported net income of $152.0 million for the first nine-month period of 2011. This was an increase of $159.0 million compared with the year-ago period.

Results for the current year continued to be significantly and positively impacted by lower provisions for credit losses due to reductions in required reserve levels as the underlying credit quality of the portfolios continued to improve and / or stabilize. This was in contrast to the year-ago period, which included higher provisions for credit losses in order to increase reserves due to economic and CRE-related weaknesses in our markets. Also contributing to the increase in net income was growth in net interest income. This primarily reflected the benefit of a higher net interest margin due to improved risk-based pricing. Growth in average total loans and leases reflected the positive impact of an increase in auto finance loan production, which is on pace to exceed the record production levels reached in 2010, partially offset by the planned continued reduction in our CRE exposure.

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

- $24.2 million, or 10%, increase in net interest income.
- $232.5 million, or 115%, decline in the provision of credit losses.

Partially offset by:

- $11.3 million, or 10%, increase in noninterest expense.

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

- 20 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 as well as new business originated.
- $0.2 billion, or 2%, increase in total average loans and leases.

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

- $1.3 billion, or 27%, increase in the average consumer automobile portfolio. This increase resulted from continued strong origination levels. Total production for the first nine months of 2011 was $2.8 billion compared to $2.6 billion for the year-ago period. Contributing to this increase was the positive impact of our expansion into eastern Pennsylvania and New England.

Partially offset by:

- $1.0 billion, or 13%, decrease in our average commercial portfolio. This decrease primarily reflected a $1.1 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.

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

- $92 million, or 14%, increase in average core deposits reflecting our commitment to strengthening relationships with core customers and prospects as well as new commercial automobile dealer relationships developed in 2010 and 2011.

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

- $157.3 million, or 58%, decrease in commercial NCOs. Expressed as a percentage of related average balances, commercial NCO's decreased to 1.27% in the first nine months of 2011 from 3.01% in the year-ago period.
- $8.7 million, or 45%, decrease in indirect automobile-related NCOs. As a percentage of related average balances, indirect automobile-related NCO's were 0.24% in the first nine months of 2011 compared to 0.56% in the year-ago period. This decrease reflected our consistent focus on high credit quality of originations combined with a very strong resale market for used vehicles.
- A reduction in required reserve levels, primarily due to lower levels of commercial NALs which totaled $255 million at September 30, 2011, down 50% compared to September 30, 2010.

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

- $13.5 million, or 38%, 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:

- $12.4 million, or 59%, increase in other income which reflected a $15.5 million gain on securitization and sale of $1.0 billion of indirect auto loans, partially offset by a $3.1 million decrease in net gains resulting from valuation adjustments of certain loans and associated notes payable that are recorded at fair value.

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

- $19.0 million, or 28%, increase in other expenses, primarily reflecting a $15.8 million increase in allocated costs associated with higher production and other activity levels. In addition, other expense in the year-ago period was reduced by $3.7 million of OREO-related gains. There were no comparable OREO gains in the current nine-month period.
- $4.6 million, or 26%, increase in personnel costs, which primarily related to higher origination related activities, including automobile lending market expansion and additions to the CRE team to support our core CRE customers.

Partially offset by:

- $12.2 million, or 42%, decrease in operating lease expense resulting from the continued runoff of that portfolio.

Wealth Advisors, Government Finance, and Home Lending

Table 49 — Key Performance Indicators for Wealth Advisors, Government Finance, and Home Lending

	Nine Months Ended September 30,		Change	
(dollar amounts in thousands unless otherwise noted)	**2011**	2010	Amount	Percent
Net interest income	**$ 145,614**	$ 120,511	$ 25,103	21%
Provision for credit losses	**40,036**	45,700	(5,664)	(12)
Noninterest income	**187,443**	246,704	(59,261)	(24)
Noninterest expense	**265,151**	261,876	3,275	1
Provision for income taxes	**9,755**	20,875	(11,120)	(53)
Net income	**$ 18,115**	$ 38,764	$ (20,649)	(53)%
Number of employees (full-time equivalent)	**2,041**	2,223	(182)	(8)%
Total average assets *(in millions)*	**$ 6,633**	$ 6,161	$ 472	8
Total average loans/leases *(in millions)*	**5,338**	4,752	586	12
Total average deposits *(in millions)*	**7,703**	6,874	829	12
Net interest margin	**2.17%**	2.22%	(0.05)	(2)
NCOs	**$ 48,002**	$ 51,789	$ (3,787)	(7)
NCOs as a % of average loans and leases	**1.20%**	1.45%	(0.25)	(17)
Return on average common equity	**3.6**	8.7	(5.1)	(59)
Mortgage banking origination volume (in millions)	**$ 2,797**	$ 3,649	$ (852)	(23)
Noninterest income shared with other business segments(1)	**$ 31,295**	$ 31,363	$ (68)	—
Total assets under management *(in billions) — eop*	**14.4**	13.6	0.8	6
Total trust assets *(in billions) — eop*	**58.6**	58.9	(0.3)	(1)

(1) Amount is not included in noninterest income reported above.

eop — End of Period.

2011 First Nine Months vs. 2010 First Nine Months

WGH reported net income of $18.1 million for the first nine-month period of 2011. This was a decrease of $20.7 million, or 53%, compared with the year-ago period.

Results for the current year were impacted by a decrease in mortgage banking revenue which reflected a decline in originations and the impact of net MSR activity. The other businesses within the WGH segment experienced significant growth, with increased revenues for the nine-month period in 2011 when compared to the year-ago period. As a result of improved credit quality in the portfolio, NCO activity has decreased in 2011 when compared to the same period in 2010. A focus on structured investment sales increased brokerage commissions and, despite market value declines in assets under management in the third quarter of 2011, trust income increased in the first nine-month period of 2011 when compared to the year-ago period.

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

- $59.3 million, or 24%, decrease in noninterest income.

Partially offset by:

- $25.1 million, or 21%, increase in net interest income.
- $5.7 million, or 12%, decrease in the provision for credit losses.

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

- $0.6 billion, or 12%, increase in average total loans and leases.
- $0.8 billion, or 12%, increase in average total deposits.

Partially offset by:

- 5 basis point decrease in the net interest margin.

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

- $0.5 billion, or 15%, increase in the residential mortgage portfolio driven by historically low interest rates.

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

- $0.9 billion, or 30%, increase in money market deposits.

Partially offset by:

- $0.4 billion, or 32%, decrease in interest-bearing demand deposits.

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

- $3.8 million, or 7%, decrease in NCOs. Expressed as an annualized percentage of related average balance, NCOs decreased to 1.20% in the first nine-month period of 2011 from 1.45% in the year-ago period. The overall decline in NCOs was the result of improved credit quality of the portfolio.

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

- $64.6 million, or 60%, decrease in mortgage banking income due primarily to a $46.2 million decline in the net impact of MSR hedging.
- $1.7 million, or 19%, decrease in insurance-related income which reflected lower sales of wealth transfer products in 2011.

Partially offset by:

- $7.4 million, or 9%, increase in trust service income reflecting a $0.8 billion increase in assets under management and growth in new accounts.
- $2.9 million, or 9%, increase in brokerage income. Brokerage commissions increased $8.3 million, or 18%. The increase in retail brokerage commissions reflected improved sales of structured investment products. Institutional brokerage was transferred to the Commercial segment and the amount reported in WGH declined by $3.0 million. The first nine-month period of 2011 also included $2.4 million of higher commissions shared with other segments.

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

- $8.1 million, or 6%, increase in personnel costs, which reflected higher benefit-related expenses as well as higher sales commissions.

Partially offset by:

- $4.8 million, or 4%, decrease in other expenses, which reflected primarily lower expenses allocated from other segments.

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 the collateral could prove less valuable than otherwise assumed and assumed cash flows may be worse than expected; (2) changes in economic conditions; (3) movements in interest rates; (4) competitive pressures on product pricing and services; (5) success, 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, and timing of governmental actions and reforms, including the Dodd-Frank Act, as well as future regulations which will be adopted by the relevant regulatory agencies, including the CFPB, to implement the Dodd-Frank Act's provisions; 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 2010 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.

Risk Factors

Information on risk is discussed in the Risk Factors section included in Item 1A of our 2010 Form 10-K. Additional information regarding risk factors can also be found in the Risk Management and Capital discussion of this report.

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 2010 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, fair value measurements, and income taxes and deferred tax assets. These significant accounting estimates and their related application are discussed in our 2010 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 the 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”.

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.

Recent Accounting Pronouncements and Developments

Note 2 to the Unaudited Condensed Consolidated Financial Statements discusses new accounting pronouncements adopted during 2011 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.

Franklin-Related Impacts

NCOS

The following table reflects the Franklin-related impact to NCOs for the first nine-month periods of 2011 and 2010:

Table 50 — Year to Date Net Charge-off Analysis — Franklin-Related Impact

	Nine Months Ended September 30,	
(dollar amounts in millions)	**2011**	2010
Total home equity net charge-offs (recoveries):		
Franklin	**$ —**	$ 20.7
Non-Franklin	**78.4**	89.5
Total	**$ 78.4**	$ 110.2
Total home equity net charge-offs — annualized percentages:		
Total	**1.33%**	1.95%
Non-Franklin	**1.33**	1.59
Total residential mortgage net charge-offs (recoveries):		
Franklin	**$ (2.5)**	$ 75.7
Non-Franklin	**49.4**	50.4
Total	**$ 46.9**	$ 126.1
Total residential mortgage net charge-offs — annualized percentages:		
Total	**1.36%**	3.74%
Non-Franklin	**1.43**	1.58
Total consumer net charge-offs (recoveries):		
Franklin	**$ (2.5)**	$ 96.6
Non-Franklin	**157.2**	179.1
Total	**$ 154.7**	$ 275.7
Total consumer net charge-offs — annualized percentages:		
Total	**1.09%**	2.11%
Non-Franklin	**1.11**	1.39
Total net charge-offs (recoveries):		
Franklin	**$ (2.5)**	$ 91.5
Non-Franklin	**355.7**	610.7
Total	**$ 353.2**	$ 702.2
Total net charge-offs — annualized percentages:		
Total	**1.22%**	2.52%
Non-Franklin	**1.23**	2.21

Item 1: Financial Statements

Huntington Bancshares Incorporated

Condensed Consolidated Balance Sheets
(Unaudited)

(dollar amounts in thousands, except number of shares)	**2011** **September 30,**	2010 December 31,	2010 September 30,
Assets			
Cash and due from banks	**$ 2,190,276**	$ 847,888	$ 1,139,226
Interest-bearing deposits in banks	**105,454**	135,038	274,240
Trading account securities	**85,711**	185,404	138,677
Loans held for sale (includes $331,883, $754,117 and $699,001 respectively, measured at fair value) (1)	**334,606**	793,285	744,439
Available-for-sale and other securities	**8,713,530**	9,895,244	9,723,558
Held-to-maturity securities	**658,250**	—	—
Loans and leases (includes $344,529, $522,717 and $590,223 respectively, measured at fair value) (2)	**39,011,894**	38,106,507	37,500,587
Allowance for loan and lease losses	**(1,019,710)**	(1,249,008)	(1,336,352)
Net loans and leases	**37,992,184**	36,857,499	36,164,235
Bank owned life insurance	**1,494,251**	1,458,224	1,450,335
Premises and equipment	**543,324**	491,602	489,349
Goodwill	**444,268**	444,268	444,268
Other intangible assets	**188,477**	228,620	243,666
Accrued income and other assets	**2,228,376**	2,482,570	2,434,783
Total assets	**$ 54,978,707**	$ 53,819,642	$ 53,246,776
Liabilities and shareholders' equity			
Liabilities			
Deposits	**$ 43,219,727**	$ 41,853,898	$ 41,072,371
Short-term borrowings	**2,224,986**	2,040,732	1,859,134
Federal Home Loan Bank advances	**14,157**	172,519	23,643
Other long-term debt (includes $173,045, $356,089 and $422,294 respectively, measured at fair value) (2)	**1,421,518**	2,144,092	2,393,071
Subordinated notes	**1,537,293**	1,497,216	1,202,568
Accrued expenses and other liabilities	**1,160,547**	1,130,643	1,128,586
Total liabilities	**49,578,228**	48,839,100	47,679,373
Shareholders' equity			
Preferred stock — authorized 6,617,808 shares;			
5.00% Series B Non-voting, Cumulative Preferred Stock, par value of $0.01 and liquidation value per share of $1,000	**—**	—	1,337,749
8.50% Series A Non-cumulative Perpetual Convertible Preferred Stock, par value of $0.01 and liquidation value per share of $1,000	**362,507**	362,507	362,507
Common stock	**8,652**	8,642	7,180
Capital surplus	**7,594,090**	7,630,093	6,743,724
Less treasury shares, at cost	**(10,161)**	(8,771)	(8,969)
Accumulated other comprehensive loss	**(80,404)**	(197,496)	(28,396)
Retained (deficit) earnings	**(2,474,205)**	(2,814,433)	(2,846,392)
Total shareholders' equity	**5,400,479**	4,980,542	5,567,403
Total liabilities and shareholders' equity	**$ 54,978,707**	$ 53,819,642	$ 53,246,776
Common shares authorized (par value of $0.01)	**1,500,000,000**	1,500,000,000	1,500,000,000
Common shares issued	**865,204,511**	864,195,369	718,015,276
Common shares outstanding	**864,074,883**	863,319,435	717,132,197
Treasury shares outstanding	**1,129,628**	875,934	883,079
Preferred shares issued	**1,967,071**	1,967,071	1,967,071
Preferred shares outstanding	**362,507**	362,507	1,760,578

(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

Huntington Bancshares Incorporated

Condensed Consolidated Statements of Income
(Unaudited)

(dollar amounts in thousands, except per share amounts)	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Interest and fee income				
Loans and leases				
Taxable	**$ 430,032**	$ 458,792	**$ 1,292,259**	$ 1,405,181
Tax-exempt	**2,756**	1,806	**8,487**	3,821
Available-for-sale and other securities				
Taxable	**47,947**	61,438	**160,201**	180,039
Tax-exempt	**2,321**	2,725	**7,517**	8,675
Held-to-maturity securities — taxable	**5,059**	—	**6,346**	—
Other	**2,881**	9,908	**10,200**	19,385
Total interest income	**490,996**	534,669	**1,485,010**	1,617,101
Interest expense				
Deposits	**64,985**	103,380	**209,085**	346,504
Short-term borrowings	**932**	945	**2,737**	1,936
Federal Home Loan Bank advances	**234**	601	**669**	2,848
Subordinated notes and other long-term debt	**18,367**	19,781	**58,374**	62,302
Total interest expense	**84,518**	124,707	**270,865**	413,590
Net interest income	**406,478**	409,962	**1,214,145**	1,203,511
Provision for credit losses	**43,586**	119,160	**128,768**	547,574
Net interest income after provision for credit losses	**362,892**	290,802	**1,085,377**	655,937
Service charges on deposit accounts	**65,184**	65,932	**180,183**	211,205
Mortgage banking income	**12,791**	52,045	**59,310**	122,613
Trust services income	**29,473**	26,997	**90,607**	83,161
Electronic banking income	**32,714**	28,090	**93,228**	81,334
Insurance income	**17,220**	19,801	**51,564**	56,735
Brokerage income	**20,349**	16,575	**61,679**	51,901
Bank owned life insurance income	**15,644**	14,091	**48,065**	44,953
Automobile operating lease income	**5,890**	11,356	**22,044**	35,501
Net gains on sales of investment securities	**14**	2,421	**5,908**	11,831
Impairment losses on investment securities:				
Impairment recoveries (losses) on investment securities	**(5,726)**	27,775	**5,368**	24,568
Noncredit-related (recoveries) losses on securities not expected to be sold (recognized in other comprehensive income)	**4,362**	(30,492)	**(11,079)**	(36,570)
Net impairment losses on investment securities	**(1,364)**	(2,717)	**(5,711)**	(12,002)
Other income	**60,644**	32,552	**144,394**	90,406
Total noninterest income	**258,559**	267,143	**751,271**	777,638
Personnel costs	**226,835**	208,272	**664,433**	586,789
Outside data processing and other services	**49,602**	38,553	**133,773**	118,305
Net occupancy	**26,967**	26,718	**82,288**	81,192
Deposit and other insurance expense	**17,492**	23,406	**59,211**	74,228
Professional services	**20,281**	20,672	**53,826**	67,757
Equipment	**22,262**	21,651	**66,660**	63,860
Marketing	**22,251**	20,921	**59,248**	49,756
Amortization of intangibles	**13,387**	15,145	**40,143**	45,432
OREO and foreclosure expense	**4,668**	12,047	**12,997**	28,547
Automobile operating lease expense	**4,386**	9,159	**16,656**	28,892
Other expense	**30,987**	30,765	**108,991**	94,455
Total noninterest expense	**439,118**	427,309	**1,298,226**	1,239,213
Income before income taxes	**182,333**	130,636	**538,422**	194,362
Provision for income taxes	**38,942**	29,690	**122,667**	4,915
Net income	**143,391**	100,946	**415,755**	189,447
Dividends on preferred shares	**7,703**	29,495	**23,110**	88,278
Net income applicable to common shares	**$ 135,688**	$ 71,451	**$ 392,645**	$ 101,169
Average common shares — basic	**863,911**	716,911	**863,542**	716,604
Average common shares — diluted	**867,633**	719,567	**867,446**	719,182
Per common share:				
Net income — basic	**$ 0.16**	$ 0.10	**$ 0.45**	$ 0.14
Net income — diluted	**0.16**	0.10	**0.45**	0.14
Cash dividends declared	**0.04**	0.01	**0.06**	0.03

See Notes to Unaudited Condensed Consolidated Financial Statements

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Huntington Bancshares Incorporated

Condensed Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)

(All amounts in thousands, except for per share amounts)	Preferred Stock Series B Shares	Preferred Stock Series B Amount	Preferred Stock Series A Shares	Preferred Stock Series A Amount	Common Stock Shares	Common Stock Amount	Capital Surplus	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Loss	Retained Earnings (Deficit)	Total
Nine Months Ended September 30, 2010												
Balance, beginning of period	1,398	$1,325,008	363	$362,507	716,741	$ 7,167	$6,731,796	(980)	$(11,465)	$ (156,985)	$(2,922,026)	$5,336,002
Cumulative effect of change in accounting principle for consolidation of variable interest entities, net of tax of $3,980										(4,249)	(3,462)	(7,711)
Balance, beginning of period — as adjusted	1,398	$1,325,008	363	$362,507	716,741	$ 7,167	$6,731,796	(980)	$(11,465)	(161,234)	$(2,925,488)	$5,328,291
Comprehensive Income:												
Net income											189,447	189,447
Noncredit-related impairment recoveries (losses) on debt securities not expected to be sold										23,771		23,771
Unrealized net gains (losses) on available-for-sale and other securities arising during the period, net of reclassification for net realized gains										88,428		88,428
Unrealized gains (losses) on cash flow hedging derivatives										17,141		17,141
Change in accumulated unrealized losses for pension and other post- retirement obligations										3,498		3,498
Total comprehensive income												322,285
Issuance of common stock					537	5	2,264					2,269
Preferred Series B stock discount accretion		12,741									(12,741)	—
Cash dividends declared:												
Common ($0.03 per share)											(21,505)	(21,505)
Preferred Series B ($37.50 per share)											(52,427)	(52,427)
Preferred Series A ($63.75 per share)											(23,110)	(23,110)
Recognition of the fair value of share-based compensation						3	11,410					11,413
Other share-based compensation activity					737	5	457				(525)	(63)
Other							(2,203)	97	2,496		(43)	250
Balance, end of period	1,398	$1,337,749	363	$362,507	718,015	$ 7,180	$6,743,724	(883)	$ (8,969)	$ (28,396)	$(2,846,392)	$5,567,403
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
Comprehensive Income:												
Net income											415,755	415,755
Noncredit-related impairment recoveries (losses) on debt securities not expected to be sold										7,201		7,201
Unrealized net gains (losses) on available-for-sale and other securities arising during the period, net of reclassification for net realized gains										85,906		85,906
Unrealized gains (losses) on cash flow hedging derivatives										16,183		16,183
Change in accumulated unrealized losses for pension and other post- retirement obligations										7,802		7,802
Total comprehensive income												532,847
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

See Notes to Unaudited Condensed Consolidated Financial Statements

Huntington Bancshares Incorporated

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended September 30,	
(dollar amounts in thousands)	**2011**	2010
Operating activities		
Net income	**$ 415,755**	$ 189,447
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	**128,768**	547,574
Depreciation and amortization	**213,084**	209,070
Change in current and deferred income taxes	**54,280**	175,715
Net sales (purchases) of trading account securities	**99,693**	(55,020)
Originations of loans held for sale	**(1,697,186)**	(2,468,265)
Principal payments on and proceeds from loans held for sale	**2,121,284**	2,213,303
Securities (gains) losses	**(197)**	171
Other, net	**51,233**	54,121
Net cash provided by (used for) operating activities	**1,386,714**	866,116
Investing activities		
Increase (decrease) in interest bearing deposits in banks	**45,052**	22,754
Proceeds from:		
Maturities and calls of available-for-sale and other securities	**1,596,552**	2,639,403
Maturities of held-to-maturity securities	**14,238**	—
Sales of available-for-sale and other securities	**2,804,769**	3,120,777
Purchases of available-for-sale and other securities	**(3,578,931)**	(6,610,248)
Purchases of held-to-maturity securities	**(204,188)**	—
Net proceeds from sales of loans	**1,493,056**	685,592
Net loan and lease activity, excluding sales	**(2,725,678)**	(1,744,418)
Proceeds from sale of operating lease assets	**50,461**	17,585
Purchases of premises and equipment	**(102,431)**	(45,951)
Proceeds from sales of other real estate	**48,901**	78,073
Other, net	**(59,763)**	1,917
Net cash provided by (used for) investing activities	**(617,962)**	(1,834,516)
Financing activities		
Increase (decrease) in deposits	**1,358,146**	563,474
Increase (decrease) in short-term borrowings	**193,901**	893,501
Maturity/redemption of subordinated notes	**(5,000)**	(83,870)
Proceeds from Federal Home Loan Bank advances	**200,000**	450,000
Maturity/redemption of Federal Home Loan Bank advances	**(358,509)**	(595,536)
Maturity/redemption of long-term debt	**(714,942)**	(544,250)
Repurchase of Warrant to the Treasury	**(49,100)**	—
Dividends paid on preferred stock	**(23,110)**	(75,537)
Dividends paid on common stock	**(27,042)**	(21,437)
Other, net	**(708)**	(63)
Net cash provided by (used for) financing activities	**573,636**	586,282
Increase (decrease) in cash and cash equivalents	**1,342,388**	(382,118)
Cash and cash equivalents at beginning of period	**847,888**	1,521,344
Cash and cash equivalents at end of period	**$ 2,190,276**	$ 1,139,226
Supplemental disclosures:		
Income taxes paid (refunded)	**$ 68,366**	$ (148,518)
Interest paid	**276,915**	435,272
Non-cash activities		
Dividends accrued, paid in subsequent quarter	**40,742**	23,373

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 2010 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

Accounting Standards Update (ASU) 2010-6 — Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements. The ASU amends Subtopic 820-10 with new disclosure requirements and clarification of existing disclosure requirements. New disclosures include the amount of significant transfers in and out of levels 1 and 2 fair value measurements and the reasons for the transfers. In addition, the reconciliation for level 3 activity is required on a gross rather than net basis. The ASU provides additional guidance related to the level of disaggregation in determining classes of assets and liabilities and disclosures about inputs and valuation techniques. The amendments are effective for annual or interim reporting periods beginning after December 15, 2009, except for the requirement to provide the reconciliation for level 3 activity on a gross basis which is effective for annual or interim reporting periods beginning after December 15, 2010 (See Note 13).

ASU 2010-20 — Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses. The ASU requires expanded disclosure about the credit quality of the loan portfolio in the notes to financial statements, such as aging information and credit quality indicators. Both new and existing disclosures must be disaggregated by portfolio segment or class. The disaggregation of information is based on how the lender develops its ACL and how it manages its credit exposure. The disclosures related to period-end balances are effective for annual or interim reporting periods ending after December 15, 2010, and were first included in the 2010 Form 10-K. The disclosures of activity that occurs during the reporting period are effective for annual or interim reporting periods beginning after December 15, 2010 (See Note 3).

ASU 2011-02 — Receivables (Topic 310), A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring. The ASU amends Subtopic 310-40 to clarify existing guidance related to a creditor's evaluation of whether a restructuring of debt is considered a TDR. The amendments add additional clarity in determining whether a creditor has granted a concession and whether a debtor is experiencing financial difficulties. The updated guidance and related disclosure requirements are effective for financial statements issued for the first interim or annual period beginning on or after June 15, 2011, and should be applied retroactively to the beginning of the annual period of adoption (See Note 3). The amendment did not have a material impact on Huntington's Condensed Consolidated Financial Statements.

ASU 2011-03 — Transfers and Servicing (Topic 860), Reconsideration of Effective Control for Repurchase Agreements. The ASU amends Topic 860 to remove from the assessment of effective control (1) the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee, and (2) the collateral maintenance implementation guidance related to that criterion. 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 to transactions or modifications of existing transactions that occur on or after the effective date. Early adoption is not permitted. Management does not believe the amendment will have a material impact on Huntington's Condensed Consolidated Financial Statements.

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 shareholder's 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. Early adoption is permitted. Management does not believe the principle amendments will have a material impact on Huntington's 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 the option 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. Early adoption is permitted. Management is currently evaluating the impact of the guidance on Huntington's Condensed Consolidated Financial Statements.

ASU 2011-08 — Intangibles—Goodwill and Other (Topic 350): Testing Goodwill for Impairment. The ASU amends Topic 350 to permit an entity the option to first assess qualitative factors to determine whether it is more likely than not (50% threshold) that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity's financial statements for the most recent annual or interim period have not yet been issued. Management has decided to adopt the ASU as of September 30, 2011 (See Note 7).

3. LOANS / LEASES AND ALLOWANCE FOR CREDIT LOSSES

Loan and Lease Portfolio Composition

The following table provides a detail listing of Huntington's loan and lease portfolio at September 30, 2011, December 31, 2010, and September 30, 2010:

(dollar amounts in thousands)	**September 30, 2011**	December 31, 2010	September 30, 2010
Loans and leases:			
Commercial and industrial	$ **13,938,885**	$ 13,063,293	$ 12,424,529
Commercial real estate	**5,934,444**	6,651,156	6,912,573
Automobile	**5,558,415**	5,614,711	5,385,196
Home equity	**8,078,887**	7,713,154	7,689,420
Residential mortgage	**4,986,023**	4,500,366	4,511,272
Other consumer	**515,240**	563,827	577,597
Loans and leases	**39,011,894**	38,106,507	37,500,587
Allowance for loan and lease losses	**(1,019,710)**	(1,249,008)	(1,336,352)
Net loans and leases	$ **37,992,184**	$ 36,857,499	$ 36,164,235

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 the C&I portfolio are: owner occupied and other C&I. The classes within the CRE portfolio are: retail properties, multi family, office, industrial and warehouse, and other CRE. The classes within the home equity portfolio are: first-lien loans and second-lien loans. The automobile, residential mortgage, and other consumer portfolios are not further segregated into classes.

Pledged Loans and Leases

The Bank has access to the Federal Reserve's discount window and advances from the FHLB — Cincinnati. As of September 30, 2011, these borrowings and advances are secured by $18.1 billion of loans and securities.

Loan Purchases and Sales

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

(dollar amounts in thousands)	Commercial and Industrial	Commercial Real Estate	Automobile	Home Equity	Residential Mortgage	Other Consumer	Total
Portfolio loans purchased during the:							
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 sold or transferred to loans held for sale during the:							
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 no greater than 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 and second-lien home equity portfolio are placed on nonaccrual status at 150-days past due and 120-days past due, respectively. Automobile and other consumer loans are not placed on nonaccrual status, but are generally charged-off when the loan is 120-days past due. 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 all portfolios, when, in Management's judgment, the borrower's ability to make required principal and interest payments resumes and collectability is no longer in doubt, and the loan has been brought current with respect to principal and interest, 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.

The following table presents NALs by loan class:

(dollar amounts in thousands)	September 30, 2011	December 31, 2010
Commercial and industrial:		
Owner occupied	**$ 98,998**	$ 138,822
Other commercial and industrial	**110,634**	207,898
Total commercial and industrial	**209,632**	346,720
Commercial real estate:		
Retail properties	**51,342**	96,644
Multi family	**38,301**	44,819
Office	**37,010**	47,950
Industrial and warehouse	**49,102**	39,770
Other commercial real estate	**81,331**	134,509
Total commercial real estate	**257,086**	363,692
Automobile	**—**	—
Home equity:		
Secured by first-lien	**17,771**	10,658
Secured by second-lien	**19,385**	11,868
Residential mortgage	**61,129**	45,010
Other consumer	**—**	—
Total nonaccrual loans	**$ 565,003**	$ 777,948

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The following table presents an aging analysis of loans and leases, including past due loans, by loan class: (1)

September 30, 2011

(dollar amounts in thousands)	Past Due 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	**$ 16,165**	**$ 7,883**	**$ 63,265**	**$ 87,313**	**$ 3,890,718**	**$ 3,978,031**	**$ —**
Other commercial and industrial	**16,426**	**7,776**	**63,410**	**87,612**	**9,873,242**	**9,960,854**	**—**
Total commercial and industrial	**$ 32,591**	**$ 15,659**	**$ 126,675**	**$ 174,925**	**$ 13,763,960**	**$ 13,938,885**	**$ —**
Commercial real estate:							
Retail properties	**$ 9,160**	**$ 8,919**	**$ 33,148**	**$ 51,227**	**$ 1,597,313**	**$ 1,648,540**	**$ —**
Multi family	**7,884**	**1,181**	**27,229**	**36,294**	**968,020**	**1,004,314**	**—**
Office	**1,252**	**706**	**31,729**	**33,687**	**977,554**	**1,011,241**	**—**
Industrial and warehouse	**2,775**	**1,175**	**25,384**	**29,334**	**704,663**	**733,997**	**—**
Other commercial real estate	**12,862**	**13,166**	**59,853**	**85,881**	**1,450,471**	**1,536,352**	**—**
Total commercial real estate	**$ 33,933**	**$ 25,147**	**$ 177,343**	**$ 236,423**	**$ 5,698,021**	**$ 5,934,444**	**$ —**
Automobile	**$ 38,866**	**9,699**	**$ 5,722**	**$ 54,287**	**$ 5,504,128**	**$ 5,558,415**	**$ 5,722**
Home equity:							
Secured by first-lien	**20,043**	**8,972**	**27,333**	**56,348**	**3,532,416**	**3,588,764**	**9,561**
Secured by second-lien	**29,642**	**15,108**	**30,243**	**74,993**	**4,415,130**	**4,490,123**	**10,859**
Residential mortgage	**144,074**	**46,791**	**172,435**	**363,300**	**4,622,723**	**4,986,023**	**117,263(2)**
Other consumer	**6,455**	**1,972**	**2,033**	**10,460**	**504,780**	**515,240**	**2,033**

December 31, 2010

(dollar amounts in thousands)	Past Due 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	$ 16,393	$ 9,084	$ 80,114	$ 105,591	$ 3,717,872	$ 3,823,463	$ —
Other commercial and industrial	34,723	35,698	110,491	180,912	9,058,918	9,239,830	—
Total commercial and industrial	$ 51,116	$ 44,782	$ 190,605	$ 286,503	$ 12,776,790	$ 13,063,293	$ —
Commercial real estate:							
Retail properties	$ 23,726	$ 694	$ 72,856	$ 97,276	$ 1,664,941	$ 1,762,217	$ —
Multi family	8,993	8,227	31,519	48,739	1,072,877	1,121,616	—
Office	20,888	6,032	36,401	63,321	1,059,806	1,123,127	—
Industrial and warehouse	4,073	7,782	13,006	24,861	828,091	852,952	—
Other commercial real estate	45,792	9,243	91,718	146,753	1,644,491	1,791,244	—
Total commercial real estate	$ 103,472	$ 31,978	$ 245,500	$ 380,950	$ 6,270,206	$ 6,651,156	$ —
Automobile	$ 47,981	$ 12,246	$ 7,721	$ 67,948	$ 5,546,763	$ 5,614,711	$ 7,721
Home equity:							
Secured by first-lien	14,810	8,166	18,630	41,606	2,999,146	3,040,752	7,972
Secured by second-lien	36,488	16,551	27,392	80,431	4,591,971	4,672,402	15,525
Residential mortgage	115,290	57,580	197,280	370,150	4,130,216	4,500,366	152,271(3)
Other consumer	7,204	2,280	2,456	11,940	551,887	563,827	2,456

(1) NALs are included in this aging analysis based on the loan's past due status.

(2) Includes $84,413 thousand guaranteed by the U.S. government.

(3) Includes $98,288 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, particularly loans secured by retail properties; and the amount of C&I loans to businesses in areas of Ohio and Michigan that have historically experienced less economic growth compared with other footprint markets. 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 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.

The ALLL consists of two components: (1) the transaction reserve, which includes specific reserves related to loans considered to be impaired and loans involved in troubled debt restructurings, 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 C&I and CRE loan greater than $1 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 calculation 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, however, 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 subsequent 12-month period. The performance of first-lien loans ahead of our second-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 needed.

The general reserve consists of 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.

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

(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.

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 second-lien home equity loans are charged-off to the estimated fair value of the collateral at 150-days past due and 120-days past due, respectively. Residential mortgages are charged-off to the estimated fair value of the collateral 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.

OLEM = Potentially weak loans. 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 inadequately protect Huntington’s position in the future.

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 generally 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 lower credit risk.

The following table presents loan and lease balances by credit quality indicator:

	September 30, 2011				
	Credit Risk Profile by UCS classification				
(dollar amounts in thousands)	Pass	OLEM	Substandard	Doubtful	Total
Commercial and industrial:					
Owner occupied	**$ 3,531,028**	**$ 108,665**	**$ 337,037**	**$ 1,301**	**$ 3,978,031**
Other commercial and industrial	**9,318,615**	**204,594**	**432,760**	**4,885**	**9,960,854**
Total commercial and industrial	**$ 12,849,643**	**$ 313,259**	**$ 769,797**	**$ 6,186**	**$ 13,938,885**
Commercial real estate:					
Retail properties	**$ 1,303,839**	**$ 133,512**	**$ 211,189**	**$ —**	**$ 1,648,540**
Multi family	**849,886**	**52,630**	**101,548**	**250**	**1,004,314**
Office	**849,981**	**91,098**	**70,034**	**128**	**1,011,241**
Industrial and warehouse	**634,183**	**26,074**	**73,740**	**—**	**733,997**
Other commercial real estate	**1,094,653**	**107,116**	**333,876**	**707**	**1,536,352**
Total commercial real estate	**$ 4,732,542**	**$ 410,430**	**$ 790,387**	**$ 1,085**	**$ 5,934,444**

	Credit Risk Profile by FICO score (1)				
	750+	650-749	<650	Other (2)	Total
Automobile	**$ 2,552,438**	**$ 2,200,114**	**$ 697,307**	**$ 108,556**	**$ 5,558,415**
Home equity:					
Secured by first-lien	**2,039,431**	**1,219,344**	**318,745**	**11,244**	**3,588,764**
Secured by second-lien	**2,168,899**	**1,686,926**	**633,704**	**594**	**4,490,123**
Residential mortgage	**2,301,637**	**1,731,554**	**718,477**	**234,355**	**4,986,023**
Other consumer	**196,729**	**212,512**	**84,725**	**21,274**	**515,240**

	December 31, 2010				
	Credit Risk Profile by UCS classification				
(dollar amounts in thousands)	Pass	OLEM	Substandard	Doubtful	Total
Commercial and industrial:					
Owner occupied	$ 3,265,266	$ 159,398	$ 392,969	$ 5,830	$ 3,823,463
Other commercial and industrial	8,434,969	264,679	524,867	15,315	9,239,830
Total commercial and industrial	$ 11,700,235	$ 424,077	$ 917,836	$ 21,145	$ 13,063,293
Commercial real estate:					
Retail properties	$ 1,283,667	$ 128,067	$ 350,478	$ 5	$ 1,762,217
Multi family	898,935	78,577	143,689	415	1,121,616
Office	867,970	122,173	132,833	151	1,123,127
Industrial and warehouse	668,452	72,177	112,323	—	852,952
Other commercial real estate	1,220,708	88,288	481,136	1,112	1,791,244
Total commercial real estate	$ 4,939,732	$ 489,282	$ 1,220,459	$ 1,683	$ 6,651,156

	Credit Risk Profile by FICO score (1)				
	750+	650-749	<650	Other (2)	Total
Automobile	$ 2,516,130	$ 2,267,363	$ 724,584	$ 106,634	$ 5,614,711
Home equity:					
Secured by first-lien	1,643,792	1,082,143	313,961	856	3,040,752
Secured by second-lien	2,224,545	1,768,450	678,738	669	4,672,402
Residential mortgage	1,978,843	1,580,266	795,676	145,581	4,500,366
Other consumer	206,952	234,558	102,254	20,063	563,827

(1) Reflects currently updated customer credit scores.

(2) Reflects deferred fees and costs, loans in process, loans to legal entities, etc.

Impaired Loans

For all classes within the C&I and CRE portfolios, all loans with an outstanding balance of $1 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.

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 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 table presents summarized data for impaired loans and the related ALLL by portfolio segment:

	Commercial and Industrial	Commercial Real Estate	Automobile	Home Equity	Residential Mortgage	Other Consumer	Total
ALLL at September 30, 2011:							
(dollar amounts in thousands)							
Portion of ending balance:							
Attributable to loans individually evaluated for impairment	**$ 31,249**	**$ 61,472**	**$ 1,344**	**$ 1,610**	**$ 14,757**	**$ 311**	**$ 110,743**
Attributable to loans collectively evaluated for impairment	**254,005**	**357,423**	**48,058**	**138,006**	**84,217**	**27,258**	**908,967**
Total ALLL balance at September 30, 2011	**$ 285,254**	**$ 418,895**	**$ 49,402**	**$ 139,616**	**$ 98,974**	**$ 27,569**	**$ 1,019,710**
ALLL associated with portfolio loans acquired with deteriorated credit quality	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Loans and Leases at September 30, 2011:							
(dollar amounts in thousands)							
Portion of loans and leases at September 30, 2011:							
Individually evaluated for impairment	**161,939**	**400,952**	**37,371**	**47,877**	**325,242**	**4,626**	**978,007**
Collectively evaluated for impairment	**13,776,946**	**5,533,492**	**5,521,044**	**8,031,010**	**4,660,781**	**510,614**	**38,033,887**
Total loans evaluated for impairment	**$ 13,938,885**	**$ 5,934,444**	**$ 5,558,415**	**$ 8,078,887**	**$ 4,986,023**	**$ 515,240**	**$ 39,011,894**
Portfolio loans acquired with deteriorated credit quality	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**

	Commercial and Industrial	Commercial Real Estate	Automobile	Home Equity	Residential Mortgage	Other Consumer	Total
ALLL at December 31, 2010							
(dollar amounts in thousands)							
Portion of ALLL balance at December 31, 2010:							
Attributable to loans individually evaluated for impairment	$ 63,307	$ 65,130	$ 1,477	$ 1,498	$ 11,780	$ 668	$ 143,860
Attributable to loans collectively evaluated for impairment	277,307	523,121	48,011	149,132	81,509	26,068	1,105,148
ALLL balance at December 31, 2010:	$ 340,614	$ 588,251	$ 49,488	$ 150,630	$ 93,289	$ 26,736	$ 1,249,008
ALLL associated with portfolio loans acquired with deteriorated credit quality	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Loans and Leases at December 31, 2010:							
(dollar amounts in thousands)							
Portion of loans and leases at December 31, 2010:							
Individually evaluated for impairment	198,120	310,668	29,764	37,257	334,207	9,565	919,581
Collectively evaluated for impairment	12,865,173	6,340,488	5,584,947	7,675,897	4,166,159	554,262	37,186,926
Total loans evaluated for impairment	$ 13,063,293	$ 6,651,156	$ 5,614,711	$ 7,713,154	$ 4,500,366	$ 563,827	$ 38,106,507
Portfolio loans acquired with deteriorated credit quality	$ —	$ —	$ —	$ —	$ —	$ —	$ —

The following tables present detailed impaired loan information by class: (1), (2)

	September 30, 2011			Three Months Ended September 30, 2011		Nine Months Ended September 30, 2011	
(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	$ 10,105	$ 14,456	$ —	$ 4,284	$ 122	$ 7,121	$ 139
Other commercial and industrial	3,782	6,165	—	3,324	37	6,102	162
Total commercial and industrial	$ 13,887	$ 20,621	$ —	$ 7,608	$ 159	$ 13,223	$ 301
Commercial real estate:							
Retail properties	$ 43,746	$ 55,370	$ —	$ 29,895	$ 348	$ 21,158	$ 362
Multi family	21,156	21,345	—	16,187	188	12,951	499
Office	1,105	1,431	—	1,542	—	1,804	—
Industrial and warehouse	1,866	2,908	—	3,098	36	2,755	41
Other commercial real estate	23,032	42,611	—	27,559	251	25,988	609
Total commercial real estate	$ 90,905	$ 123,665	$ —	$ 78,281	$ 823	$ 64,656	$ 1,511
Automobile	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Home equity:							
Secured by first-lien	—	—	—	—	—	—	—
Secured by second-lien	—	—	—	—	—	—	—
Residential mortgage	—	—	—	—	—	—	—
Other consumer	—	—	—	—	—	—	—
With an allowance recorded:							
Commercial and industrial: (3)							
Owner occupied	$ 40,311	$ 58,925	$ 5,891	$ 49,354	$ 499	$ 56,747	$ 1,362
Other commercial and industrial	107,741	138,751	25,358	102,193	946	99,629	2,246
Total commercial and industrial	$148,052	$ 197,676	$ 31,249	$151,547	$ 1,445	$156,376	$ 3,608
Commercial real estate: (4)							
Retail properties	$118,010	$ 146,923	$ 29,030	$ 99,018	$ 863	$ 96,231	$ 1,975
Multi family	22,365	29,085	4,170	23,943	130	29,348	625
Office	24,863	41,496	3,490	25,061	53	27,716	197
Industrial and warehouse	50,423	61,563	7,141	54,345	166	44,649	588
Other commercial real estate	94,386	131,350	17,641	107,635	873	85,949	1,510
Total commercial real estate	$310,047	$ 410,417	$ 61,472	$310,002	$ 2,085	$283,893	$ 4,895
Automobile	$ 37,371	$ 37,371	$ 1,344	$ 33,215	$ 847	$ 31,451	$ 2,154
Home equity:							
Secured by first-lien	32,681	32,681	638	27,758	354	24,734	816
Secured by second-lien	15,196	15,196	972	14,714	187	15,746	550
Residential mortgage	325,242	347,843	14,757	329,685	3,038	335,400	9,848
Other consumer	4,626	4,626	311	6,768	41	8,068	373

(dollar amounts in thousands)	December 31, 2010 Ending Balance	Unpaid Principal Balance (5)	Related Allowance
With no related allowance recorded:			
Commercial and industrial:			
Owner occupied	$ 13,750	$ 26,603	$ —
Other commercial and industrial	11,127	22,688	—
Total commercial and industrial	$ 24,877	$ 49,291	$ —
Commercial real estate:			
Retail properties	$ 31,972	$ 67,487	$ —
Multi family	5,058	5,675	—
Office	2,270	3,562	—
Industrial and warehouse	3,305	6,912	—
Other commercial real estate	26,807	58,996	—
Total commercial real estate	$ 69,412	$ 142,632	$ —
Automobile	$ —	$ —	$ —
Home equity:			
Secured by first-lien	—	—	—
Secured by second-lien	—	—	—
Residential mortgage	—	—	—
Other consumer	—	—	—
With an allowance recorded:			
Commercial and industrial:			
Owner occupied	$ 63,951	$ 85,279	$ 14,322
Other commercial and industrial	109,292	154,424	48,986
Total commercial and industrial	$ 173,243	$ 239,703	$ 63,308
Commercial real estate:			
Retail properties	$ 74,732	$ 120,051	$ 14,846
Multi family	38,758	39,299	7,760
Office	26,595	31,261	9,466
Industrial and warehouse	34,588	44,168	10,453
Other commercial real estate	66,583	104,485	22,604
Total commercial real estate	$ 241,256	$ 339,264	$ 65,129
Automobile	$ 29,764	$ 29,764	$ 1,477
Home equity:			
Secured by first-lien	20,553	20,675	511
Secured by second-lien	16,704	17,060	987
Residential mortgage	334,207	347,571	11,780
Other consumer	9,565	9,565	668

(1) These tables do not include loans fully charged-off.

(2) All automobile, home equity, residential mortgage, and other consumer impaired loans included in the tables below are considered impaired due to their status as a TDR.

(3) At September 30, 2011, $32,685 thousand of the $148,052 thousand commercial and industrial loans with an allowance recorded were considered impaired due to their status as a TDR.

(4) At September 30, 2011, $26,916 thousand of the $310,047 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 the unpaid principal balance amounts represent partial charge-offs.

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. All loan modifications, including those classified as TDRs, are reviewed and approved. 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 then 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.
- 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, 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. Additionally, if a charge-off was taken as part of the restructuring, the TDR status is not considered for removal. The TDR status on commercial loans is considered for removal if the loan is subsequently modified at market terms.

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.

Other Consumer loan TDRs — Generally, these are TDRs associated with home equity borrowings and automobile loans. 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. 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.

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 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 table presents new TDR activity by class for the three-month and nine-month periods ended September 30, 2011:

(dollar amounts in thousands)	New Troubled Debt Restructurings During The Three-Month Period Ended September 30, 2011 Number of Contracts	Post-modification Outstanding Balance (1)	Net change in ALLL resulting from modification
C&I — Owner occupied:			
Interest rate reduction	3	$ 638	$ (68)
Amortization or maturity date change	16	11,023	(1,085)
Other	2	729	(1)
Total C&I — Owner occupied	21	$ 12,390	$ (1,154)
C&I — Other commercial and industrial:			
Interest rate reduction	6	$ 18,292	$ 1,225
Amortization or maturity date change	11	2,175	13
Other	2	3,027	64
Total C&I — Other commercial and industrial	19	$ 23,494	$ 1,302
CRE — Retail properties:			
Interest rate reduction	2	$ 19,883	$ 5,603
Amortization or maturity date change	7	17,984	1,012
Other	1	2,595	5
Total CRE — Retail properties	10	$ 40,462	$ 6,620
CRE — Multi family:			
Interest rate reduction	4	$ 1,275	$ 103
Amortization or maturity date change	1	1,066	(51)
Other	—	—	—
Total CRE — Multi family	5	$ 2,341	$ 52
CRE — Office:			
Interest rate reduction	—	$ —	$ —
Amortization or maturity date change	—	—	—
Other	—	—	—
Total CRE — Office	—	$ —	$ —
CRE — Industrial and warehouse:			
Interest rate reduction	—	$ —	$ —
Amortization or maturity date change	2	229	(2)
Other	1	2,147	(145)
Total CRE — Industrial and Warehouse	3	$ 2,376	$ (147)
CRE — Other commercial real estate:			
Interest rate reduction	10	$ 7,834	$ (374)
Amortization or maturity date change	12	31,470	(365)
Other	2	2,492	—
Total CRE — Other commercial real estate	24	$ 41,796	$ (739)
Automobile:			
Interest rate reduction	12	$ 147	$ 3
Amortization or maturity date change	822	7,687	(68)
Other	—	—	—
Total Automobile	834	$ 7,834	$ (65)

(dollar amounts in thousands)	New Troubled Debt Restructurings During The Three-Month Period Ended September 30, 2011 Number of Contracts	Post-modification Outstanding Balance (1)	Net change in ALLL resulting from modification
Residential mortgage:			
Interest rate reduction	2	$ 181	$ —
Amortization or maturity date change	164	22,120	649
Other	5	600	33
Total Residential mortgage	171	$ 22,901	$ 682
First-lien home equity:			
Interest rate reduction	48	$ 5,857	$ 1,016
Amortization or maturity date change	49	5,820	111
Other	—	—	—
Total First-lien home equity	97	$ 11,677	$ 1,127
Second-lien home equity:			
Interest rate reduction	55	$ 2,992	$ 22
Amortization or maturity date change	44	1,631	40
Other	—	—	—
Total Second-lien home equity	99	$ 4,623	$ 62
Other consumer:			
Interest rate reduction	6	$ 561	$ 48
Amortization or maturity date change	50	348	(18)
Other	—	—	—
Total Other consumer	56	$ 909	$ 30

(dollar amounts in thousands)	New Troubled Debt Restructurings During The Nine-Month Period Ended September 30, 2011 Number of Contracts	Post-modification Outstanding Balance (1)	Net change in ALLL resulting from modification
C&I — Owner occupied:			
Interest rate reduction	27	$ 12,240	$ (749)
Amortization or maturity date change	35	19,294	(1,733)
Other	4	3,072	243
Total C&I — Owner occupied	66	$ 34,606	$ (2,239)
C&I — Other commercial and industrial:			
Interest rate reduction	18	$ 21,382	$ 1,067
Amortization or maturity date change	41	23,145	(2,651)
Other	17	25,421	(3,020)
Total C&I — Other commercial and industrial	76	$ 69,948	$ (4,604)
CRE — Retail properties:			
Interest rate reduction	8	$ 46,534	$ 4,359
Amortization or maturity date change	14	25,689	1,858
Other	6	14,253	(1,974)
Total CRE — Retail properties	28	$ 86,476	$ 4,243
CRE — Multi family:			
Interest rate reduction	10	$ 4,378	$ (9)
Amortization or maturity date change	5	2,256	25
Other	—	—	—
Total CRE — Multi family	15	$ 6,634	$ 16
CRE — Office:			
Interest rate reduction	3	$ 1,505	$ 259
Amortization or maturity date change	2	1,238	97
Other	—	—	—
Total CRE — Office	5	$ 2,743	$ 356
CRE — Industrial and warehouse:			
Interest rate reduction	1	$ 2,165	$ (299)
Amortization or maturity date change	6	19,300	(5,446)
Other	1	2,147	(145)
Total CRE — Industrial and Warehouse	8	$ 23,612	$ (5,890)
CRE — Other commercial real estate:			
Interest rate reduction	15	$ 17,893	$ (1,180)
Amortization or maturity date change	48	103,120	(3,602)
Other	5	8,199	32
Total CRE — Other commercial real estate	68	$ 129,212	$ (4,750)
Automobile:			
Interest rate reduction	14	$ 186	$ 3
Amortization or maturity date change	1,534	13,832	(113)
Other	—	—	—
Total Automobile	1,548	$ 14,018	$ (110)

(dollar amounts in thousands)	New Troubled Debt Restructurings During The Nine-Month Period Ended September 30, 2011 Number of Contracts	Post-modification Outstanding Balance (1)	Net change in ALLL resulting from modification
Residential mortgage:			
Interest rate reduction	8	$ 6,604	$ (589)
Amortization or maturity date change	499	67,351	2,289
Other	18	3,555	115
Total Residential mortgage	525	$ 77,510	$ 1,815
First-lien home equity:			
Interest rate reduction	95	$ 11,836	$ 1,899
Amortization or maturity date change	75	9,073	587
Other	—	—	—
Total First-lien home equity	170	$ 20,909	$ 2,486
Second-lien home equity:			
Interest rate reduction	109	$ 5,480	$ 287
Amortization or maturity date change	89	2,975	59
Other	—	—	—
Total Second-lien home equity	198	$ 8,455	$ 346
Other consumer:			
Interest rate reduction	11	$ 837	$ 73
Amortization or maturity date change	57	363	(19)
Other	—	—	—
Total Other consumer	68	$ 1,200	$ 54

(1) Post-modification balances approximate pre-modification balances. The aggregate amount of charge-offs as a result of a restructuring are not significant.

All classes within the C&I and CRE portfolios are considered as redefaulted at 90-days past due. Automobile loans and other consumer loans are considered as redefaulted at 120-days past due. Residential mortgage loans are considered as redefaulted at 150-days past due. The first-lien and second-lien home equity portfolios are considered as redefaulted at 150-days past due and 120-days past due, respectively.

The following table presents TDRs modified within the previous twelve months that have subsequently redefaulted during the three-month and nine-month periods ended September 30, 2011:

	Troubled Debt Restructurings Within The Previous Twelve Months That Have Subsequently Defaulted During The (1)			
	Three-month period ended September 30, 2011		Nine-month period ended September 30, 2011	
(dollar amounts in thousands)	Number of Contracts	Ending Balance	Number of Contracts	Ending Balance
C&I — Owner occupied:				
Interest rate reduction	—	$ —	9	$ 3,850
Amortization or maturity date change	3	3,224	7	4,072
Other	—	—	2	2,352
Total C&I — Owner occupied	3	$ 3,224	18	$ 10,274
C&I — Other commercial and industrial:				
Interest rate reduction	—	$ —	1	$ 193
Amortization or maturity date change	2	9,300	6	9,932
Other	—	—	—	—
Total C&I — Other commercial and industrial	2	$ 9,300	7	$ 10,125

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(dollar amounts in thousands)	Troubled Debt Restructurings Within The Previous Twelve Months That Have Subsequently Defaulted During The (1)			
	Three-month period ended September 30, 2011		Nine-month period ended September 30, 2011	
	Number of Contracts	Ending Balance	Number of Contracts	Ending Balance
CRE — Retail Properties:				
Interest rate reduction	—	$ —	—	$ —
Amortization or maturity date change	—	—	1	796
Other	—	—	—	—
Total CRE — Retail properties	—	$ —	1	$ 796
CRE — Multi family:				
Interest rate reduction	2	$ 812	4	$ 1,180
Amortization or maturity date change	—	—	2	465
Other	—	—	—	—
Total CRE — Multi family	2	$ 812	6	$ 1,645
CRE — Office:				
Interest rate reduction	—	$ —	1	$ 116
Amortization or maturity date change	—	—	1	334
Other	—	—	—	—
Total CRE — Office	—	$ —	2	$ 450
CRE — Industrial and Warehouse:				
Interest rate reduction	—	$ —	—	$ —
Amortization or maturity date change	2	229	7	2,581
Other	—	—	—	—
Total CRE — Industrial and Warehouse	2	$ 229	7	$ 2,581
CRE — Other commercial real estate:				
Interest rate reduction	2	$ 132	7	$ 2,214
Amortization or maturity date change	—	—	10	2,037
Other	—	—	—	—
Total CRE — Other commercial real estate	2	$ 132	17	$ 4,251
Automobile:				
Interest rate reduction	—	$ —	1	$ —(2)
Amortization or maturity date change	41	—(2)	112	—(2)
Other	—	—	—	—
Total Automobile	41	$ —(2)	113	$ —(2)
Residential mortgage:				
Interest rate reduction	1	$ 65	2	$ 221
Amortization or maturity date change	22	2,276	51	5,544
Other	1	149	5	757
Total Residential mortgage	24	$ 2,490	58	$ 6,522
First-lien home equity:				
Interest rate reduction	—	$ —	—	$ —
Amortization or maturity date change	—	—	3	121
Other	—	—	—	—
Total First-lien home equity	—	$ —	3	$ 121

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(dollar amounts in thousands)	Troubled Debt Restructurings Within The Previous Twelve Months That Have Subsequently Defaulted During The (1)					
	Three-month period ended September 30, 2011			Nine-month period ended September 30, 2011		
	Number of Contracts		Ending Balance	Number of Contracts		Ending Balance
Second-lien home equity:						
Interest rate reduction	—	$	—	2	$	153
Amortization or maturity date change	—		—	5		249
Other	—		—	—		—
Total Second-lien home equity	—	$	—	7	$	402
Other consumer:						
Interest rate reduction	—	$	—	—	$	—
Amortization or maturity date change	—		—	2		11(3)
Other	—		—	—		—
Total Other consumer	—	$	—	2	$	11

(1) Subsequent default is defined as a payment redefault within 12 months of the restructuring date.

(2) Automobile loans are charged-off at time of subsequent default. During the three-month period ended September 30, 2011, $220 thousand of total automobile loans were charged-off at the time of subsequent redefault. During the nine-month period ended September 30, 2011, $813 thousand of total automobile loans were charged-off at the time of subsequent default.

(3) Other consumer loans are charged-off at time of subsequent default. During the nine-month period ended September 30, 2011, $11 thousand of total other consumer loans were charged-off at the time of subsequent default.

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4. AVAILABLE-FOR-SALE AND OTHER SECURITIES

Listed below are the contractual maturities (under 1 year, 1-5 years, 6-10 years, and over 10 years) of available-for-sale and other securities at September 30, 2011, December 31, 2010, and September 30, 2010:

(dollar amounts in thousands)	**September 30, 2011** Amortized Cost	**September 30, 2011** Fair Value	December 31, 2010 Amortized Cost	December 31, 2010 Fair Value	September 30, 2010 Amortized Cost	September 30, 2010 Fair Value
U.S. Treasury:						
Under 1 year	$ —	$ —	$ —	$ —	$ 49,998	$ 50,334
1-5 years	**51,939**	**52,793**	52,425	51,781	—	—
6-10 years	**510**	**528**	—	—	—	—
Over 10 years	—	—	—	—	—	—
Total U.S. Treasury	**52,449**	**53,321**	52,425	51,781	49,998	50,334
Federal agencies: mortgage-backed securities:						
Under 1 year	—	—	—	—	—	—
1-5 years	**227,117**	**227,885**	—	—	—	—
6-10 years	**406,019**	**416,966**	656,176	664,793	715,725	731,869
Over 10 years	**3,699,665**	**3,790,395**	4,077,655	4,089,611	3,825,377	3,951,671
Total Federal agencies: mortgage-backed securities	**4,332,801**	**4,435,246**	4,733,831	4,754,404	4,541,102	4,683,540
TLGP securities:						
Under 1 year	**105,267**	**105,537**	156,450	157,931	50,148	50,564
1-5 years	—	—	25,230	25,536	527,581	530,350
6-10 years	—	—	—	—	—	—
Over 10 years	—	—	—	—	—	—
Total TLGP securities	**105,267**	**105,537**	181,680	183,467	577,729	580,914
Other agencies:						
Under 1 year	**101,509**	**102,056**	158,273	159,288	114,396	115,200
1-5 years	**1,012,874**	**1,022,914**	1,898,867	1,885,230	1,890,250	1,903,181
6-10 years	**12,138**	**12,984**	13,082	13,359	13,232	13,794
Over 10 years	—	—	500	499	—	—
Total other agencies	**1,126,521**	**1,137,954**	2,070,722	2,058,376	2,017,878	2,032,175
Total U.S. Government backed agencies	**5,617,038**	**5,732,058**	7,038,658	7,048,028	7,186,707	7,346,963
Municipal securities:						
Under 1 year	**855**	**855**	—	—	—	—
1-5 years	**182,875**	**186,856**	149,151	148,587	61,488	63,329
6-10 years	**105,874**	**110,165**	124,552	125,656	67,297	70,466
Over 10 years	**112,787**	**115,513**	182,341	181,472	230,485	234,077
Total municipal securities	**402,391**	**413,389**	456,044	455,715	359,270	367,872
Private-label CMO:						
Under 1 year	—	—	—	—	—	—
1-5 years	—	—	—	—	—	—
6-10 years	**12,791**	**12,883**	10,429	10,887	13,004	13,424
Over 10 years	**77,618**	**66,017**	124,080	111,038	282,639	262,800
Total private-label CMO	**90,409**	**78,900**	134,509	121,925	295,643	276,224
Asset-backed securities:						
Under 1 year	—	—	19,669	19,694	40,000	40,115
1-5 years	**631,103**	**635,556**	697,001	700,749	657,980	664,940
6-10 years	**165,722**	**167,483**	323,411	323,995	273,246	274,611
Over 10 years	**287,945**	**153,019**	301,326	162,684	349,527	197,958
Total asset-backed securities (1)	**1,084,770**	**956,058**	1,341,407	1,207,122	1,320,753	1,177,624
Covered bonds:						
Under 1 year	—	—	—	—	—	—
1-5 years	**698,671**	**703,630**	379,711	367,209	150,391	151,310
6-10 years	—	—	—	—	—	—
Over 10 years	—	—	—	—	—	—
Total covered bonds	**698,671**	**703,630**	379,711	367,209	150,391	151,310
Corporate debt:						
Under 1 year	—	—	—	—	—	—
1-5 years	**459,098**	**454,852**	329,988	323,389	30,000	30,154
6-10 years	—	—	—	—	—	—
Over 10 years	—	—	—	—	—	—
Total corporate debt	**459,098**	**454,852**	329,988	323,389	30,000	30,154
Other:						
Under 1 year	**750**	**750**	800	802	300	305
1-5 years	**8,216**	**8,411**	7,810	8,009	7,486	7,715
6-10 years	**912**	**966**	1,007	1,037	1,205	1,336
Over 10 years	—	—	—	—	—	—
Non-marketable equity securities	**310,280**	**310,280**	308,722	308,722	310,142	310,142
Marketable equity securities	**55,039**	**54,236**	53,944	53,286	54,649	53,913
Total other	**375,197**	**374,643**	372,283	371,856	373,782	373,411
Total available-for-sale and other securities	**$8,727,574**	**$8,713,530**	$10,052,600	$9,895,244	$9,716,546	$9,723,558

(1) Amounts at September 30, 2011, December 31, 2010, and September 30, 2010 include automobile asset backed securities with a fair value of $189 million, $509 million and $564 million, respectively, which meet the eligibility requirements for the Term Asset-Backed Securities Loan Facility, or "TALF," administered by the Federal Reserve Bank of New York.

Other securities at September 30, 2011, December 31, 2010, and September 30, 2010 include $165.6 million of stock issued by the FHLB of Cincinnati, $29.3 million, $37.4 million, and $45.7 million, respectively, of stock issued by the FHLB of Indianapolis, and $115.4 million, $105.7 million and $98.9 million, respectively, of Federal Reserve Bank stock. Other securities also include corporate debt and marketable equity securities. Non-marketable equity securities are valued at amortized cost. At September 30, 2011, December 31, 2010, and September 30, 2010, Huntington did not have any material equity positions in FNMA or FHLMC.

The following tables provide amortized cost, fair value, and gross unrealized gains and losses recognized in accumulated other comprehensive income by investment category at September 30, 2011, December 31, 2010, and September 30, 2010.

		Unrealized		
(dollar amounts in thousands)	**Amortized Cost**	**Gross Gains**	**Gross Losses**	**Fair Value**
September 30, 2011				
U.S. Treasury	$ 52,449	$ 872	$ —	$ 53,321
Federal agencies:				
Mortgage-backed securities	4,332,801	104,884	(2,439)	4,435,246
TLGP securities	105,267	270	—	105,537
Other agencies	1,126,521	11,505	(72)	1,137,954
Total U.S. Government backed securities	5,617,038	117,531	(2,511)	5,732,058
Municipal securities	402,391	11,023	(25)	413,389
Private-label CMO	90,409	745	(12,254)	78,900
Asset-backed securities	1,084,770	6,306	(135,018)	956,058
Covered bonds	698,671	8,203	(3,244)	703,630
Corporate debt	459,098	347	(4,593)	454,852
Other securities	375,197	448	(1,002)	374,643
Total available-for-sale and other securities	**$ 8,727,574**	**$ 144,603**	**$ (158,647)**	**$ 8,713,530**

		Unrealized		
(dollar amounts in thousands)	**Amortized Cost**	**Gross Gains**	**Gross Losses**	**Fair Value**
December 31, 2010				
U.S. Treasury	$ 52,425	$ —	$ (644)	$ 51,781
Federal agencies:				
Mortgage-backed securities	4,733,831	71,901	(51,328)	4,754,404
TLGP securities	181,680	1,787	—	183,467
Other agencies	2,070,722	4,874	(17,220)	2,058,376
Total U.S. Government backed securities	7,038,658	78,562	(69,192)	7,048,028
Municipal securities	456,044	6,154	(6,483)	455,715
Private-label CMO	134,509	1,236	(13,820)	121,925
Asset-backed securities	1,341,407	6,563	(140,848)	1,207,122
Covered bonds	379,711	—	(12,502)	367,209
Corporate debt	329,988	24	(6,623)	323,389
Other securities	372,283	364	(791)	371,856
Total available-for-sale and other securities	$ **10,052,600**	$ **92,903**	$ **(250,259)**	$ **9,895,244**

(dollar amounts in thousands)	Amortized Cost	Unrealized Gross Gains	Unrealized Gross Losses	Fair Value
September 30, 2010				
U.S. Treasury	$ 49,998	$ 336	$ —	$ 50,334
Federal agencies:				
Mortgage-backed securities	4,541,102	142,537	(99)	4,683,540
TLGP securities	577,729	3,185	—	580,914
Other agencies	2,017,878	14,420	(123)	2,032,175
Total U.S. Government backed securities	7,186,707	160,478	(222)	7,346,963
Municipal securities	359,270	8,776	(174)	367,872
Private-label CMO	295,643	1,177	(20,596)	276,224
Asset-backed securities	1,320,753	8,928	(152,057)	1,177,624
Covered bonds	150,391	929	(10)	151,310
Corporate debt	30,000	154	—	30,154
Other securities	373,782	439	(810)	373,411
Total available-for-sale and other securities	$ **9,716,546**	$ **180,881**	$ **(173,869)**	$ **9,723,558**

The following tables provide detail on investment securities with unrealized losses aggregated by investment category and length of time the individual securities have been in a continuous loss position, at September 30, 2011, December 31, 2010, and September 30, 2010.

	Less than 12 Months		Over 12 Months		Total	
(dollar amounts in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
September 30, 2011						
U.S. Treasury	$ —	$ —	$ —	$ —	$ —	$ —
Federal agencies:						
Mortgage-backed securities	386,727	(2,439)	—	—	386,727	(2,439)
TLGP securities	—	—	—	—	—	—
Other agencies	151,404	(67)	1,902	(5)	153,306	(72)
Total U.S. Government backed securities	538,131	(2,506)	1,902	(5)	540,033	(2,511)
Municipal securities	3,508	(6)	3,801	(19)	7,309	(25)
Private-label CMO	13,309	(86)	53,934	(12,168)	67,243	(12,254)
Asset-backed securities	92,200	(93)	143,709	(134,925)	235,909	(135,018)
Covered bonds	214,939	(3,244)	—	—	214,939	(3,244)
Corporate debt	394,000	(4,593)	—	—	394,000	(4,593)
Other securities	2,208	(118)	2,118	(884)	4,326	(1,002)
Total temporarily impaired securities	**$1,258,295**	**$ (10,646)**	**$ 205,464**	**$ (148,001)**	**$1,463,759**	**$ (158,647)**

(dollar amounts in thousands)	Less than 12 Months Fair Value	Less than 12 Months Unrealized Losses	Over 12 Months Fair Value	Over 12 Months Unrealized Losses	Total Fair Value	Total Unrealized Losses
December 31, 2010						
U.S. Treasury	$ 51,781	$ (644)	$ —	$ —	$ 51,781	$ (644)
Federal agencies:						
Mortgage-backed securities	1,424,431	(51,328)	—	—	1,424,431	(51,328)
TLGP securities	—	—	—	—	—	—
Other agencies	1,217,074	(17,134)	4,771	(86)	1,221,845	(17,220)
Total U.S. Government backed securities	2,693,286	(69,106)	4,771	(86)	2,698,057	(69,192)
Municipal securities	201,370	(6,363)	3,700	(120)	205,070	(6,483)
Private-label CMO	—	—	85,617	(13,820)	85,617	(13,820)
Asset-backed securities	214,983	(2,129)	146,866	(138,719)	361,849	(140,848)
Covered bonds	367,209	(12,502)	—	—	367,209	(12,502)
Corporate debt	288,660	(6,623)	—	—	288,660	(6,623)
Other securities	—	—	41,218	(791)	41,218	(791)
Total temporarily impaired securities	**$3,765,508**	**$ (96,723)**	**$ 282,172**	**$ (153,536)**	**$4,047,680**	**$ (250,259)**

(dollar amounts in thousands)	Less than 12 Months Fair Value	Less than 12 Months Unrealized Losses	Over 12 Months Fair Value	Over 12 Months Unrealized Losses	Total Fair Value	Total Unrealized Losses
September 30, 2010						
U.S. Treasury	$ —	$ —	$ —	$ —	$ —	$ —
Federal agencies:						
Mortgage-backed securities	49,491	(99)	—	—	49,491	(99)
TLGP securities	—	—	—	—	—	—
Other agencies	249,879	(121)	502	(2)	250,381	(123)
Total U.S. Government backed securities	299,370	(220)	502	(2)	299,872	(222)
Municipal securities	23,621	(168)	3,814	(6)	27,435	(174)
Private-label CMO	—	—	172,450	(20,596)	172,450	(20,596)
Asset-backed securities	79,753	(391)	179,729	(151,666)	259,482	(152,057)
Covered bonds	25,335	(10)	—	—	25,335	(10)
Corporate debt	—	—	—	—	—	—
Other securities	39,164	(635)	459	(175)	39,623	(810)
Total temporarily impaired securities	**$ 467,243**	**$ (1,424)**	**$ 356,954**	**$ (172,445)**	**$ 824,197**	**$ (173,869)**

The following table is a summary of realized securities gains and losses for the three-month and nine-month periods ended September 30, 2011 and 2010:

(dollar amounts in thousands)	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Gross gains on sales of securities	$ **174**	$ 7,930	$ **16,532**	$ 22,811
Gross (losses) on sales of securities	**(160)**	(5,509)	**(10,624)**	(10,980)
Net gain on sales of securities	**14**	2,421	**5,908**	11,831
Other-than-temporary impairment recorded	**(1,364)**	(2,717)	**(5,711)**	(12,002)
Total securities gain (loss)	$ **(1,350)**	$ (296)	$ **197**	$ (171)

Alt-A Mortgage-Backed, Pooled-Trust-Preferred, and Private-Label CMO Securities

Our three highest risk segments of our investment portfolio are the Alt-A mortgage-backed, pooled-trust-preferred, and private-label CMO portfolios. The Alt-A mortgage-backed securities and pooled-trust-preferred securities are in the asset-backed securities portfolio. The performance of the underlying securities in each of these segments continued to reflect the economic environment. Each of these securities in these three segments is subjected to a rigorous review of its projected cash flows. These reviews are supported with analysis from independent third parties.

The following table presents the credit ratings for our Alt-A mortgage-backed, pooled-trust-preferred, and private label CMO securities as of September 30, 2011:

Credit Ratings of Selected Investment Securities (1)
(dollar amounts in thousands)

	Amortized Cost	Fair Value	Average Credit Rating of Fair Value Amount				
			AAA	AA +/-	A +/-	BBB +/-	<BBB-
Private-label CMO securities	$ 90,409	$ 78,900	$ 1,698	$ —	$ 24,068	$ 7,758	$ 45,376
Alt-A mortgage-backed securities	59,534	51,578	—	24,446	9,310	—	17,822
Pooled-trust-preferred securities	228,411	101,441	—	—	25,373	—	76,068
Total at September 30, 2011	**$ 378,354**	**$ 231,919**	**$ 1,698**	**$ 24,446**	**$ 58,751**	**$ 7,758**	**$ 139,266**
Total at December 31, 2010	$ 435,835	$ 284,608	$ 41,238	$ 33,880	$ 29,691	$ 15,145	$ 164,654

(1) Credit ratings reflect the lowest current rating assigned by a nationally recognized credit rating agency.

Negative changes to the above credit ratings would generally result in an increase of our risk-weighted assets, and a reduction to our regulatory capital ratios.

The following table summarizes the relevant characteristics of our pooled-trust-preferred securities portfolio at September 30, 2011. Each security is part of a pool of issuers and supports a more senior tranche of securities except for the I-Pre TSL II, MM Comm II and MM Comm III securities which are the most senior class.

Trust Preferred Securities Data
September 30, 2011
(dollar amounts in thousands)

Deal Name	Par Value	Amortized Cost	Fair Value	Unrealized Loss	Lowest Credit Rating (2)	# of Issuers Currently Performing/ Remaining (3)	Actual Deferrals and Defaults as a % of Original Collateral	Expected Defaults as a % of Remaining Performing Collateral	Excess Subordination (4)
Alesco II (1)	$ 41,646	$ 31,540	$ 9,570	$ (21,970)	C	31/37	14%	17%	—%
Alesco IV (1)	20,964	8,243	354	(7,889)	C	31/42	17	27	—
ICONS	20,000	20,000	12,530	(7,470)	BB	26/27	3	18	53
I-Pre TSL II	36,657	36,559	25,373	(11,186)	A	27/28	3	11	74
MM Comm II	20,970	20,041	19,712	(329)	BB	4/7	5	2	17
MM Comm III	11,081	10,587	7,597	(2,990)	CC	6/11	7	10	22
Pre TSL IX (1)	5,000	3,955	1,272	(2,683)	C	33/48	27	22	—
Pre TSL X (1)	17,774	9,915	3,036	(6,879)	C	33/53	42	37	—
Pre TSL XI (1)	25,426	22,667	6,669	(15,998)	C	44/64	27	21	—
Pre TSL XIII (1)	28,207	22,702	6,943	(15,759)	C	44/64	31	21	—
Reg Diversified (1)	25,500	7,296	303	(6,993)	D	23/44	46	28	—
Soloso (1)	12,500	3,906	506	(3,400)	C	43/67	27	20	—
Tropic III	31,000	31,000	7,576	(23,424)	CC	23/44	42	36	20
Total	**$ 296,725**	**$ 228,411**	**$ 101,441**	**$ (126,970)**					

(1) Security was determined to have OTTI. As such, the book value is net of recorded credit impairment.

(2) For purposes of comparability, the lowest credit rating expressed is equivalent to Fitch ratings even where the lowest rating is based on another nationally recognized credit rating agency.

(3) Includes both banks and/or insurance companies.

(4) Excess subordination percentage represents the additional defaults in excess of both current and projected defaults that the CDO can absorb before the bond experiences credit impairment. Excess subordinated percentage is calculated by (a) determining what percentage of defaults a deal can experience before the bond has credit impairment, and (b) subtracting from this default breakage percentage both total current and expected future default percentages.

Security Impairment

Huntington evaluates its available-for-sale securities portfolio on a quarterly basis for indicators of OTTI. Huntington assesses whether OTTI has occurred when the fair value of a debt security is less than the amortized cost basis at period-end. Management reviews the amount of unrealized loss, the length of time the security has been in an unrealized loss position, the credit rating history, market trends of similar security classes, time remaining to maturity, and the source of both interest and principal payments to identify securities which could potentially be impaired. OTTI is considered to have occurred; (1) if Huntington intends to sell the security; (2) if it is more likely than not Huntington will be required to sell the security before recovery of its amortized cost basis; or (3) the present value of the expected cash flows is not sufficient to recover all contractually required principal and interest payments.

For securities that Huntington does not expect to sell or it is not more likely than not to be required to sell, the OTTI is separated into credit and noncredit components. A discounted cash flow analysis, which includes evaluating the timing of the expected cash flows, is completed for all debt securities subject to credit impairment. The measurement of the credit loss component is equal to the difference between the debt security’s cost basis and the present value of its expected future cash flows discounted at the security’s effective yield. The credit-related OTTI, represented by the expected loss in principal, is recognized in noninterest income. The remaining difference between the security’s fair value and the present value of future expected cash flows is due to factors that are not credit-related and, therefore, are recognized in OCI. Huntington believes that it will fully collect the carrying value of securities on which noncredit-related impairment has been recognized in OCI. Noncredit-related OTTI results from other factors, including increased liquidity spreads and extension of the security. For securities which Huntington does expect to sell, or if it is more likely than not Huntington will be required to sell the security before recovery of its amortized cost basis, all OTTI is recognized in earnings. Presentation of OTTI is made in the Condensed Consolidated Statements of Income on a gross basis with a reduction for the amount of OTTI recognized in OCI. Once an OTTI is recorded, when future cash flows can be reasonably estimated, future cash flows are re-allocated between interest and principal cash flows to provide for a level-yield on the security.

Huntington applied the related OTTI guidance on the debt security types listed below.

Alt-A mortgage-backed and private-label CMO securities are collateralized by first-lien residential mortgage loans. The securities are valued by a third party specialist using a discounted cash flow approach and proprietary pricing model. The model uses inputs such as estimated prepayment speeds, losses, recoveries, default rates that are implied by the underlying performance of collateral in the structure or similar structures, discount rates that are implied by market prices for similar securities, collateral structure types, and house price depreciation / appreciation rates that are based upon macroeconomic forecasts.

Pooled-trust-preferred securities are CDOs backed by a pool of debt securities issued by financial institutions. The collateral generally consists of trust-preferred securities and subordinated debt securities issued by banks, bank holding companies, and insurance companies. A full cash flow analysis is used to estimate fair values and assess impairment for each security within this portfolio. We engaged a third party specialist with direct industry experience in pooled-trust-preferred securities valuations to provide assistance in estimating the fair value and expected cash flows for each security in this portfolio. Relying on cash flows is necessary because there was a lack of observable transactions in the market and many of the original sponsors or dealers for these securities are no longer able to provide a fair value that is compliant with ASC 820.

For the three-month and nine-month periods ended September 30, 2011 and 2010, the following tables summarize by debt security type, total OTTI losses, unrealized OTTI losses included in OCI, and OTTI recognized in the Unaudited Condensed Consolidated Statements of Income for securities evaluated for impairment as described above.

(dollar amounts in thousands)	Three Months Ended September 30, Alt-A Mortgage-backed	Pooled-trust-preferred	Private-label CMO	Total
2011				
Total OTTI recoveries (losses) (unrealized and realized)	$ (339)	$ (4,497)	$ (890)	$ (5,726)
Unrealized OTTI (recoveries) losses recognized in OCI	208	4,293	(139)	4,362
Net impairment losses recognized in earnings	**$ (131)**	**$ (204)**	**$ (1,029)**	**$ (1,364)**
2010				
Total OTTI recoveries (losses) (unrealized and realized)	$ 1,112	$ 18,877	$ 7,786	$ 27,775
Unrealized OTTI (recoveries) losses recognized in OCI	(1,472)	(19,075)	(9,945)	(30,492)
Net impairment losses recognized in earnings	$ (360)	$ (198)	$ (2,159)	$ (2,717)

(dollar amounts in thousands)	Nine Months Ended September 30, Alt-A Mortgage-backed	Pooled-trust-preferred	Private-label CMO	Total
2011				
Total OTTI (losses) recoveries (unrealized and realized)	$ 597	$ 2,334	$ 2,437	$ 5,368
Unrealized OTTI losses (recoveries) recognized in OCI	(958)	(5,744)	(4,377)	(11,079)
Net impairment losses recognized in earnings	**$ (361)**	**$ (3,410)**	**$ (1,940)**	**$ (5,711)**
2010				
Total OTTI (losses) recoveries (unrealized and realized)	$ (3,065)	$ 21,229	$ 6,404	$ 24,568
Unrealized OTTI losses (recoveries) recognized in OCI	1,503	(24,643)	(13,430)	(36,570)
Net impairment losses recognized in earnings	$ (1,562)	$ (3,414)	$ (7,026)	$ (12,002)

The following table rolls forward the unrealized OTTI recognized in OCI on debt securities held by Huntington for the three-month and nine-month periods ended September 30, 2011 and 2010:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2011**	2010	**2011**	2010
Balance, beginning of period	**$ 85,397**	$ 118,330	**$ 100,838**	$ 124,408
Reductions from sales of securities with credit impairment	—	(9,223)	**(1,053)**	(9,223)
Noncredit impairment on securities not previously considered credit impaired	—	675	—	9,584
Change due to improvement in expected cash flows	**(425)**	(27,997)	**(16,466)**	(45,657)
Additional noncredit impairment on securities with previous credit impairment	**4,787**	6,053	**6,440**	8,726
Balance, end of period	**$ 89,759**	$ 87,838	**$ 89,759**	$ 87,838

The following table rolls forward the OTTI recognized in earnings on debt securities held by Huntington for the three-month and nine-month periods ended September 30, 2011 and 2010 as follows.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2011**	2010	**2011**	2010
Balance, beginning of period	**$ 54,402**	$ 58,612	**$ 54,536**	$ 53,801
Reductions from sales	—	(7,845)	**(4,481)**	(12,319)
Credit losses not previously recognized	**26**	99	**26**	1,656
Additional credit losses	**1,338**	2,618	**5,685**	10,346
Balance, end of period	**$ 55,766**	$ 53,484	**$ 55,766**	$ 53,484

The fair values of these assets have been impacted by various market conditions. The unrealized losses were primarily the result of wider liquidity spreads on asset-backed securities and increased market volatility on nonagency mortgage and asset-backed securities that are collateralized by certain mortgage loans. In addition, the expected average lives of the asset-backed securities backed by trust-preferred securities have been extended, due to changes in the expectations of when the underlying securities would be repaid. The contractual terms and / or cash flows of the investments do not permit the issuer to settle the securities at a price less than the amortized cost. Huntington does not intend to sell, nor does it believe it will be required to sell these securities until the fair value is recovered, which may be maturity and, therefore, does not consider them to be other-than-temporarily impaired at September 30, 2011.

As of September 30, 2011, Management has evaluated all other investment securities with unrealized losses and all non-marketable securities for impairment and concluded no additional OTTI is required.

5. HELD-TO-MATURITY SECURITIES

These are debt securities that Huntington has the intent and ability to hold until maturity. The debt securities are carried at amortized cost and adjusted for amortization of premiums and accretion of discounts using the interest method.

Huntington transferred $469.1 million of federal agencies, mortgage-backed securities from the available-for-sale securities portfolio to the held-to-maturity securities portfolio in the 2011 second quarter. The securities were reclassified at fair value at the date of transfer. At the time of the transfer, $0.5 million of unrealized net gains were recognized in OCI. The amounts in OCI will be recognized in earnings over the remaining life of the securities as an offset to the adjustment of yield in a manner consistent with the amortization of the premium on the same transferred securities, resulting in an immaterial impact on net income.

During 2011, Huntington purchased additional federal agencies, mortgage-backed securities, which were classified directly into the held-to-maturity portfolio.

Listed below are the contractual maturities (under 1 year, 1-5 years, 6-10 years, and over 10 years) of held-to-maturity securities at September 30, 2011. There were no securities classified as held-to-maturity at December 31, 2010 or September 30, 2010.

	September 30, 2011	
(dollar amounts in thousands)	**Amortized Cost**	**Fair Value**
Federal agencies: mortgage-backed securities:		
Under 1 year	$ —	$ —
1-5 years	—	—
6-10 years	—	—
Over 10 years	**658,250**	**682,897**
Total Federal agencies: mortgage-backed securities	**658,250**	**682,897**
Total U.S. Government backed agencies	**658,250**	**682,897**
Total held-to-maturity securities	**$ 658,250**	**$ 682,897**

The following table provides amortized cost, gross unrealized gains and losses, and fair value by investment category at September 30, 2011:

		Unrealized		
(dollar amounts in thousands)	**Amortized Cost**	**Gross Gains**	**Gross Losses**	**Fair Value**
September 30, 2011				
Federal Agencies:				
Mortgage-backed securities	$ 658,250	$ 24,647	$ —	$ 682,897
Total U.S. Government backed securities	658,250	24,647	—	682,897
Total held-to-maturity securities	**$ 658,250**	**$ 24,647**	**$ —**	**$ 682,897**

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6. LOAN SALES AND SECURITIZATIONS

Residential Mortgage Loans

The following table summarizes activity relating to residential mortgage loans sold with servicing retained for the three-month and nine-month periods ended September 30, 2011 and 2010:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2011**	2010	**2011**	2010
Residential mortgage loans sold with servicing retained	$ **515,179**	$ 924,494	$ **2,264,697**	$ 2,463,509
Pretax gains resulting from above loan sales (1)	**12,737**	21,842	**57,982**	55,266

(1) Recorded in other noninterest income.

A MSR is established only when the servicing is contractually separated from the underlying mortgage loans by sale or securitization of the loans with servicing rights retained. At the time of initial capitalization, MSRs are recorded using either the fair value method or the amortization method. MSRs are included in accrued income and other assets. Any increase or decrease in the fair value of MSRs carried under the fair value method, as well as amortization or impairment of MSRs recorded using the amortization method, is recorded as an increase or decrease in mortgage banking income, which is included in noninterest income. When the fair value method is used, the MSR asset is established at its fair value at initial recognition using assumptions consistent with assumptions used to estimate the fair value of existing MSRs carried at fair value in the portfolio.

The following tables summarize the changes in MSRs recorded using either the fair value method or the amortization method for the three-month and nine-month periods ended September 30, 2011 and 2010:

Fair Value Method:	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2011**	2010	**2011**	2010
Fair value, beginning of period	$ **104,997**	$ 132,405	$ **125,679**	$ 176,426
Change in fair value during the period due to:				
Time decay (1)	**(1,222)**	(1,088)	**(3,987)**	(4,295)
Payoffs (2)	**(4,614)**	(9,158)	**(15,013)**	(22,835)
Changes in valuation inputs or assumptions (3)	**(25,337)**	(10,004)	**(32,855)**	(37,141)
Fair value, end of period:	**$ 73,824**	$ 112,155	**$ 73,824**	$ 112,155

(1) Represents decrease in value due to passage of time, including the impact from both regularly scheduled loan principal payments and partial loan paydowns.

(2) Represents decrease in value associated with loans that paid off during the period.

(3) Represents change in value resulting primarily from market-driven changes in interest rates and prepayment spreads.

Amortization Method:	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2011**	2010	**2011**	2010
Carrying value, beginning of period	$ **84,742**	$ 46,733	$ **70,516**	$ 38,165
New servicing assets created	**4,572**	7,506	**24,549**	24,247
Impairment charge	**(14,057)**	(2,043)	**(14,057)**	(6,899)
Amortization and other	**(3,804)**	(2,757)	**(9,555)**	(6,074)
Carrying value, end of period	**$ 71,453**	$ 49,439	**$ 71,453**	$ 49,439
Fair value, end of period	**$ 71,467**	$ 50,832	**$ 71,467**	$ 50,832

MSRs do not trade in an active, open market with readily observable prices. While sales of MSRs occur, the precise terms and conditions are typically not readily available. Therefore, the fair value of MSRs is estimated using a discounted future cash flow model. The model considers portfolio characteristics, contractually specified servicing fees and assumptions related to prepayments, delinquency rates, late charges, other ancillary revenues, costs to service, and other economic factors. Changes in the assumptions used may have a significant impact on the valuation of MSRs.

A summary of key assumptions and the sensitivity of the MSR value at September 30, 2011, to changes in these assumptions follows:

		Decline in fair value due to	
(dollar amounts in thousands)	Actual	10% adverse change	20% adverse change
Constant prepayment rate	18.64%	$ (4,729)	$ (9,388)
Spread over forward interest rate swap rates	658bps	(1,741)	(3,482)

MSR 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 impacted by the level of prepayments. Huntington hedges the fair value portfolio of MSRs against changes in value attributable to changes in interest rates through a combination of derivative instruments and trading securities.

Total servicing fees included in mortgage banking income amounted to $12.1 million and $12.1 million for the three-month periods ended September 30, 2011 and 2010, respectively. For the nine-month periods ending September 30, 2011 and 2010, servicing fees totaled $37.1 million and $36.6 million, respectively.

Automobile Loans and Leases

During the 2011 third quarter, Huntington transferred automobile loans totaling $1.0 billion to a trust in a securitization transaction and received $1.0 billion of net proceeds. The securitization qualified for sale accounting. As a result of this transaction, Huntington recognized a $15.5 million gain which is reflected in other noninterest income on the Condensed Consolidated Statement of Income and recorded a $16.0 million servicing asset which is reflected in accrued income and other assets on the Condensed Consolidated Balance Sheet.

Automobile loan servicing rights are accounted for using the amortization method. A servicing asset is established at fair value at the time of the sale. The servicing asset is then amortized against servicing income. Impairment, if any, is recognized when carrying value exceeds the fair value as determined by calculating the present value of expected net future cash flows. The primary risk characteristic for measuring servicing assets is payoff rates of the underlying loan pools. Valuation calculations rely on the predicted payoff assumption and, if actual payoff is quicker than expected, then future value would be impaired.

Changes in the carrying value of automobile loan servicing rights for the three-month periods ended September 30, 2011, and 2010, and the fair value at the end of each period were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2011**	2010	**2011**	2010
Carrying value, beginning of period	$ **49**	$ 373	$ **97**	$ 12,912
New servicing assets created	**16,039**	—	**16,039**	—
Amortization and other (1)	**(743)**	(228)	**(791)**	(12,767)
Carrying value, end of period	**$ 15,345**	**$** 145	**$ 15,345**	**$** 145
Fair value, end of period	**$ 16,039**	**$** 387	**$ 16,039**	**$** 387

(1) The nine months ended September 30, 2010, included a $12.4 million reduction related to the consolidation of a VIE in the 2010 first quarter.

Huntington has retained servicing responsibilities on sold automobile loans and receives annual servicing fees and other ancillary fees on the outstanding loan balances. Servicing income, net of amortization of capitalized servicing assets, amounted to $0.3 million and $0.5 million for the three-month periods ending September 30, 2011, and 2010, respectively. For the nine-month periods ended September 30, 2011, and 2010, servicing income, net of amortization of capitalized servicing assets, was $1.0 million and $2.1 million, respectively.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

A rollforward of goodwill by business segment for the first nine-month period of 2011 was as follows:

(dollar amounts in thousands)	Retail & Business Banking	Regional & Commercial Banking	AFCRE	WGH	Treasury/ Other	Huntington Consolidated
Balance, beginning of period	$ 286,824	$ 16,169	$ —	$ 98,951	$ 42,324	$ 444,268
Adjustments	—	—	—	—	—	—
Balance, end of period	$ 286,824	$ 16,169	$ —	$ 98,951	$ 42,324	$ 444,268

Goodwill is not amortized but is evaluated for impairment on an annual basis at October 1 of each year or whenever events or changes in circumstances indicate the carrying value may not be recoverable. No events or changes in circumstances since the October 1, 2010, annual impairment test were noted that would indicate it was more likely than not a goodwill impairment exists.

At September 30, 2011, December 31, 2010, and September 30, 2010, Huntington's other intangible assets consisted of the following:

(dollar amounts in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
September 30, 2011			
Core deposit intangible	**$ 376,846**	**$ (252,397)**	**$ 124,449**
Customer relationship	**104,574**	**(40,993)**	**63,581**
Other	**25,164**	**(24,717)**	**447**
Total other intangible assets	**$ 506,584**	**$ (318,107)**	**$ 188,477**
December 31, 2010			
Core deposit intangible	$ 376,846	$ (219,311)	$ 157,535
Customer relationship	104,574	(34,751)	69,823
Other	25,164	(23,902)	1,262
Total other intangible assets	$ 506,584	$ (277,964)	$ 228,620
September 30, 2010			
Core deposit intangible	$ 376,846	$ (206,658)	$ 170,188
Customer relationship	104,574	(32,579)	71,995
Other	25,164	(23,681)	1,483
Total other intangible assets	$ 506,584	$ (262,918)	$ 243,666

The estimated amortization expense of other intangible assets for the fourth quarter of 2011 and the next five years is as follows:

(dollar amounts in thousands)	Amortization Expense
2011	$ 13,188
2012	46,075
2013	40,511
2014	35,858
2015	19,758
2016	6,606

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8. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the three-month and nine-month periods ended September 30, 2011 and 2010, were as follows:

	Three Months Ended September 30, 2011		
(dollar amounts in thousands)	Pretax	Tax (Expense) Benefit	After-tax
Noncredit-related impairment recoveries (losses) on debt securities not expected to be sold	$ (4,362)	$ 1,527	$ (2,835)
Unrealized holding gains (losses) on available-for-sale debt securities arising during the period	42,832	(15,180)	27,652
Less: Reclassification adjustment for net losses (gains) included in net income	1,350	(473)	877
Net change in unrealized holding gains (losses) on available-for-sale debt securities	**39,820**	**(14,126)**	**25,694**
Net change in unrealized holding gains (losses) on available-for-sale equity securities	**(197)**	**69**	**(128)**
Unrealized gains (losses) on derivatives used in cash flow hedging relationships arising during the period	**21,494**	**(7,523)**	**13,971**
Change in pension and post-retirement benefit plan assets and liabilities	**4,003**	**(1,401)**	**2,602**
Total other comprehensive income	**$ 65,120**	**$ (22,981)**	**$ 42,139**

	Three Months Ended September 30, 2010		
(dollar amounts in thousands)	Pretax	Tax (Expense) Benefit	After-tax
Noncredit-related impairment recoveries (losses) on debt securities not expected to be sold	$ 30,492	$ (10,672)	$ 19,820
Unrealized holding gains (losses) on available-for-sale debt securities arising during the period	28,767	(10,276)	18,491
Less: Reclassification adjustment for net losses (gains) included in net income	296	(104)	192
Net change in unrealized holding gains (losses) on available-for-sale debt securities	59,555	(21,052)	38,503
Net change in unrealized holding gains (losses) on available-for-sale equity securities	(53)	19	(34)
Unrealized gains (losses) on derivatives used in cash flow hedging relationships arising during the period	25,180	(8,813)	16,367
Change in pension and post-retirement benefit plan assets and liabilities	1,794	(628)	1,166
Total other comprehensive income	$ 86,476	$ (30,474)	$ 56,002

	Nine Months Ended September 30, 2011		
(dollar amounts in thousands)	Pretax	Tax (expense) Benefit	After-tax
Non credit related impairment recoveries (losses) on debt securities not expected to be sold	$ 11,079	$ (3,878)	$ 7,201
Unrealized holding gains (losses) on available-for-sale debt securities arising during the period	132,575	(46,446)	86,129
Less: Reclassification adjustment for net losses (gains) included in net income	(197)	69	(128)
Net change in unrealized holding gains (losses) on available-for-sale debt securities	**143,457**	**(50,255)**	**93,202**
Net change in unrealized holding gains (losses) on available-for-sale equity securities	**(145)**	**50**	**(95)**
Unrealized gains (losses) on derivatives used in cash flow hedging relationships arising during the period	**24,897**	**(8,714)**	**16,183**
Change in pension and post-retirement benefit plan assets and liabilities	**12,003**	**(4,201)**	**7,802**
Total other comprehensive income	**$ 180,212**	**$ (63,120)**	**$ 117,092**

(dollar amounts in thousands)	Nine Months Ended September 30, 2010 Pretax	Tax (expense) Benefit	After-tax
Cumulative effect of change in accounting principle for consolidation of variable interest entities	$ (6,365)	$ 2,116	$ (4,249)
Non credit related impairment recoveries (losses) on debt securities not expected to be sold	36,570	(12,799)	23,771
Unrealized holding gains (losses) on available-for-sale debt securities arising during the period	137,051	(48,578)	88,473
Less: Reclassification adjustment for net losses (gains) included in net income	171	(60)	111
Net change in unrealized holding gains (losses) on available-for-sale debt securities	173,792	(61,437)	112,355
Net change in unrealized holding gains (losses) on available-for-sale equity securities	(241)	85	(156)
Unrealized gains (losses) on derivatives used in cash flow hedging relationships arising during the period	26,371	(9,230)	17,141
Change in pension and post-retirement benefit plan assets and liabilities	5,382	(1,884)	3,498
Total other comprehensive income	$ 198,939	$ (70,350)	$ 128,589

Activity in accumulated other comprehensive income, net of tax, for the nine-month periods ended September 30, 2011 and 2010, were as follows:

(dollar amounts in thousands)	Unrealized gains and (losses) on debt securities (1)	Unrealized gains and (losses) on equity securities	Unrealized gains and (losses) on cash flow hedging derivatives	Unrealized gains (losses) for pension and other post-retirement obligations	Total
Balance, December 31, 2009	$ (103,060)	$ (322)	$ 58,865	$ (112,468)	$ (156,985)
Cumulative effect of change in accounting principle for consolidation of variable interest entities	(4,249)	—	—	—	(4,249)
Period change	112,355	(156)	17,141	3,498	132,838
Balance, September 30, 2010	$ 5,046	$ (478)	$ 76,006	$ (108,970)	$ (28,396)
Balance, December 31, 2010	$ (101,290)	$ (427)	$ 35,710	$ (131,489)	$ (197,496)
Period change	93,202	(95)	16,183	7,802	117,092
Balance, September 30, 2011	**$ (8,088)**	**$ (522)**	**$ 51,893**	**$ (123,687)**	**$ (80,404)**

(1) Amount at September 30, 2011 includes $0.4 million of net unrealized gains on securities transferred from the available-for-sale securities portfolio to the held-to-maturity securities portfolio. The net unrealized gains will be recognized in earnings over the remaining life of the security using the effective interest method.

9. SHAREHOLDERS' EQUITY

Repurchase of Outstanding TARP Capital and Warrant to Repurchase Common Stock

In 2008, Huntington received $1.4 billion of equity capital by issuing to the Treasury 1.4 million shares of TARP Capital and a ten-year warrant to purchase up to 23.6 million shares of Huntington's common stock, par value $0.01 per share, at an exercise price of $8.90 per share. As approved by the Federal Reserve Board, the Treasury, and our other banking regulators, on December 22, 2010, Huntington repurchased all 1.4 million shares of our TARP Capital held by the Treasury totaling $1.4 billion. Huntington used the net proceeds from the issuance of common stock and subordinated debt, as well as other funds, to redeem the TARP Capital. On January 19, 2011, Huntington repurchased the warrant originally issued to the Treasury for a purchase price of $49.1 million.

Share Repurchase Program

Huntington did not repurchase any shares for the three-month or nine-month periods ended September 30, 2011 and 2010.

Dividends on common stock

On October 20, 2011, Huntington announced that the board of directors had declared a quarterly common stock cash dividend of $0.04 per common share. The dividend is payable on January 3, 2012, to shareholders of record on December 20, 2011.

10. EARNINGS PER SHARE

Basic earnings per share is the amount of earnings (adjusted for dividends declared on preferred stock) available to each share of common stock outstanding during the reporting period. Diluted earnings per share is the amount of earnings available to each share of common stock outstanding during the reporting period adjusted to include the effect of potentially dilutive common shares. Potentially dilutive common shares include incremental shares issued for stock options, restricted stock units and awards, distributions from deferred compensation plans, and the conversion of Huntington's convertible preferred stock. Potentially dilutive common shares are excluded from the computation of diluted earnings per share in periods in which the effect would be antidilutive. For diluted earnings per share, net income available to common shares can be affected by the conversion of Huntington's convertible preferred stock. Where the effect of this conversion would be dilutive, net income available to common shareholders is adjusted by the associated preferred dividends and deemed dividend. The calculation of basic and diluted earnings per share for each of the three-month and nine-month periods ended September 30, 2011 and 2010, was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands, except per share amounts)	**2011**	2010	**2011**	2010
Basic earnings per common share:				
Net income	**$ 143,391**	$ 100,946	**$ 415,755**	$ 189,447
Preferred stock dividends, deemed dividend and accretion of discount	**(7,703)**	(29,495)	**(23,110)**	(88,278)
Net income available to common shareholders	**$ 135,688**	$ 71,451	**$ 392,645**	$ 101,169
Average common shares issued and outstanding	**863,911**	716,911	**863,542**	716,604
Basic earnings per common share	**$ 0.16**	$ 0.10	**$ 0.45**	$ 0.14
Diluted earnings per common share				
Net income available to common shareholders	**$ 135,688**	$ 71,451	**$ 392,645**	$ 101,169
Effect of assumed preferred stock conversion	**—**	—	**—**	—
Net income applicable to diluted earnings per share	**$ 135,688**	$ 71,451	**$ 392,645**	$ 101,169
Average common shares issued and outstanding	**863,911**	716,911	**863,542**	716,604
Dilutive potential common shares:				
Stock options and restricted stock units and awards	**2,646**	1,764	**2,938**	1,711
Shares held in deferred compensation plans	**1,076**	892	**966**	867
Conversion of preferred stock	**—**	—	**—**	—
Dilutive potential common shares:	**3,722**	2,656	**3,904**	2,578
Total diluted average common shares issued and outstanding	**867,633**	719,567	**867,446**	719,182
Diluted earnings per common share	**$ 0.16**	$ 0.10	**$ 0.45**	$ 0.14

Approximately 24.6 million and 19.2 million options to purchase shares of common stock outstanding at the end of September 30, 2011 and 2010, respectively, were not included in the computation of diluted earnings per share because the effect would be antidilutive. The weighted average exercise price for these options was $12.57 per share and $18.06 per share at the end of each respective period.

11. SHARE-BASED COMPENSATION

Huntington sponsors nonqualified and incentive share-based compensation plans. These plans provide for the granting of stock options and other awards to officers, directors, and other employees. Compensation costs are included in personnel costs on the Condensed Consolidated Statements of Income. Stock options are granted at the closing market price on the date of the grant. Options granted typically vest ratably over three years or when other conditions are met. Options granted prior to May 2004 have a term of ten years. All options granted after May 2004 have a term of seven years.

Huntington uses the Black-Scholes option pricing model to value share-based compensation expense. Forfeitures are estimated at the date of grant based on historical rates and reduce the compensation expense recognized. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the date of grant. Expected volatility is based on the estimated volatility of Huntington's stock over the expected term of the option. The expected dividend yield is based on the dividend rate and stock price at the date of the grant. The following table illustrates the weighted-average assumptions used in the option-pricing model for options granted in the three-month and nine-month periods ended September 30, 2011 and 2010.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	**2011**	2010
Assumptions				
Risk-free interest rate	**1.97%**	2.14%	**1.97%**	2.31%
Expected dividend yield	**2.64**	0.63	**2.62**	0.67
Expected volatility of Huntington's common stock	**30.0**	32.5	**30.0**	38.6
Expected option term (years)	**6.0**	6.0	**6.0**	6.0
Weighted-average grant date fair value per share	**$ 1.40**	$ 2.05	**$ 1.41**	$ 2.21

The following table illustrates total share-based compensation expense and related tax benefit for the three-month and nine-month periods ended September 30, 2011 and 2010:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2011**	2010	**2011**	2010
Share-based compensation expense	**$ 6,463**	$ 4,525	**$ 13,986**	$ 11,413
Tax benefit	**2,182**	1,584	**4,815**	3,995

Huntington's stock option activity and related information for the nine-month period ended September 30, 2011, was as follows:

(amounts in thousands, except years and per share amounts)	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2011	21,862	$ 15.96		
Granted	10,625	6.03		
Exercised	(99)	4.06		
Forfeited/expired	(4,756)	19.02		
Outstanding at September 30, 2011	**27,632**	**$ 11.65**	**4.3**	**$ 1,614**
Vested and expected to vest at September 30, 2011 (1)	**26,327**	**$ 11.94**	**4.2**	**$ 1,583**
Exercisable at September 30, 2011	**14,160**	**$ 17.15**	**2.3**	**$ 959**

(1) The number of options expected to vest includes an estimate of expected forfeitures.

The aggregate intrinsic value represents the amount by which the fair value of underlying stock exceeds the "in-the-money" option exercise price. For the nine-month period ended September 30, 2011 and September 30, 2010, cash received for the exercises of stock options was $0.4 million and $0.2 million, respectively. The tax benefit realized from stock option exercises was less than $0.1 million for each respective period.

Huntington also grants restricted stock units and awards. Restricted stock units and awards are issued at no cost to the recipient, and can be settled only in shares at the end of the vesting period. Restricted stock awards provide the holder with full voting rights and cash dividends during the vesting period. Restricted stock units do not provide the holder with voting rights or cash dividends during the vesting period, but do accrue a dividend equivalent that is paid upon vesting, and are subject to certain service restrictions. The fair value of the restricted stock units and awards is the closing market price of the Huntington's common stock on the date of award.

The following table summarizes the status of Huntington's restricted stock units and restricted stock awards as of September 30, 2011, and activity for the nine-month period ended September 30, 2011:

(amounts in thousands, except per share amounts)	Restricted Stock Units	Weighted-Average Grant Date Fair Value Per Share	Restricted Stock Awards (1)	Weighted-Average Grant Date Fair Value Per Share
Nonvested at January 1, 2011	5,511	**$** 5.78	466	**$** 5.24
Granted	3,775	6.27	—	—
Vested	(963)	5.97	(428)	5.43
Forfeited	(258)	6.33	(13)	3.11
Nonvested at September 30, 2011	**8,065**	**$ 5.97**	**25**	**$ 3.11**

(1) Includes restricted stock awards granted under the Second Amended and Restated 2007 Stock and Long-Term Incentive Plan to certain executives as a portion of their annual base salary. These awards are 100% vested as of the grant date and are not subject to any requirement of future service. However, the shares are subject to restrictions regarding sale, transfer, pledge, or disposition until certain conditions are met. All awards vested in the 2011 second quarter.

The weighted-average grant date fair value of nonvested shares granted for the nine-month periods ended September 30, 2011 and 2010, were \$6.27 and \$6.20, respectively. The total fair value of awards vested was \$8.7 million and \$2.8 million during the nine-month periods ended September 30, 2011, and 2010, respectively. As of September 30, 2011, the total unrecognized compensation cost related to nonvested awards was \$32.2 million with a weighted-average expense recognition period of 2.0 years.

Of the remaining 38.8 million shares of common stock authorized for issuance at September 30, 2011, 35.7 million were outstanding and 3.1 million were available for future grants. Huntington issues shares to fulfill stock option exercises and restricted stock units from available authorized shares. At September 30, 2011, Management believes there are adequate authorized shares available to satisfy anticipated stock option exercises in 2011.

12. BENEFIT PLANS

Huntington sponsors the Plan, 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. The funding policy of Huntington is to contribute an annual amount that is at least equal to the minimum funding requirements but not more than the amount deductible under the Internal Revenue Code. There is no required minimum contribution for 2011, although Huntington contributed \$50.0 million to the Plan in March 2011.

In addition, Huntington has an unfunded defined benefit post-retirement plan that provides certain healthcare and life insurance benefits to retired employees who have attained the age of 55 and have at least 10 years of vesting service under this plan. For any employee retiring on or after January 1, 1993, post-retirement healthcare benefits are based upon the employee's number of months of service and are limited to the actual cost of coverage. Life insurance benefits are a percentage of the employee's base salary at the time of retirement, with a maximum of \$50,000 of coverage. The employer paid portion of the post-retirement health and life insurance plan was eliminated for employees retiring on and after March 1, 2010. Eligible employees retiring on and after March 1, 2010, who elect retiree medical coverage, will pay the full cost of this coverage. Huntington will not provide any employer paid life insurance to employees retiring on and after March 1, 2010. Eligible employees will be able to convert or port their existing life insurance at their own expense under the same terms that are available to all terminated employees.

The following table shows the components of net periodic benefit expense of the Plan and the Post-Retirement Benefit Plan:

	Pension Benefits Three Months Ended September 30,		Post Retirement Benefits Three Months Ended September 30,	
(dollar amounts in thousands)	**2011**	2010	**2011**	2010
Service cost	$ **5,412**	$ 5,051	$ —	$ —
Interest cost	**7,518**	7,217	**404**	433
Expected return on plan assets	**(10,822)**	(10,528)	—	—
Amortization of transition asset	**(1)**	1	—	—
Amortization of prior service cost	**(1,442)**	(1,442)	**(338)**	(339)
Amortization of gains	**5,873**	3,748	**(106)**	(174)
Settlements	**1,750**	3,925	—	—
Benefit expense	**$ 8,288**	$ 7,972	**$ (40)**	$ (80)

(dollar amounts in thousands)	Pension Benefits Nine Months Ended September 30, 2011	2010	Post Retirement Benefits Nine Months Ended September 30, 2011	2010
Service cost	$ 16,238	$ 15,153	$ —	$ —
Interest cost	22,554	21,651	1,214	1,299
Expected return on plan assets	(32,468)	(31,584)	—	—
Amortization of transition asset	(3)	5	—	—
Amortization of prior service cost	(4,326)	(4,326)	(1,014)	(1,014)
Amortization of gains	17,621	11,242	(318)	(525)
Settlements	5,250	7,375	—	—
Benefit expense	$ 24,866	$ 19,516	$ (118)	$ (240)

The Bank, as trustee, held all Plan assets at September 30, 2011, and December 31, 2010. The Plan assets consisted of investments in a variety of Huntington mutual funds and Huntington common stock as follows:

	Fair Value					
(dollar amounts in thousands)	September 30, 2011		December 31, 2010		September 30, 2010	
Cash	$ 36	—%	$ —	—%	$ —	—%
Cash equivalents:						
Huntington funds — money market	55	—	25	—	204	—
Fixed income:						
Huntington funds — fixed income funds	173,355	37	133,330	28	134,523	30
Corporate obligations	—	—	—	—	1,097	—
U.S. Government Agencies	—	—	—	—	506	—
Equities:						
Huntington funds	264,074	56	318,155	66	293,956	64
Other — equity mutual funds	—	—	—	—	4,029	1
Huntington common stock	35,380	7	26,969	6	22,344	5
Fair value of plan assets	$ 472,900	100%	$ 478,479	100%	$ 456,659	100%

Investments of the Plan are accounted for at cost on the trade date and are reported at fair value. All of the Plan's investments at September 30, 2011, are classified as Level 1 within the fair value hierarchy. In general, investments of the Plan are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible changes in the values of investments will occur in the near term and such changes could materially affect the amounts reported in the Plan assets.

The investment objective of the Plan is to maximize the return on Plan assets over a long time period, while meeting the Plan obligations. At September 30, 2011, Plan assets were invested 63% in equity investments and 37% in bonds, with an average duration of 3.6 years on bond investments. Although it may fluctuate with market conditions, Management has targeted a long-term allocation of Plan assets of 69% in equity investments and 31% in bond investments.

Huntington also sponsors other nonqualified retirement plans, the most significant being the SERP and the SRIP. The SERP provides certain former officers and directors, and the SRIP provides certain current officers and directors of Huntington and its subsidiaries with defined pension benefits in excess of limits imposed by federal tax law.

Huntington has a defined contribution plan that is available to eligible employees. In the 2009 first quarter, the Plan was amended to eliminate employer matching contributions effective on or after March 15, 2009. Prior to March 15, 2009, Huntington matched participant contributions, up to the first 3% of base pay contributed to the Plan. Half of the employee contribution was matched on the 4th and 5th percent of base pay contributed to the Plan. Effective May 1, 2010, Huntington reinstated the employer matching contribution to the defined contribution Plan.

The following table shows the costs of providing the SERP, SRIP, and defined contribution plans:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in millions)	**2011**	2010	**2011**	2010
SERP & SRIP	**$ 0.7**	$ 0.7	**$ 2.1**	$ 2.3
Defined contribution plan	**3.8**	3.3	**11.3**	5.4
Benefit cost	**$ 4.5**	$ 4.0	**$ 13.4**	$ 7.7

13. FAIR VALUES OF ASSETS AND LIABILITIES

Huntington follows the fair value accounting guidance under ASC 820 and ASC 825.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A three-level valuation hierarchy was established for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 — inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 — inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, 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 to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Transfers in and out of Level 1, 2, or 3 are recorded at fair value at the beginning of the reporting period.

Following is a description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Mortgage loans held for sale

Huntington elected to apply the fair value option for mortgage loans originated with the intent to sell which are included in loans held for sale. Mortgage loans held for sale are classified as Level 2 and are estimated using security prices for similar product types.

Available-for-sale securities and trading account securities

Securities accounted for at fair value include both the available-for-sale and trading portfolios. Huntington uses prices obtained from third party pricing services and recent trades to determine the fair value of securities. AFS and trading securities are classified as Level 1 using quoted market prices (unadjusted) in active markets for identical securities that Huntington has the ability to access at the measurement date. 1% of the positions in these portfolios are Level 1, and consist of U.S. Treasury securities and money market mutual funds. When quoted market prices are not available, fair values are classified as Level 2 using quoted prices for similar assets in active markets, quoted prices of identical or similar assets in markets that are not active, and inputs that are observable for the asset, either directly or indirectly, for substantially the full term of the financial instrument. 95% of the positions in these portfolios are Level 2, and consist of U.S. Government and agency debt securities, agency mortgage backed securities, asset-backed securities, municipal securities and other securities. For both Level 1 and Level 2 securities, management uses various methods and techniques to corroborate prices obtained from the pricing service, including reference to dealer or other market quotes, and by reviewing valuations of comparable instruments. If relevant market prices are limited or unavailable, valuations may require significant management judgment or estimation to determine fair value, in which case the fair values are classified as Level 3. 4% of our positions are Level 3, and consist of non-agency ALT-A asset-backed securities, private-label CMO securities, pooled-trust-preferred CDO securities and municipal securities.

For non-agency ALT-A asset-backed securities, private-label CMO securities, and pooled-trust-preferred CDO securities the fair value methodology incorporates values obtained from proprietary discounted cash flow models provided by a third party. The modeling process for the ALT-A asset-backed securities and private-label CMO securities incorporates assumptions management believes market participants would use to value the security under current market conditions. The assumptions used include prepayment projections, credit loss assumptions, and discount rates, which include a risk premium due to liquidity and uncertainty that are based on both observable and unobservable inputs. Huntington validates the reasonableness of the assumptions by comparing the assumptions with market information. Huntington uses the discounted cash flow analysis, in conjunction with other relevant pricing information obtained from third party pricing services or broker quotes to establish the fair value that management believes is representative under current market conditions. For purposes of determining fair value at September 30, 2011, the discounted cash flow modeling was the predominant input. The modeling of the fair value of the pooled-trust-preferred CDO's utilizes a similar methodology, with the probability of default ("PD") of each issuer being the most critical input. Management evaluates the PD assumptions provided to the third party pricing service by comparing the current PD to the assumptions used the previous quarter, actual defaults and deferrals in the current period, and trend data on certain financial ratios of the issuers. Huntington also evaluates the assumptions related to discount rates and prepayments. Each quarter, the Company seeks to obtain information on actual trades of securities with similar characteristics to further support our fair value estimates and our underlying assumptions. For purposes of determining fair value at September 30, 2011, the discounted cash flow modeling was the predominant input.

Huntington utilizes the same processes to determine the fair value of investment securities classified as held-to-maturity for impairment evaluation purposes.

Automobile loans

Effective January 1, 2010, Huntington consolidated an automobile loan securitization that previously had been accounted for as an off-balance sheet transaction. As a result, Huntington elected to account for the automobile loan receivables and the associated notes payable at fair value per guidance supplied in ASC 825, "Financial Instruments". The automobile loan receivables are classified as Level 3. The key assumptions used to determine the fair value of the automobile loan receivables included projections 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.

MSRs

MSRs do not trade in an active market with readily observable prices. Accordingly, the fair value of these assets is classified as Level 3. Huntington determines the fair value of MSRs using an income approach model based upon our month-end interest rate curve and prepayment assumptions. The model, which is operated and maintained by a third party, utilizes assumptions to estimate future net servicing income cash flows, including estimates of time decay, payoffs, and changes in valuation inputs and assumptions. Servicing brokers and other sources of information (e.g. discussion with other mortgage servicers and industry surveys) are used to obtain information on market practice and assumptions. On at least a quarterly basis, third party marks are obtained from at least one service broker. Huntington reviews the valuation assumptions against this market data for reasonableness and adjusts the assumptions if deemed appropriate. Any recommended change in assumptions and / or inputs are presented for review to the Mortgage Price Risk Subcommittee for final approval.

Derivatives

Derivatives classified as Level 1 consist of exchange traded options and forward commitments to deliver mortgage-backed securities which are valued using quoted prices. Asset and liability conversion swaps and options, and interest rate caps are classified as Level 2. These derivative positions are valued using a discounted cash flow method that incorporates current market interest rates. Derivatives classified as Level 3 consist primarily of interest rate lock agreements related to mortgage loan commitments. The determination of fair value includes assumptions related to the likelihood that a commitment will ultimately result in a closed loan, which is a significant unobservable assumption.

Securitization trust notes payable

Consists of certain securitization trust notes payable related to the automobile loan receivables measured at fair value. The notes payable are classified as Level 2 and are valued based on interest rates for similar financial instruments.

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Assets and Liabilities measured at fair value on a recurring basis

Assets and liabilities measured at fair value on a recurring basis at September 30, 2011, December 31, 2010, and September 30, 2010 are summarized below:

(dollar amounts in thousands)	Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	Netting Adjustments (1)	**Balance at September 30, 2011**
Assets					
Mortgage loans held for sale	$ —	$ 331,883	$ —	$ —	$ **331,883**
Trading account securities:					
U.S. Treasury securities	—	—	—	—	**—**
Federal agencies: Mortgage-backed	—	6,995	—	—	**6,995**
Federal agencies: Other agencies	—	—	—	—	**—**
Municipal securities	—	23,455	—	—	**23,455**
Other securities	54,753	508	—	—	**55,261**
	54,753	30,958	—	—	**85,711**
Available-for-sale and other securities:					
U.S. Treasury securities	53,321	—	—	—	**53,321**
Federal agencies: Mortgage-backed (2)	—	4,435,246	—	—	**4,435,246**
TLGP securities	—	105,537	—	—	**105,537**
Federal agencies: Other agencies (2)	—	1,137,954	—	—	**1,137,954**
Municipal securities	—	311,962	101,427	—	**413,389**
Private-label CMO	—	—	78,900	—	**78,900**
Asset-backed securities	—	803,039	153,019	—	**956,058**
Covered bonds	—	703,630	—	—	**703,630**
Corporate debt	—	454,852	—	—	**454,852**
Other securities	54,236	10,127	—	—	**64,363**
	107,557	7,962,347	333,346	—	**8,403,250**
Automobile loans	—	—	344,529	—	**344,529**
MSRs	—	—	73,824	—	**73,824**
Derivative assets	20,581	526,890	8,963	(103,741)	**452,693**
Liabilities					
Securitization trust notes payable	—	173,045	—	—	**173,045**
Derivative liabilities	29,820	265,023	1,029	—	**295,872**
Other liabilities	2,010	—	—	—	**2,010**

(dollar amounts in thousands)	Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	Netting Adjustments (1)	Balance at December 31, 2010
Assets					
Mortgage loans held for sale	$ —	$ 754,117	$ —	$ —	$ 754,117
Trading account securities:					
U.S. Treasury securities	47,430	—	—	—	47,430
Federal agencies: Mortgage-backed	—	10,860	—	—	10,860
Federal agencies: Other agencies	—	24,853	—	—	24,853
Municipal securities	—	30,205	—	—	30,205
Other securities	69,017	3,039	—	—	72,056
	116,447	68,957	—	—	185,404
Available-for-sale and other securities:					
U.S. Treasury securities	51,781	—	—	—	51,781
Federal agencies: Mortgage-backed	—	4,754,404	—	—	4,754,404
TLGP securities	—	183,467	—	—	183,467
Federal agencies: Other agencies (3)	—	2,058,376	—	—	2,058,376
Municipal securities	—	305,909	149,806	—	455,715
Private-label CMO	—	—	121,925	—	121,925
Asset-backed securities	—	1,044,438	162,684	—	1,207,122
Covered bonds	—	367,209	—	—	367,209
Corporate debt	—	323,389	—	—	323,389
Other securities	53,286	9,848	—	—	63,134
	105,067	9,047,040	434,415	—	9,586,522
Automobile loans	—	—	522,717	—	522,717
MSRs	—	—	125,679	—	125,679
Derivative assets	23,514	390,361	2,817	(70,559)	346,133
Liabilities					
Securitization trust notes payable	—	356,089	—	—	356,089
Derivative liabilities	3,990	233,399	1,851	—	239,240

Other liabilities	—	—	—	—	—

(dollar amounts in thousands)	Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	Netting Adjustments (1)	Balance at September 30, 2010
Assets					
Mortgage loans held for sale	$ —	$ 699,001	$ —	$ —	$ 699,001
Trading account securities:					
U.S. Treasury securities	—	—	—	—	—
Federal agencies: Mortgage-backed	—	12,731	—	—	12,731
Federal agencies: Other agencies	—	24,990	—	—	24,990
Municipal securities	—	33,554	—	—	33,554
Other securities	63,105	4,297	—	—	67,402
	63,105	75,572	—	—	138,677
Available-for-sale and other securities:					
U.S. Treasury securities	50,334	—	—	—	50,334
Federal agencies: Mortgage-backed	—	4,683,540	—	—	4,683,540
TLGP securities	580,914	—	—	—	580,914
Federal agencies: Other agencies	2,001,730	30,445	—	—	2,032,175
Municipal securities	—	134,582	233,290	—	367,872
Private-label CMO	—	—	276,224	—	276,224
Asset-backed securities	—	979,666	197,958	—	1,177,624
Covered bonds	—	151,310	—	—	151,310
Corporate debt	—	30,154	—	—	30,154
Other securities	54,218	9,051	—	—	63,269
	2,687,196	6,018,748	707,472	—	9,413,416
Automobile loans	401,148	—	189,075	—	590,223
MSRs	—	—	112,155	—	112,155
Derivative assets	980	547,784	11,745	(126,221)	434,288
Liabilities					
Securitization trust notes payable	422,294	—	—	—	422,294
Derivative liabilities	9,044	293,741	4,018	—	306,803
Other liabilities	—	—	—	—	—

(1) Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle positive and negative positions and cash collateral held or placed with the same counterparties.

(2) During the 2011 second quarter, Huntington transferred $469.1 million of federal agencies: mortgage-backed securities from the available-for-sale securities portfolio to the held-to-maturity securities portfolio. These securities are valued at amortized cost and no longer classified within the fair value hierarchy. All amounts were previously classified as Level 2 in the fair value hierarchy.

(3) Amounts were transferred from Level 1 to Level 2 in the 2010 fourth quarter due to lack of sufficient market activity for these securities.

The tables below present a rollforward of the balance sheet amounts for the three-month and nine-month periods ended September 30, 2011 and 2010, for financial instruments measured on a recurring basis and classified as Level 3. The classification of an item as Level 3 is based on the significance of the unobservable inputs to the overall fair value measurement. However, Level 3 measurements may also include observable components of value that can be validated externally. Accordingly, the gains and losses in the table below include changes in fair value due in part to observable factors that are part of the valuation methodology.

Level 3 Fair Value Measurements
Three Months Ended September 30, 2011

			Available-for-sale securities				
(dollar amounts in thousands)	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans	Equity investments
Balance, beginning of period	$104,997	$ 418	$ 123,800	$ 88,770	$165,742	$ 400,935	$ —
Total gains / losses:							
Included in earnings	(31,173)	7,557	—	(872)	(354)	(3,695)	—
Included in OCI	—	—	—	(2,543)	(9,874)	—	—
Purchases	—	—	—	—	—	—	—
Sales	—	—	—	—	—	—	—
Repayments	—	—	—	—	—	(52,711)	—
Issuances	—	—	—	—	—	—	—
Settlements	—	(41)	(22,373)	(6,455)	(2,495)	—	—
Transfers in / out of Level 3	—	—	—	—	—	—	—
Balance, end of period	**$ 73,824**	**$ 7,934**	**$ 101,427**	**$ 78,900**	**$153,019**	**$ 344,529**	**$ —**
The amount of total gains or losses for the period included in earnings (or OCI) attributable to the change in unrealized gains or losses relating to assets still held at reporting date	**$ (31,173)**	**$ 7,516**	**$ —**	**$ (2,543)**	**$ (9,874)**	**$ (3,695)**	**$ —**

Level 3 Fair Value Measurements
Three Months Ended September 30, 2010

			Available-for-sale securities				
(dollar amounts in thousands)	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans	Equity investments
Balance, beginning of period	$132,405	$ 6,492	$ 262,128	$ 394,611	$218,940	$ 186,388	$ —
Total gains / losses:							
Included in earnings	(20,250)	3,872	—	(1,598)	(393)	4,887	—
Included in OCI	—	—	—	12,674	(5,312)	—	—
Purchases	—	—	—	—	—	—	—
Sales	—	—	(28,838)	(109,310)	(11,977)	—	—
Repayments	—	—	—	—	—	(2,200)	—
Issuances	—	—	—	—	—	—	—
Settlements	—	(1,741)	—	—	—	—	—
Transfers in / out of Level 3	—	(896)	—	(20,153)	(3,300)	—	—
Balance, end of period	**$112,155**	**$ 7,727**	**$ 233,290**	**$ 276,224**	**$197,958**	**$ 189,075**	**$ —**
The amount of total gains or losses for the period included in earnings (or OCI) attributable to the change in unrealized gains or losses relating to assets still held at reporting date	**$ (20,250)**	**$ 2,976**	**$ —**	**$ 3,727**	**$ (5,928)**	**$ 2,687**	**$ —**

(dollar amounts in thousands)	MSRs	Derivative instruments	Available-for-sale securities: Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans	Equity investments
	Level 3 Fair Value Measurements Nine Months Ended September 30, 2011						
Balance, beginning of period	$125,679	$ 966	$ 149,806	$ 121,925	$162,684	$ 522,717	$ —
Total gains / losses:							
Included in earnings	(51,855)	7,264	—	(1,255)	(3,615)	(5,079)	—
Included in OCI	—	—	—	1,074	3,716	—	—
Purchases	—	—	1,760	—	—	—	—
Sales	—	—	—	(20,958)	—	—	—
Repayments	—	—	—	—	—	(173,109)	—
Issuances	—	—	—	—	—	—	—
Settlements	—	(296)	(50,139)	(21,886)	(9,766)	—	—
Transfers in / out of Level 3	—	—	—	—	—	—	—
Balance, end of period	**$ 73,824**	**$ 7,934**	**$ 101,427**	**$ 78,900**	**$153,019**	**$ 344,529**	**$ —**
The amount of total gains or losses for the period included in earnings (or OCI) attributable to the change in unrealized gains or losses relating to assets still held at reporting date	**$ (51,855)**	**$ 6,968**	**$ —**	**$ 769**	**$ 3,716**	**$ (5,079)**	**$ —**

(dollar amounts in thousands)	MSRs	Derivative instruments	Available-for-sale securities: Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans	Equity investments
	Level 3 Fair Value Measurements Nine Months Ended September 30, 2010						
Balance, beginning of period	$176,427	$ (4,236)	$ 11,515	$ 477,319	$ 407,098	$ —	$ 25,872
Total gains / losses:							
Included in earnings	(64,272)	12,811	—	(5,429)	(4,888)	14,990	—
Included in OCI	—	—	—	37,640	3,263	—	—
Purchases	—	—	—	—	—	—	—
Sales	—	—	(28,837)	(166,704)	(14,608)	—	—
Repayments	—	—	—	—	—	(5,934)	—
Issuances	—	(1,741)	—	—	—	—	—
Settlements	—	893	(73,025)	(66,602)	(8,834)	—	—
Transfers in / out of Level 3 (1)	—	—	323,637	—	(184,073)	180,019	(25,872)
Balance, end of period	**$112,155**	**$ 7,727**	**$ 233,290**	**$ 276,224**	**$ 197,958**	**$ 189,075**	**$ —**
The amount of total gains or losses for the period included in earnings (or OCI) attributable to the change in unrealized gains or losses relating to assets still held at reporting date	**$ (64,272)**	**$ 11,708**	**$ —**	**$ 18,613**	**$ 2,384**	**$ 9,056**	**$ —**

(1) Transfers in / out of Level 3 include a transfer in of $323.6 million relating to municipal securities, due to lack of observable market data, a transfer out of $184.1 million of securities, and a transfer in of $180.0 million of loans both related to the consolidation of a 2009 automobile trust.

The table below summarizes the classification of gains and losses due to changes in fair value, recorded in earnings for Level 3 assets and liabilities for the three-month and nine-month periods ended September 30, 2011 and 2010:

Level 3 Fair Value Measurements
Three Months Ended September 30, 2011

			Available-for-sale securities				
(dollar amounts in thousands)	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans	Equity investments
Classification of gains and losses in earnings:							
Mortgage banking income (loss)	$ (31,173)	$ 7,101	$ —	$ —	$ —	$ —	$ —
Securities gains (losses)	—	—	—	(1,029)	(335)	—	—
Interest and fee income	—	—	—	157	(19)	(3,627)	—
Noninterest income	—	456	—	—	—	(68)	—
Total	**$ (31,173)**	**$ 7,557**	**$ —**	**$ (872)**	**$ (354)**	**$ (3,695)**	**$ —**

Level 3 Fair Value Measurements
Three Months Ended September 30, 2010

			Available-for-sale securities				
(dollar amounts in thousands)	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans	Equity investments
Classification of gains and losses in earnings:							
Mortgage banking income (loss)	$ (20,250)	$ 3,872	$ —	$ —	$ —	$ —	$ —
Securities gains (losses)	—	—	—	(2,159)	(558)	—	—
Interest and fee income	—	—	—	561	165	(3,533)	—
Noninterest income	—	—	—	—	—	8,420	—
Total	$ (20,250)	$ 3,872	$ —	$ (1,598)	$ (393)	$ 4,887	$ —

Level 3 Fair Value Measurements
Nine Months Ended September 30, 2011

			Available-for-sale securities				
(dollar amounts in thousands)	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans	Equity investments
Classification of gains and losses in earnings:							
Mortgage banking income (loss)	$ (51,855)	$ 7,763	$ —	$ —	$ —	$ —	$ —
Securities gains (losses)	—	—	—	(1,941)	(3,771)	—	—
Interest and fee income	—	—	—	686	156	(8,852)	—
Noninterest income	—	(499)	—	—	—	3,773	—
Total	**$ (51,855)**	**$ 7,264**	**$ —**	**$ (1,255)**	**$ (3,615)**	**$ (5,079)**	**$ —**

Level 3 Fair Value Measurements
Nine Months Ended September 30, 2010

			Available-for-sale securities				
(dollar amounts in thousands)	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans	Equity investments
Classification of gains and losses in earnings:							
Mortgage banking income (loss)	$ (64,272)	$ 12,811	$ —	$ —	$ —	$ —	$ —
Securities gains (losses)	—	—	—	(7,027)	(4,975)	—	—
Interest and fee income	—	—	—	1,598	87	(7,933)	—
Noninterest income	—	—	—	—	—	22,923	—
Total	$ (64,272)	$ 12,811	$ —	$ (5,429)	$ (4,888)	$ 14,990	$ —

Assets and liabilities under the fair value option

Huntington has elected the fair value option for certain loans in the held for sale portfolio. The following table presents the fair value and aggregate principal balance of mortgage loans held for sale under the fair value option.

(dollar amounts in thousands)	**September 30, 2011**	December 31, 2010	September 30, 2010
Fair value	$ **331,883**	$ 754,117	$ 699,001
Aggregate outstanding principal balance	**317,121**	749,982	675,009

The following tables present the net gains (losses) from fair value changes, including net gains (losses) associated with instrument specific credit risk for the three-month and nine-month periods ended September 30, 2011 and 2010.

	Net gains (losses) from fair value changes			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2011**	2010	**2011**	2010
Assets				
Mortgage loans held for sale	**$ 5,823**	$ 2,201	**$ 13,725**	$ 13,475
Automobile loans	**(3,695)**	(1,242)	**(5,079)**	3,055
Liabilities				
Securitization trust notes payable	**(2,485)**	(3,929)	**(6,102)**	(6,142)

	Gains (losses) included in fair value changes associated with instrument specific credit risk			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2011**	2010	**2011**	2010
Assets				
Automobile loans	**$ 2,498**	$ 403	**$ 4,780**	$ 995

Assets and Liabilities measured at fair value on a nonrecurring basis

Certain assets and liabilities may be required to be measured at fair value on a nonrecurring basis in periods subsequent to their initial recognition. These assets and liabilities are not measured at fair value on an on-going basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment. At September 30, 2011, assets measured at fair value on a nonrecurring basis were as follows:

		Fair Value Measurements Using			
(dollar amounts in millions)	Fair Value at September 30, 2011	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total Gains/(Losses) For the Nine Months Ended September 30, 2011
Impaired loans	$ **91.0**	**$ —**	**$ —**	**$ 91.0**	**$ 25.5**
Accrued income and other assets	**38.0**	**—**	**—**	**38.0**	**$ (1.8)**

Periodically, Huntington records nonrecurring adjustments of collateral-dependent loans measured for impairment when establishing the ACL. Such amounts are generally based on the fair value of the underlying collateral supporting the loan. Appraisals are generally obtained to support the fair value of the collateral and incorporate measures such as recent sales prices for comparable properties and cost of construction. In cases where the carrying value exceeds the fair value of the collateral less cost to sell, an impairment charge is recognized. At September 30, 2011, Huntington identified $91.0 million of impaired loans for which the fair value is recorded based upon collateral value. For the nine-month period ended September 30, 2011, nonrecurring fair value impairment of $25.5 million were recorded within the provision for credit losses.

Other real estate owned properties are initially valued based on appraisals and third party price opinions, less estimated selling costs. At September 30, 2011, Huntington had $38.0 million of OREO assets. For the nine-month period ended September 30, 2011, fair value losses of $1.8 million were recorded within noninterest expense.

Fair values of financial instruments

The carrying amounts and estimated fair values of Huntington's financial instruments at September 30, 2011, December 31, 2010, and September 30, 2010, are presented in the following table:

	September 30, 2011		December 31, 2010		September 30, 2010	
(dollar amounts in thousands)	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:						
Cash and short-term assets	$ **2,295,730**	**$ 2,295,730**	**$** 982,926	$ 982,926	**$** 1,413,466	$ 1,413,466
Trading account securities	**85,711**	**85,711**	185,404	185,404	138,677	138,677
Loans held for sale	**334,606**	**334,606**	793,285	793,285	744,439	744,439
Available-for-sale and other securities	**8,713,530**	**8,713,530**	9,895,244	9,895,244	9,723,558	9,723,558
Held-to-maturity securities	**658,250**	**682,897**	—	—	—	—
Net loans and direct financing leases	**37,992,184**	**36,655,676**	36,857,499	35,403,910	36,164,235	34,894,220
Derivatives	**73,824**	**73,824**	346,133	346,133	434,288	434,288
Financial Liabilities:						
Deposits	**(43,219,727)**	**(43,368,155)**	(41,853,898)	(41,993,567)	(41,072,371)	(41,323,675)
Short-term borrowings	**(2,224,986)**	**(2,200,121)**	(2,040,732)	(1,982,545)	(1,859,134)	(1,854,637)
Federal Home Loan Bank advances	**(14,157)**	**(14,157)**	(172,519)	(172,519)	(23,643)	(23,843)
Other long-term debt	**(1,421,518)**	**(1,426,460)**	(2,144,092)	(2,157,358)	(2,393,071)	(2,400,942)
Subordinated notes	**(1,537,293)**	**(1,423,105)**	(1,497,216)	(1,377,851)	(1,202,568)	(1,047,875)
Derivatives	**(295,872)**	**(295,872)**	(239,240)	(239,240)	(306,803)	(306,803)

The short-term nature of certain assets and liabilities result in their carrying value approximating fair value. These include trading account securities, customers' acceptance liabilities, short-term borrowings, bank acceptances outstanding, FHLB advances, and cash and short-term assets, which include cash and due from banks, interest-bearing deposits in banks, and federal funds sold and securities purchased under resale agreements. Loan commitments and letters-of-credit generally have short-term, variable-rate features and contain clauses that limit Huntington's exposure to changes in customer credit quality. Accordingly, their carrying values, which are immaterial at the respective balance sheet dates, are reasonable estimates of fair value. Not all the financial instruments listed in the table above are subject to the disclosure provisions of ASC Topic 820.

Certain assets, the most significant being operating lease assets, bank owned life insurance, and premises and equipment, do not meet the definition of a financial instrument and are excluded from this disclosure. Similarly, mortgage and nonmortgage servicing rights, deposit base, and other customer relationship intangibles are not considered financial instruments and are not included above. Accordingly, this fair value information is not intended to, and does not, represent Huntington's underlying value. Many of the assets and liabilities subject to the disclosure requirements are not actively traded, requiring fair values to be estimated by Management. These estimations necessarily involve the use of judgment about a wide variety of factors, including but not limited to, relevancy of market prices of comparable instruments, expected future cash flows, and appropriate discount rates.

The following methods and assumptions were used by Huntington to estimate the fair value of the remaining classes of financial instruments:

Held-to-maturity securities

Fair values are determined by using models that are based on security-specific details, as well as relevant industry and economic factors. The most significant of these inputs are quoted market prices, and interest rate spreads on relevant benchmark securities.

Loans and direct financing leases

Variable-rate loans that reprice frequently are based on carrying amounts, as adjusted for estimated credit losses. The fair values for other loans and leases are estimated using discounted cash flow analyses and employ interest rates currently being offered for loans and leases with similar terms. The rates take into account the position of the yield curve, as well as an adjustment for prepayment risk, operating costs, and profit. This value is also reduced by an estimate of probable losses and the credit risk associated in the loan and lease portfolio. The valuation of the loan portfolio reflected discounts that Huntington believed are consistent with transactions occurring in the market place.

Deposits

Demand deposits, savings accounts, and money market deposits are, by definition, equal to the amount payable on demand. The fair values of fixed-rate time deposits are estimated by discounting cash flows using interest rates currently being offered on certificates with similar maturities.

Debt

Fixed-rate, long-term debt is based upon quoted market prices, which are inclusive of Huntington's credit risk. In the absence of quoted market prices, discounted cash flows using market rates for similar debt with the same maturities are used in the determination of fair value.

14. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recorded in the Unaudited Condensed Consolidated Balance Sheet as either an asset or a liability (in accrued income and other assets or accrued expenses and other liabilities, respectively) and measured at fair value.

Derivatives used in Asset and Liability Management Activities

A variety of derivative financial instruments, principally interest rate swaps, caps, floors, and collars are used in asset and liability management activities to protect against the risk of adverse price or interest rate movements. These instruments provide flexibility in adjusting Huntington's sensitivity to changes in interest rates without exposure to loss of principal and higher funding requirements. Huntington records derivatives at fair value, as further described in Note 13. Collateral agreements are regularly entered into as part of the underlying derivative agreements with Huntington's counterparties to mitigate counterparty credit risk. At September 30, 2011, December 31, 2010, and September 30, 2010, aggregate credit risk associated with these derivatives, net of collateral that has been pledged by the counterparty, was $38.0 million, $39.9 million, and $45.2 million, respectively. The credit risk associated with interest rate swaps is calculated after considering master netting agreements.

At September 30, 2011, Huntington pledged $199.0 million of investment securities and cash collateral to counterparties, while other counterparties pledged $141.7 million of investment securities and cash collateral to Huntington to satisfy collateral netting agreements. In the event of credit downgrades, Huntington could be required to provide $3.4 million of additional collateral.

The following table presents the gross notional values of derivatives used in Huntington's asset and liability management activities at September 30, 2011, identified by the underlying interest rate-sensitive instruments:

(dollar amounts in thousands)	Fair Value Hedges	Cash Flow Hedges	Total
Instruments associated with:			
Loans	$ —	$ 7,045,000	$ 7,045,000
Investment securities	—	50,000	50,000
Deposits	988,912	—	988,912
Subordinated notes	598,000	—	598,000
Other long-term debt	35,000	—	35,000
Total notional value at September 30, 2011	**$ 1,621,912**	**$ 7,095,000**	**$ 8,716,912**

The following table presents additional information about the interest rate swaps used in Huntington's asset and liability management activities at September 30, 2011:

(dollar amounts in thousands)	Notional Value	Average Maturity (years)	Fair Value	Weighted-Average Rate Receive	Weighted-Average Rate Pay
Asset conversion swaps — receive fixed — generic	$ 7,095,000	1.9	$ 80,447	1.49%	0.59%
Total asset conversion swaps	7,095,000	1.9	80,447	1.49	0.59
Liability conversion swaps					
Liability conversion swaps — receive fixed — generic	1,591,912	3.8	115,090	2.53	0.36
Liability conversion swaps — receive fixed — callable	30,000	9.0	425	2.98	—
Total liability conversion swaps	1,621,912	3.9	115,515	2.54	0.36
Total swap portfolio	**$ 8,716,912**	**2.2**	**$ 195,962**	**1.68%**	**0.55%**

These derivative financial instruments were entered into for the purpose of managing the interest rate risk of assets and liabilities. Consequently, net amounts receivable or payable on contracts hedging either interest earning assets or interest bearing liabilities were accrued as an adjustment to either interest income or interest expense. The net amounts resulted in an increase to net interest income of $27.4 million and $43.9 million for the three-month periods ended September 30, 2011, and 2010, respectively. For the nine-month periods ended September 30, 2011 and 2010, the net amounts resulted in an increase to net interest income of $89.3 million and $150.3 million, respectively.

In connection with securitization activities, Huntington purchased interest rate caps with a notional value totaling $0.9 billion. These purchased caps were assigned to the securitization trust for the benefit of the security holders. Interest rate caps were also sold totaling $0.9 billion outside the securitization structure. Both the purchased and sold caps are marked to market through income.

In connection with the sale of Huntington's Class B Visaâ shares, Huntington entered into a swap agreement with the purchaser of the shares. The swap agreement adjusts for dilution in the conversion ratio of Class B shares resulting from the Visaâ litigation. At September 30, 2011, the fair value of the swap liability of $0.9 million is an estimate of the exposure liability based upon Huntington's assessment of the probability-weighted potential Visaâ litigation losses and certain fixed payments required to be made through the term of the swap.

The following table presents the fair values at September 30, 2011, December 31, 2010, and September 30, 2010 of Huntington's derivatives that are designated and not designated as hedging instruments. Amounts in the table below are presented gross without the impact of any net collateral arrangements.

Asset derivatives included in accrued income and other assets:

(dollar amounts in thousands)	**September 30, 2011**	December 31, 2010	September 30, 2010
Interest rate contracts designated as hedging instruments	$ **195,962**	$ 127,346	$ 190,045
Interest rate contracts not designated as hedging instruments	**330,929**	263,015	357,739
Foreign exchange contracts not designated as hedging instruments	**20,447**	2,845	—
Total contracts	**$ 547,338**	$ 393,206	$ 547,784

Liability derivatives included in accrued expenses and other liabilities

(dollar amounts in thousands)	**September 30, 2011**	December 31, 2010	September 30, 2010
Interest rate contracts designated as hedging instruments	$ —	$ —	$ —
Interest rate contracts not designated as hedging instruments	**265,928**	233,805	297,380
Foreign exchange contracts not designated as hedging instruments	**17,977**	3,107	2,440
Total contracts	**$ 283,905**	$ 236,912	$ 299,820

Fair value hedges are purchased to convert deposits and subordinated and other long-term debt from fixed-rate obligations to floating rate. The changes in fair value of the derivative are, to the extent that the hedging relationship is effective, recorded through earnings and offset against changes in the fair value of the hedged item.

The following table presents the change in fair value for derivatives designated as fair value hedges as well as the offsetting change in fair value on the hedged item for the three-month and nine-month periods ended September 30, 2011 and 2010:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2011**	2010	**2011**	2010
Interest rate contracts				
Change in fair value of interest rate swaps hedging deposits (1)	$ **2,922**	$ 9,083	$ **3,831**	$ 14,664
Change in fair value of hedged deposits (1)	**(2,870)**	(9,958)	**(3,949)**	(14,970)
Change in fair value of interest rate swaps hedging subordinated notes (2)	**41,170**	7,817	**46,407**	24,178
Change in fair value of hedged subordinated notes (2)	**(41,170)**	(7,817)	**(46,407)**	(24,178)
Change in fair value of interest rate swaps hedging other long-term debt (2)	**2,138**	1,267	**2,527**	3,820
Change in fair value of hedged other long-term debt (2)	**(2,138)**	(1,267)	**(2,527)**	(3,820)

(1) Effective portion of the hedging relationship is recognized in Interest expense — deposits in the Unaudited Condensed Consolidated Statements of Income. Any resulting ineffective portion of the hedging relationship is recognized in noninterest income in the Unaudited Condensed Consolidated Statements of Income.

(2) Effective portion of the hedging relationship is recognized in Interest expense — subordinated notes and other long-term debt in the Unaudited Condensed Consolidated Statements of Income. Any resulting ineffective portion of the hedging relationship is recognized in noninterest income in the Unaudited Condensed Consolidated Statements of Income.

For cash flow hedges, interest rate swap contracts were entered into that pay fixed-rate interest in exchange for the receipt of variable-rate interest without the exchange of the contract's underlying notional amount, which effectively converts a portion of its floating-rate debt to a fixed-rate debt. This reduces the potentially adverse impact of increases in interest rates on future interest expense. Other LIBOR-based commercial and industrial loans as well as investment securities were effectively converted to fixed-rate by entering into contracts that swap certain variable-rate interest payments for fixed-rate interest payments at designated times.

To the extent these derivatives are effective in offsetting the variability of the hedged cash flows, changes in the derivatives' fair value will not be included in current earnings but are reported as a component of OCI in the Unaudited Condensed Consolidated Statements of Shareholders' Equity. These changes in fair value will be included in earnings of future periods when earnings are also affected by the changes in the hedged cash flows. To the extent these derivatives are not effective, changes in their fair values are immediately included in noninterest income.

The following table presents the gains and (losses) recognized in OCI and the location in the Unaudited Condensed Consolidated Statements of Income of gains and (losses) reclassified from OCI into earnings for the three-month and nine-month periods ended September 30, 2011 and 2010 for derivatives designated as effective cash flow hedges:

Derivatives in cash flow hedging relationships	Amount of gain or (loss) recognized in OCI on derivatives (effective portion) Nine Months Ended September 30,		Location of gain or (loss) reclassified from accumulated OCI into earnings (effective portion)	Amount of (gain) or loss reclassified from accumulated OCI into earnings (effective portion) Nine Months Ended September 30,	
(dollar amounts in thousands)	**2011**	2010		**2011**	2010
Interest rate contracts					
Loans	$ 12,880	$ 81,517	Interest and fee income - loans and leases	$ 3,776	$ (100,623)
Investment Securities	847	—	Interest and fee income - investment securities	—	—
FHLB Advances	—	—	Interest expense - subordinated notes and other long-term debt	—	2,580
Deposits	—	—	Interest expense - deposits	—	—
Subordinated notes	—	—	Interest expense - subordinated notes and other long-term debt	20	(1,264)
Other long term debt	—	—	Interest expense - subordinated notes and other long-term debt	—	—
Total	$ **13,727**	$ 81,517		$ **3,796**	$ (99,307)

During the next twelve months, Huntington expects to reclassify to earnings $35.1 million of after-tax unrealized gains on cash flow hedging derivatives currently in OCI.

The following table details the gains and (losses) recognized in noninterest income on the ineffective portion on interest rate contracts for derivatives designated as cash flow hedges for the three-month and nine-month periods ended September 30, 2011 and 2010.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2011**	2010	**2011**	2010
Derivatives in cash flow hedging relationships				
Interest rate contracts				
Loans	(261)	89	(147)	663
FHLB Advances	—	—	—	—

Derivatives used in trading activities

Various derivative financial instruments are offered to enable customers to meet their financing and investing objectives and for their risk management purposes. Derivative financial instruments used in trading activities consisted predominantly of interest rate swaps, but also included interest rate caps, floors, and futures, as well as foreign exchange options. Interest rate options grant the option holder the right to buy or sell an underlying financial instrument for a predetermined price before the contract expires. Interest rate futures are commitments to either purchase or sell a financial instrument at a future date for a specified price or yield and may be settled in cash or through delivery of the underlying financial instrument. Interest rate caps and floors are option-based contracts that entitle the buyer to receive cash payments based on the difference between a designated reference rate and a strike price, applied to a notional amount. Written options, primarily caps, expose Huntington to market risk but not credit risk. Purchased options contain both credit and market risk. The interest rate risk of these customer derivatives is mitigated by entering into similar derivatives having offsetting terms with other counterparties. The credit risk to these customers is evaluated and included in the calculation of fair value.

The net fair values of these derivative financial instruments, for which the gross amounts are included in accrued income and other assets or accrued expenses and other liabilities at September 30, 2011, December 31, 2010, and September 30, 2010, were $54.3 million, $46.3 million, and $38.8 million, respectively. The total notional values of derivative financial instruments used by Huntington on behalf of customers, including offsetting derivatives, were $10.7 billion, $9.8 billion, and $9.4 billion at September 30, 2011, December 31, 2010, and September 30, 2010, respectively. Huntington's credit risks from interest rate swaps used for trading purposes were $330.9 million, $263.0 million, and $357.7 million at the same dates, respectively.

Derivatives used in mortgage banking activities

Huntington also uses certain derivative financial instruments to offset changes in value of its MSRs. These derivatives consist primarily of forward interest rate agreements and forward mortgage securities. The derivative instruments used are not designated as hedges. Accordingly, such derivatives are recorded at fair value with changes in fair value reflected in mortgage banking income. The following table summarizes the derivative assets and liabilities used in mortgage banking activities:

(dollar amounts in thousands)	**September 30, 2011**	December 31, 2010	September 30, 2010
Derivative assets:			
Interest rate lock agreements	**$ 8,963**	$ 2,817	$ 11,745
Forward trades and options	**134**	20,669	980
Total derivative assets	**9,097**	23,486	12,725
Derivative liabilities:			
Interest rate lock agreements	**(124)**	(1,445)	(379)
Forward trades and options	**(11,843)**	(883)	(6,604)
Total derivative liabilities	**(11,967)**	(2,328)	(6,983)
Net derivative asset (liability)	**$ (2,870)**	$ 21,158	$ 5,742

The total notional value of these derivative financial instruments at September 30, 2011, December 31, 2010, and September 30, 2010, was $1.4 billion, $2.6 billion, and $2.8 billion, respectively. The total notional amount at September 30, 2011, corresponds to trading assets with a fair value of $13.2 million and trading liabilities with a fair value of $0.7 million. Total MSR hedging gains and (losses) for the three-month periods ended September 30, 2011 and 2010, were $30.3 million and $24.3 million, respectively, and $39.1 million and $82.5 million for the nine-month periods ended September 30, 2011 and September 30, 2010, respectively. Included in total MSR hedging gains and losses for the three-month periods ended September 30, 2011 and 2010 were gains and (losses) related to derivative instruments of $30.2 million and $24.2 million, respectively, and $39.2 million and $81.9 million for the nine-month periods ended September 30, 2011, and September 30, 2010, respectively. These amounts are included in mortgage banking income in the Unaudited Condensed Consolidated Statements of Income.

15. VIEs

Consolidated VIEs

Consolidated VIEs at September 30, 2011, consisted of the Franklin 2009 Trust and certain loan securitization trusts. Loan securitizations include automobile loan and lease securitization trusts formed in 2009, 2008, and 2006. Huntington has determined the trusts are VIEs. Huntington has concluded that it is the primary beneficiary of these trusts because it has the power to direct the activities of the entity that most significantly affect the entity's economic performance and it has either the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE.

The carrying amount and classification of the trusts' assets and liabilities that are included in the Unaudited Condensed Consolidated Balance Sheet are as follows:

	September 30, 2011				
(dollar amounts in thousands)	Franklin 2009 Trust	2009 Trust	2008 Trust	2006 Trust	Total
Assets:					
Cash	$ —	$ 20,095	$ 14,551	$ 56,132	$ 90,778
Loans and leases	—	344,535	164,095	810,666	1,319,296
Allowance for loan and lease losses	—	—	(1,444)	(7,134)	(8,578)
Net loans and leases	—	344,535	162,651	803,532	1,310,718
Accrued income and other assets	1,753	1,607	667	3,145	7,172
Total assets	$ 1,753	$ 366,237	$ 177,869	$ 862,809	$ 1,408,668
Liabilities:					
Other long-term debt	$ —	$ 173,000	$ 40,887	$ 450,365	$ 664,252
Accrued interest and other liabilities	988	388	65	102	1,543
Total liabilities	$ 988	$ 173,388	$ 40,952	$ 450,467	$ 665,795

Unconsolidated VIEs

Unconsolidated VIEs at September 30, 2011, consisted of an automobile loan and lease securitization trust formed in 2011. Huntington has concluded that it is not the primary beneficiary of this trust because it has neither the obligation to absorb losses of the entity that could potentially be significant to the VIE nor the right to receive benefits from the entity that could potentially be significant to the VIE. Huntington is not required, and does not currently intend, to provide any additional financial support to this trust. Investors and creditors only have recourse to the assets held by the trust.

The carrying amount and classification of the trust's assets and liabilities that are not included in the Unaudited Condensed Consolidated Balance Sheet were as follows:

(dollar amounts in thousands)	September 30, 2011 2011 Trust
Assets:	
Cash	$ 34,629
Loans and leases	994,052
Allowance for loan and lease losses	—
Net loans and leases	994,052
Accrued income and other assets	2,190
Total assets	$ 1,030,871
Liabilities:	
Other long-term debt	$ 1,000,000
Accrued interest and other liabilities	792
Total liabilities	$ 1,000,792

TRUST-PREFERRED SECURITIES

Huntington has certain wholly-owned trusts whose assets, liabilities, equity, income, and expenses are not included within Huntington's Unaudited Condensed Consolidated Financial Statements. These trusts have been formed for the sole purpose of issuing trust-preferred securities, from which the proceeds are then invested in Huntington junior subordinated debentures, which are reflected in Huntington's Unaudited Condensed Consolidated Balance Sheet as subordinated notes. The trust securities are the obligations of the trusts, and as such, are not consolidated within Huntington's Unaudited Condensed Consolidated Financial Statements. A list of trust-preferred securities outstanding at September 30, 2011, follows:

(dollar amounts in thousands)	Rate	Principal amount of subordinated note/ debenture issued to trust (1)	Investment in unconsolidated subsidiary (2)
Huntington Capital I	0.95%(3)	$ 138,816	$ 6,186
Huntington Capital II	0.97(4)	55,093	3,093
Huntington Capital III	6.69	114,094	10
BancFirst Ohio Trust Preferred	8.54	23,206	619
Sky Financial Capital Trust I	8.56	64,264	1,856
Sky Financial Capital Trust II	3.19(5)	30,929	929
Sky Financial Capital Trust III	1.71(6)	77,320	2,320
Sky Financial Capital Trust IV	1.64(6)	77,320	2,320
Prospect Trust I	3.50(7)	6,186	186
Total		$ 587,228	$ 17,519

(1) Represents the principal amount of debentures issued to each trust, including unamortized original issue discount.

(2) Huntington's investment in the unconsolidated trusts represents the only risk of loss.

(3) Variable effective rate at September 30, 2011, based on three month LIBOR + 0.70.

(4) Variable effective rate at September 30, 2011, based on three month LIBOR + 0.625.

(5) Variable effective rate at September 30, 2011, based on three month LIBOR + 2.95.

(6) Variable effective rate at September 30, 2011, based on three month LIBOR + 1.40.

(7) Variable effective rate at September 30, 2011, based on three month LIBOR + 3.25.

Each issue of the junior subordinated debentures has an interest rate equal to the corresponding trust securities distribution rate. Huntington has the right to defer payment of interest on the debentures at any time, or from time-to-time for a period not exceeding five years, provided that no extension period may extend beyond the stated maturity of the related debentures. During any such extension period, distributions to the trust securities will also be deferred and Huntington's ability to pay dividends on its common stock will be restricted. Periodic cash payments and payments upon liquidation or redemption with respect to trust securities are guaranteed by Huntington to the extent of funds held by the trusts. The guarantee ranks subordinate and junior in right of payment to all indebtedness of the Company to the same extent as the junior subordinated debt. The guarantee does not place a limitation on the amount of additional indebtedness that may be incurred by Huntington.

LOW INCOME HOUSING TAX CREDIT PARTNERSHIPS

Huntington makes certain equity investments in various limited partnerships that sponsor affordable housing projects utilizing the Low Income Housing Tax Credit (LIHTC) pursuant to Section 42 of the Internal Revenue Code. The purpose of these investments is to achieve a satisfactory return on capital, to facilitate the sale of additional affordable housing product offerings, and to assist in achieving goals associated with the Community Reinvestment Act. The primary activities of the limited partnerships include the identification, development, and operation of multi family housing that is leased to qualifying residential tenants. Generally, these types of investments are funded through a combination of debt and equity.

Huntington does not have the power to direct the activities of these VIEs that most significantly affect their economic performance and is not the primary beneficiary. Huntington uses the equity method to account for the majority of its investments in these entities. These investments are included in accrued income and other assets. At September 30, 2011, December 31, 2010, and September 30, 2010, Huntington had commitments of $345.8 million, $316.0 million, and $269.4 million, respectively, of which $304.1 million, $260.1 million, and $238.9 million, respectively, were funded. The unfunded portion is included in accrued expenses and other liabilities.

16. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments to extend credit

In the ordinary course of business, Huntington makes various commitments to extend credit that are not reflected in the Unaudited Condensed Consolidated Financial Statements. The contractual amounts of these financial agreements at September 30, 2011, December 31, 2010, and September 30, 2010, were as follows:

(dollar amounts in millions)	**September 30, 2011**	December 31, 2010	September 30, 2010
Contract amount represents credit risk:			
Commitments to extend credit			
Commercial	$ **7,471**	$ 5,933	$ 5,854
Consumer	**5,828**	5,406	5,264
Commercial real estate	**535**	546	644
Standby letters of credit	**548**	607	477

Commitments to extend credit generally have fixed expiration dates, are variable-rate, and contain clauses that permit Huntington to terminate or otherwise renegotiate the contracts in the event of a significant deterioration in the customer's credit quality. These arrangements normally require the payment of a fee by the customer, the pricing of which is based on prevailing market conditions, credit quality, probability of funding, and other relevant factors. Since many of these commitments are expected to expire without being drawn upon, the contract amounts are not necessarily indicative of future cash requirements. The interest rate risk arising from these financial instruments is insignificant as a result of their predominantly short-term, variable-rate nature.

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. The carrying amount of deferred revenue associated with these guarantees was $1.5 million, $2.2 million, and $2.0 million at September 30, 2011, December 31, 2010, and September 30, 2010, respectively.

Through the Company's credit process, Huntington monitors 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, 2011, Huntington had $548 million of standby letters-of-credit outstanding, of which 80% were collateralized. Included in this $548 million total are letters-of-credit issued by the Bank that support securities that were issued by customers and remarketed by The Huntington Investment Company, the Company's broker-dealer subsidiary.

Huntington uses an internal grading system to assess an estimate of loss on its loan and lease portfolio. This same grading system is used to monitor credit risk associated with standby letters-of-credit. Under this grading system as of September 30, 2011, approximately $84 million of the standby letters-of-credit were rated strong with sufficient asset quality, liquidity, and good debt capacity and coverage; approximately $396 million were rated average with acceptable asset quality, liquidity, and modest debt capacity; and approximately $68 million were rated substandard with negative financial trends, structural weaknesses, operating difficulties, and higher leverage.

Commercial letters-of-credit represent short-term, self-liquidating instruments that facilitate customer trade transactions and generally have maturities of no longer than 90 days. The goods or cargo being traded normally secures these instruments.

Commitments to sell loans

Huntington enters into forward contracts relating to its mortgage banking business to hedge the exposures from commitments to make new residential mortgage loans with existing customers and from mortgage loans classified as loans held for sale. At September 30, 2011, December 31, 2010, and September 30, 2010, Huntington had commitments to sell residential real estate loans of $673.5 million, $998.7 million, and $1,254.4 million, respectively. These contracts mature in less than one year.

Income Taxes

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state, city and foreign jurisdictions. Federal income tax audits have been completed through 2007. 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 for tax years 2005 and forward.

The IRS has proposed adjustments to the Company's previously filed tax returns. Management believes the tax positions taken by the Company related to such proposed adjustments were correct and supported by applicable statutes, regulations, and judicial authority, and intends to vigorously defend them. 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. However, although no assurance can be given, Management believes the resolution of these examinations will not, individually or in the aggregate, have a material adverse impact on our consolidated financial position.

Huntington accounts for uncertainties in income taxes in accordance with ASC 740, Income Taxes. At September 30, 2011, Huntington had gross unrecognized tax benefits of $11.9 million in income tax liability related to tax positions. Total interest accrued on the unrecognized tax benefits amounted to $2.1 million as of September 30, 2011. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the current estimate of the tax liabilities. However, any ultimate settlement is not expected to be material to the Unaudited Condensed Consolidated Financial Statements as a whole. Huntington recognizes interest and penalties on income tax assessments or income tax refunds in the financial statements as a component of its provision for income taxes. Huntington does not anticipate the total amount of unrecognized tax benefits to significantly change within the next 12 months.

Litigation

The nature of Huntington's business ordinarily results in a certain amount of claims, litigation, investigations, and legal and administrative cases and proceedings, all of which are considered incidental to the normal conduct of business. When the Company determines it has meritorious defenses to the claims asserted, it vigorously defends itself. The Company will consider settlement of cases when, in Management's judgment, it is in the best interests of both the Company and its shareholders to do so.

On at least a quarterly basis, Huntington assesses its liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. For matters where it is probable the Company will incur a loss and the amount can be reasonably estimated, Huntington establishes an accrual for the loss. Once established, the accrual is adjusted as appropriate to reflect any relevant developments. For matters where a loss is not probable or the amount of the loss cannot be estimated, no accrual is established.

In certain cases, exposure to loss exists in excess of the accrual to the extent such loss is reasonably possible, but not probable. Management believes an estimate of the aggregate range of reasonably possible losses, in excess of amounts accrued, for current legal proceedings is from $0 to approximately $160.0 million at September 30, 2011. For certain other cases, Management cannot reasonably estimate the possible loss at this time. Any estimate involves significant judgment, given the varying stages of the proceedings (including the fact that many of them are currently in preliminary stages), the existence of multiple defendants in several of the current proceedings whose share of liability has yet to be determined, the numerous unresolved issues in many of the proceedings, and the inherent uncertainty of the various potential outcomes of such proceedings. Accordingly, Management's estimate will change from time-to-time, and actual losses may be more or less than the current estimate.

While the final outcome of legal proceedings is inherently uncertain, based on information currently available, advice of counsel, and available insurance coverage, Management believes that the amount it has already accrued is adequate and any incremental liability arising from the Company's legal proceedings will not have a material adverse effect on the Company's consolidated financial position as a whole. However, in the event of unexpected future developments, it is possible that the ultimate resolution of these matters, if unfavorable, may be material to the Company's consolidated financial position in a particular period.

The following supplements the discussion of certain matters previously reported in Item 3 (Legal Proceedings) of the 2010 Form 10-K for events occurring during the first nine-month period of 2011:

The Bank is a defendant in three lawsuits, which collectively may be material, arising from its commercial lending, depository, and equipment leasing relationships with Cyberco Holdings, Inc. (Cyberco), based in Grand Rapids, Michigan. In November 2004, the Federal Bureau of Investigation and the IRS raided the Cyberco facilities and Cyberco's operations ceased. An equipment leasing fraud was uncovered, whereby Cyberco sought financing from equipment lessors and financial institutions, including the Bank, allegedly to purchase computer equipment from Teleservices Group, Inc. (Teleservices). Cyberco created fraudulent documentation to close the financing transactions while, in fact, no computer equipment was ever purchased or leased from Teleservices which proved to be a shell corporation.

On June 22, 2007, a complaint in the United States District Court for the Western District of Michigan (District Court) was filed by El Camino Resources, Ltd, ePlus Group, Inc., and Bank Midwest, N.A., all of whom had lending relationships with Teleservices, against Cyberco and the Bank, alleging that Cyberco defrauded plaintiffs and converted plaintiffs' property through various means in connection with the equipment leasing scheme and alleges that the Bank aided and abetted Cyberco in committing the alleged fraud and conversion. The complaint further alleges that the Bank's actions entitle one of the plaintiffs to recover $1.9 million from the Bank as a form of unjust enrichment. In addition, plaintiffs claimed direct damages of approximately $32.0 million and additional consequential damages in excess of $20.0 million. On July 1, 2010, the District Court issued an Opinion and Order adopting in full a federal magistrate's recommendation for summary judgment in favor of the Bank on all claims except the unjust enrichment claim, and a partial summary judgment was entered on July 1, 2010. The Bank has requested an opportunity to file a motion for summary judgment on the remaining unjust enrichment claim against it. A motion for reconsideration filed by the plaintiffs regarding the partial summary judgment was denied. Subsequently, at a pre-motion conference, the District Court, in lieu of allowing the Bank to file a summary judgment motion, ordered the case to be tried on January 17, 2012, in a one day bench trial, and entered a scheduling order governing all pretrial conduct.

The Bank is also involved with the Chapter 7 bankruptcy proceedings of both Cyberco, filed on December 9, 2004, and Teleservices, filed on January 21, 2005. The Cyberco bankruptcy trustee commenced an adversary proceeding against the Bank on December 8, 2006, seeking over $70.0 million he alleges was transferred to the Bank. The Bank responded with a motion to dismiss and all but the preference claims were dismissed on January 29, 2008. The Cyberco bankruptcy trustee alleges preferential transfers in the amount of $9.7 million. On August 11, 2011, the District Court ordered the case to be tried in April 2012, and entered a pretrial order governing all pretrial conduct. Subsequently, the Bank filed a motion for summary judgment based on the Cyberco trustee seeking recovery in connection with the same alleged transfers as the Teleservices trustee in the case described below. This motion is currently pending.

The Teleservices bankruptcy trustee filed an adversary proceeding against the Bank on January 19, 2007, seeking to avoid and recover alleged transfers that occurred in two ways: (1) checks made payable to the Bank to be applied to Cyberco's indebtedness to the Bank, and (2) deposits into Cyberco's bank accounts with the Bank. A trial was held as to only the Bank's defenses in the 2010 fourth quarter. Subsequently, the trustee filed a summary judgment motion on her affirmative case, alleging the fraudulent transfers to the Bank totaled approximately $73.0 million and seeking judgment in that amount (which includes the $9.7 million alleged to be preferential transfers by the Cyberco bankruptcy trustee). On March 17, 2011, the Bankruptcy Court issued an Opinion determining the alleged transfers made to the Bank were not received in good faith from the time period of April 30, 2004, through November 2004, and that the Bank had failed to show a lack of knowledge of the avoidability of the alleged transfers from November 17, 2003, through April 30, 2004. The trustee then filed an amended motion for summary judgment on her affirmative case and a hearing was held on July 1, 2011. The motion in currently pending. In accordance with the District Court's scheduling order, the Bank filed a motion for summary judgment on September 16, 2011, and a motion to add El Camino and the Cyberco trustee as necessary parties. These motions remain pending. If summary judgment does not enter for either party, the case is scheduled for trial in January 2012.

In the pending bankruptcy cases of Cyberco and Teleservices, the Bank moved to substantively consolidate the two bankruptcy estates, principally on the ground that Teleservices was the alter ego and a mere instrumentality of Cyberco at all times. On July 2, 2010, the Bankruptcy Court issued an Opinion denying the Bank's motions for substantive consolidation of the two bankruptcy estates. The Bank has appealed this ruling and the appeal is pending.

17. PARENT COMPANY FINANCIAL STATEMENTS

The parent company condensed financial statements, which include transactions with subsidiaries, are as follows.

Balance Sheets *(dollar amounts in thousands)*	**September 30, 2011**	December 31, 2010	September 30, 2010
Assets			
Cash and cash equivalents (1)	**$ 697,247**	$ 615,167	$ 858,965
Due from The Huntington National Bank	**953,074**	954,565	953,074
Due from non-bank subsidiaries	**197,809**	225,560	246,458
Investment in The Huntington National Bank	**4,031,232**	3,515,597	3,524,432
Investment in non-bank subsidiaries	**795,518**	790,248	813,788
Accrued interest receivable and other assets	**126,527**	110,181	167,712
Total assets	**$ 6,801,407**	$ 6,211,318	$ 6,564,429
Liabilities and Shareholders' Equity			
Short-term borrowings	**$ —**	$ 100	$ 687
Long-term borrowings	**932,434**	937,434	637,434
Dividends payable, accrued expenses, and other liabilities	**468,494**	293,242	358,905
Total liabilities	**1,400,928**	1,230,776	997,026
Shareholders' equity (2)	**5,400,479**	4,980,542	5,567,403
Total liabilities and shareholders' equity	**$ 6,801,407**	$ 6,211,318	$ 6,564,429

(1) Includes restricted cash of $125,000.

(2) See Huntington's Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity.

Statements of Income *(dollar amounts in thousands)*	**Three Months Ended September 30,** **2011**	2010	**Nine Months Ended September 30,** **2011**	2010
Income				
Dividends from				
The Huntington National Bank	**$ —**	$ —	**$ —**	$ —
Non-bank subsidiaries	**—**	15,000	**31,000**	33,000
Interest from				
The Huntington National Bank	**20,248**	20,611	**60,644**	62,351
Non-bank subsidiaries	**2,007**	2,873	**6,962**	9,322
Other	**489**	461	**1,529**	2,537
Total income	**22,744**	38,945	**100,135**	107,210
Expense				
Personnel costs	**10,251**	9,751	**24,581**	22,769
Interest on borrowings	**8,834**	6,028	**26,256**	17,303
Other	**14,692**	11,416	**34,722**	37,321
Total expense	**33,777**	27,195	**85,559**	77,393
Income (loss) before income taxes and equity in undistributed net income of subsidiaries	**(11,033)**	11,750	**14,576**	29,817
Provision (benefit) for income taxes	**(8,783)**	(656)	**(9,798)**	15,088
Income (loss) before equity in undistributed net income of subsidiaries	**(2,250)**	12,406	**24,374**	14,729
Increase (decrease) in undistributed net income of:				
The Huntington National Bank	**143,140**	95,156	**402,040**	196,214
Non-bank subsidiaries	**2,501**	(6,616)	**(10,659)**	(21,496)
Net income	**$ 143,391**	$ 100,946	**$ 415,755**	$ 189,447

Statements of Cash Flows *(dollar amounts in thousands)*	**Nine Months Ended September 30,**	
	2011	2010
Operating activities		
Net income	$ **415,755**	$ 189,447
Adjustments to reconcile net income to net cash provided by operating activities		
Equity in undistributed net income of subsidiaries	**(434,018)**	(192,718)
Depreciation and amortization	**549**	765
Other, net	**134,089**	(76,881)
Net cash provided by (used for) operating activities	**116,375**	(79,387)
Investing activities		
Repayments from subsidiaries	**(28,415)**	(384,162)
Advances to subsidiaries	**99,023**	43,572
Net cash provided by (used for) investing activities	**70,608**	(340,590)
Financing activities		
Payment of borrowings	**(5,100)**	(604)
Dividends paid on preferred stock	**(23,110)**	(75,537)
Dividends paid on common stock	**(27,042)**	(21,437)
Redemption of Warrant to the Treasury	**(49,100)**	—
Other, net	**(551)**	(19)
Net cash provided by (used for) financing activities	**(104,903)**	(97,597)
Change in cash and cash equivalents	**82,080**	(517,574)
Cash and cash equivalents at beginning of period	**615,167**	1,376,539
Cash and cash equivalents at end of period	$ **697,247**	$ 858,965
Supplemental disclosure:		
Interest paid	**$ 26,256**	$ 17,303

18. SEGMENT REPORTING

During the 2010 fourth quarter, Huntington reorganized our business segments to better align certain business unit reporting with segment executives to accelerate cross-sell results and provide greater focus on the execution of strategic plans. 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 includes our insurance business and other unallocated assets, liabilities, revenue, and expense. All periods have been reclassified to conform to the current period classification.

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

Retail and Business Banking: The Retail and Business Banking segment provides a wide array of financial products and services including but not limited to loans, deposits, investment, and treasury management services to our consumer and small business customers. Huntington serves customers primarily through our traditional banking network of over 600 branches as well as our convenience branches located in grocery stores and retirement centers in Ohio, Michigan, Pennsylvania, Indiana, West Virginia, and Kentucky. In addition to our extensive branch network, customers can access Huntington through online banking, mobile banking, 24-hour telephone banking, and over 1,300 ATMs.

Huntington has established a “Fair Play” banking philosophy and is building a reputation for meeting the banking needs of consumers in a manner which makes them feel supported and appreciated. In 2010, Huntington brought innovation to the checking account by providing consumers with a 24-hour grace period to correct a shortfall in an account and avoid the associated overdraft fees. Huntington believes customers are recognizing this and other efforts as key differentiators and it is earning us more customers and deeper relationships.

Business Banking is a dynamic and growing part of Huntington's business and we are committed to being the bank of choice for small businesses in our markets. Business Banking is defined as companies with revenues less than $15 million and consists of approximately 130,000 businesses. Huntington continues to develop products and services that are designed specifically to meet the needs of small business. Huntington continues to look for ways to help companies find solutions to their capital needs, from our program helping businesses that had struggled in the economic downturn but are now showing several quarters of profitability, to our participation in the Small Business Administration programs. As of September 30, 2011, the SBA reported that Huntington ranked first in our footprint and third in the nation in the number of SBA loans originated during the SBA fiscal year.

Regional and Commercial Banking: This segment provides a variety of banking products and services to customers within our primary banking markets that generally have larger credit exposures and sales revenues compared with our Retail and Business Banking customers. Huntington products in this segment include commercial loans, international trade, treasury management, leasing, capital market services including interest rate risk protection products, and mezzanine investment capabilities. Regional and Commercial Banking also focuses on financial solutions for corporate and institutional customers including investment banking, sales and trading of securities, and retirement plan services. The Regional and Commercial Banking team has significantly expanded its equipment leasing capabilities**,** as well as focused on serving the commercial banking needs of key verticals including not-for-profit organizations, healthcare entities, and large corporations. Commercial bankers personally deliver these products and services directly and with cross-segment product partners. Huntington consistently strives to develop extensive relationships with clients creating defined relationship plans which identify needs and offer solutions.

The primary focus for Regional and Commercial Banking is our ability to gain a deeper relationship with our existing customers and to increase our market share through our unique customer solution strategy. This includes a comprehensive cross-sell approach to capture the untapped opportunities within our customer and prospect community. This strategy embodies a shift from credit-only focus, to a total customer solution approach with an increasing share-of-wallet.

The Regional and Commercial Banking business model includes eleven regional markets driven by local execution. These markets are supported by expertise in large corporate and middle market segments, by capabilities in treasury management and equipment finance, and by vertical strategies within the healthcare and not-for-profit industries.

The commercial portfolio includes a distribution across industries and segments which resembles the market demographics of our footprint. A strategic focus of Regional and Commercial Banking is to target underpenetrated markets within our footprint and capitalize on opportunities in industries such as not-for-profit and healthcare.

In addition, Regional and Commercial Banking expanded the leadership, investment, and capabilities for treasury management and equipment finance. With our investments in treasury management, Huntington differentiated itself through our implementation experience and the speed at which products and services are delivered to our customers. In equipment finance, Huntington distinguished itself through aggressive business development and local service delivery and by strategically aligning with our bank partners to drive market share. The increase in originations during the current period reflected the strategic decision to enter three new markets: business aircraft finance, rail industry finance, and lender finance.

Automobile Finance and Commercial Real Estate: This segment provides lending and other banking products and services to customers outside of our normal retail and commercial banking segments. Our products and services are delivered through highly specialized relationship-focused bankers and our cross segment product partners. Huntington creates well-defined relationship plans which identify needs where solutions are developed and customer commitments are obtained.

The Automotive Finance team services automobile dealerships, its owners, and consumers buying automobiles through these dealerships. Huntington has provided new and used automobile financing and dealer services throughout the Midwest since the early 1950s. This consistency in the market and our focus on working with strong dealerships, has allowed us to actively deepen relationships while building a strong reputation.

The Commercial Real Estate team serves professional real estate developers, and REITs. Huntington has a clear focus on experienced, well-managed, well-capitalized top tier real estate developers who are capable of operating in all economic phases of the real estate industry. Most of our customers are located within our footprint.

Wealth Advisors, Government Finance, and Home Lending: This segment consists of our wealth management, government banking, and home lending businesses. In wealth management, Huntington provides financial services to high net worth clients in our primary banking markets and Florida. Huntington Wealth Advisors delivers a comprehensive solution through a unified sales team providing private banking, investment, insurance, and trust services. Aligned with the eleven regional commercial banking markets, this coordinated service model delivers products and services directly and through the other segment product partners. A fundamental point of differentiation is our commitment to be in the market, working closely with clients and their other advisors to identify needs, offer solutions and provide ongoing advice in an optimal client experience.

The Government Finance Group provides financial products and services to government and other public sector entities in our primary banking markets. A locally based team of relationship managers works with clients to meet their public finance, brokerage, trust, lending, and treasury management needs.

Home Lending originates and services consumer loans and mortgages for customers who are generally located in our primary banking markets. Consumer and mortgage lending products are primarily distributed through the Retail and Business Banking segment, as well as through commissioned loan originators. Closely aligned, our Community Development group serves an important role as it focuses on delivering on our commitment to the communities Huntington serves.

The segment also includes the related businesses of investment management, investment servicing, custody, corporate trust and retirement plan services. Huntington Asset Advisors provides investment management services through a variety of internal and external channels, including advising the Huntington Funds, our proprietary family of funds. Huntington Asset Services offers administrative and operational support to fund complexes, including fund accounting, transfer agency, administration, and distribution services. Our retirement plan services business offers fully bundled and third party distribution of a variety of qualified and non-qualified plan solutions, and the national settlements business focuses on providing banking solutions to the litigation settlement market.

Listed below is certain operating basis financial information reconciled to Huntington's September 30, 2011, December 31, 2010, and September 30, 2010, reported results by business segment:

Income Statements *(dollar amounts in thousands)*	Three Months Ended September 30, Retail & Business Banking	Regional & Commercial Banking	AFCRE	WGH	Treasury/ Other	Huntington Consolidated
2011						
Net interest income	**$ 229,613**	**61,320**	**94,380**	**49,381**	**(28,216)**	**$ 406,478**
Provision for credit losses	**36,467**	**16,530**	**(19,979)**	**10,568**	**—**	**43,586**
Noninterest income	**110,756**	**34,030**	**28,362**	**54,565**	**30,846**	**258,559**
Noninterest expense	**246,441**	**50,329**	**40,347**	**92,416**	**9,585**	**439,118**
Income taxes	**20,111**	**9,972**	**35,831**	**337**	**(27,309)**	**38,942**
Operating/reported net income	**$ 37,350**	**$ 18,519**	**$ 66,543**	**$ 625**	**$ 20,354**	**$ 143,391**
2010						
Net interest income	$ 220,192	$ 53,970	86,105	43,626	6,069	$ 409,962
Provision for credit losses	59,316	3,731	37,132	18,983	(2)	119,160
Noninterest income	101,900	27,000	21,368	89,303	27,572	267,143
Noninterest expense	232,028	40,711	40,318	88,623	25,629	427,309
Income taxes	10,762	12,785	10,508	8,863	(13,228)	29,690
Operating/reported net income	$ 19,986	$ 23,743	$ 19,515	$ 16,460	$ 21,242	$ 100,946

Income Statements *(dollar amounts in thousands)*	Nine Months Ended September 30, Retail & Business Banking	Regional & Commercial Banking	AFCRE	WGH	Treasury/ Other	Huntington Consolidated
2011						
Net interest income	**$ 702,666**	**178,787**	**271,510**	**145,614**	**(84,432)**	**$ 1,214,145**
Provision for credit losses	**94,825**	**23,957**	**(30,050)**	**40,036**	**—**	**128,768**
Noninterest income	**311,598**	**94,657**	**57,886**	**187,443**	**99,687**	**751,271**
Noninterest expense	**705,216**	**142,189**	**125,649**	**265,151**	**60,021**	**1,298,226**
Income taxes	**74,978**	**37,554**	**81,829**	**9,755**	**(81,449)**	**122,667**
Operating/reported net income	**$ 139,245**	**$ 69,744**	**$ 151,968**	**$ 18,115**	**$ 36,683**	**$ 415,755**
2010						
Net interest income	$ 637,863	155,686	247,319	$ 120,511	$ 42,132	$ 1,203,511
Provision for credit losses	150,320	57,607	202,440	45,700	91,507	547,574
Noninterest income	300,444	80,667	58,625	246,704	91,198	777,638
Noninterest expense	670,458	115,457	114,366	261,876	77,056	1,239,213
Income taxes	41,136	22,151	(3,802)	20,875	(75,445)	4,915
Operating/reported net income	$ 76,393	$ 41,138	$ (7,060)	$ 38,764	$ 40,212	$ 189,447

(dollar amounts in millions)	Assets at **September 30, 2011**	December 31, 2010	September 30, 2010	Deposits at **September 30, 2011**	December 31, 2010	September 30, 2010
Retail & Business Banking	**$ 13,650**	$ 13,088	$ 13,147	**$ 28,095**	$ 29,298	$ 28,735
Regional & Commercial Banking	**9,757**	8,720	8,286	**4,173**	3,538	3,217
AFCRE	**12,351**	13,233	13,078	**817**	753	776
WGH	**7,132**	6,971	6,756	**9,013**	7,449	7,247
Treasury / Other	**12,089**	11,808	11,980	**1,122**	816	1,097
Total	**$ 54,979**	$ 53,820	$ 53,247	**$ 43,220**	$ 41,854	$ 41,072

Item 3: Quantitative and Qualitative Disclosures about Market Risk

Quantitative and qualitative disclosures for the current period can be found in the Market Risk section of this report, which includes changes in market risk exposures from disclosures presented in Huntington's 2010 Form 10-K.

Item 4: Controls and Procedures

Disclosure Controls and Procedures

Huntington maintains disclosure controls and procedures designed to ensure that the information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, are recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Huntington's Management, with the participation of its Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of Huntington's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon such evaluation, Huntington's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, Huntington's disclosure controls and procedures were effective.

There have not been any significant changes in Huntington's internal controls over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, Huntington's internal controls over financial reporting.

PART II. OTHER INFORMATION

In accordance with the instructions to Part II, the other specified items in this part have been omitted because they are not applicable or the information has been previously reported.

Item 1: Legal Proceedings

Information required by this item is set forth in Note 16 of the Notes to Unaudited Condensed Consolidated Financial Statements included in Item 1 of this report and incorporated herein by reference.

Item 1A: Risk Factors

Information required by this item is set forth in Part 1 Item 2.- Management's Discussion and Analysis of Financial Condition and Results of Operations of this report and incorporated herein by reference.

Item 6. Exhibits

Exhibit Index

This report incorporates by reference the documents listed below that we have previously filed with the SEC. The SEC allows us to incorporate by reference information in this document. The information incorporated by reference is considered to be a part of this document, except for any information that is superseded by information that is included directly in this document.

This information may be read and copied at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. The SEC also maintains an Internet web site that contains reports, proxy statements, and other information about issuers, like us, who file electronically with the SEC. The address of the site is *http://www.sec.gov*. The reports and other information filed by us with the SEC are also available at our Internet web site. The address of the site is *http://www.huntington.com*. Except as specifically incorporated by reference into this Quarterly Report on Form 10-Q, information on those web sites is not part of this report. You also should be able to inspect reports, proxy statements, and other information about us at the offices of the NASDAQ National Market at 33 Whitehall Street, New York, New York.

Table of Contents

Exhibit Number	Document Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference
2.1	Agreement and Plan of Merger, dated December 20, 2006 by and among Huntington Bancshares Incorporated, Penguin Acquisition, LLC and Sky Financial Group, Inc.	Current Report on Form 8-K dated December 22, 2006.	000-02525	2.1
3.1	Articles of Restatement of Charter.	Annual Report on Form 10-K for the year ended December 31, 1993.	000-02525	3(i)
3.2	Articles of Amendment to Articles of Restatement of Charter.	Current Report on Form 8-K dated May 31, 2007	000-02525	3.1
3.3	Articles of Amendment to Articles of Restatement of Charter.	Current Report on Form 8-K dated May 7, 2008	000-02525	3.1
3.4	Articles of Amendment to Articles of Restatement of Charter.	Current Report on Form 8-K dated April 27, 2010	001-34073	3.1
3.5	Articles Supplementary of Huntington Bancshares Incorporated, as of April 22, 2008.	Current Report on Form 8-K dated April 22, 2008	000-02525	3.1
3.6	Articles Supplementary of Huntington Bancshares Incorporated, as of April 22. 2008.	Current Report on Form 8-K dated April 22, 2008	000-02525	3.2
3.7	Articles Supplementary of Huntington Bancshares Incorporated, as of November 12, 2008.	Current Report on Form 8-K dated November 12, 2008	001-34073	3.1
3.8	Articles Supplementary of Huntington Bancshares Incorporated, as of December 31, 2006.	Annual Report on Form 10-K for the year ended December 31, 2006	000-02525	3.4
3.9	Bylaws of Huntington Bancshares Incorporated, as amended and restated, as of April 22, 2010.	Current Report on Form 8-K dated April 27, 2010.	001-34073	3.2
4.1	Instruments defining the Rights of Security Holders — reference is made to Articles Fifth, Eighth, and Tenth of Articles of Restatement of Charter, as amended and supplemented. Instruments defining the rights of holders of long-term debt will be furnished to the Securities and Exchange Commission upon request.			
12.1	Ratio of Earnings to Fixed Charges.			
12.2	Ratio of Earnings to Fixed Charges and Preferred Stock Dividends.			
31.1	Rule 13a-14(a) Certification — Chief Executive Officer.			
31.2	Rule 13a-14(a) Certification — Chief Financial Officer.			
32.1	Section 1350 Certification — Chief Executive Officer.			
32.2	Section 1350 Certification — Chief Financial Officer.			
101**	The following material from Huntington's Form 10-Q Report for the quarterly period ended September 30, 2011, formatted in XBRL: (i) Unaudited Condensed Consolidated Balance Sheets, (ii) Unaudited Condensed Consolidated Statements of Income, (iii) Unaudited Condensed Consolidated Statement of Changes in Shareholders' Equity, (iv) Unaudited Condensed Consolidated Statements of Cash Flows, and (v) the Notes to Unaudited Condensed Consolidated Financial Statements.			

* Denotes management contract or compensatory plan or arrangement.

** Furnished, not filed.

SIGNATURES

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

Huntington Bancshares Incorporated
(Registrant)

Date: October 31, 2011

/s/ Stephen D. Steinour
Stephen D. Steinour
Chairman, Chief Executive Officer and President

Date: October 31, 2011

/s/ Donald R. Kimble
Donald R. Kimble
Sr. Executive Vice President and Chief Financial Officer

Exhibit 12.1

Ratio of Earnings to Fixed Charges

(dollar amounts in thousands)	*(Unaudited)* Nine Months Ended September 30, 2011	2010	Twelve Months Ended December 31, 2010	2009	2008	2007	2006
Earnings:							
Income (loss) before income taxes	$538,422	$194,362	$352,311	$(3,678,183)	$ (296,008)	$ 22,643	$ 514,061
Add: Fixed charges, excluding interest on deposits	73,668	78,770	102,969	155,269	351,672	431,320	345,253
Earnings available for fixed charges, excluding interest on deposits	612,090	273,132	455,280	(3,522,914)	55,664	453,963	859,314
Add: Interest on deposits	209,085	346,504	439,050	674,101	931,679	1,026,388	717,167
Earnings available for fixed charges, including interest on deposits	821,175	619,636	894,330	(2,848,813)	987,343	1,480,351	1,576,481
Fixed Charges:							
Interest expense, excluding interest on deposits	61,780	67,086	87,537	139,754	334,952	415,063	334,175
Interest factor in net rental expense	11,888	11,684	15,432	15,515	16,720	16,257	11,078
Total fixed charges, excluding interest on deposits	73,668	78,770	102,969	155,269	351,672	431,320	345,253
Add: Interest on deposits	209,085	346,504	439,050	674,101	931,679	1,026,388	717,167
Total fixed charges, including interest on deposits	$282,753	$425,274	$542,019	$ 829,370	$1,283,351	$1,457,708	$1,062,420
Ratio of Earnings to Fixed Charges							
Excluding interest on deposits	**8.31x**	**3.47x**	**4.42x**	**(22.69)x**	**0.16x**	**1.05x**	**2.49x**
Including interest on deposits	**2.90x**	**1.46x**	**1.65x**	**(3.43)x**	**0.77x**	**1.02x**	**1.48x**

Exhibit 12.2

Ratio of Earnings to Fixed Charges and Preferred Stock Dividends

	(Unaudited) Nine Months Ended September 30,		Twelve Months Ended December 31,				
(dollar amounts in thousands)	**2011**	**2010**	**2010**	**2009**	**2008**	**2007**	**2006**
Earnings:							
Income (loss) before income taxes	$538,422	$194,362	$352,311	$(3,678,183)	$ (296,008)	$ 22,643	$ 514,061
Add: Fixed charges, excluding interest on deposits and preferred stock dividends	73,668	78,770	102,969	155,269	351,672	431,320	345,253
Earnings available for fixed charges, excluding interest on deposits	612,090	273,132	455,280	(3,522,914)	55,664	453,963	859,314
Add: Interest on deposits	209,085	346,504	439,050	674,101	931,679	1,026,388	717,167
Earnings available for fixed charges, including interest on deposits	821,175	619,636	894,330	(2,848,813)	987,343	1,480,351	1,576,481
Fixed Charges:							
Interest expense, excluding interest on deposits	61,780	67,086	87,537	139,754	334,952	415,063	334,175
Interest factor in net rental expense	11,888	11,684	15,432	15,515	16,720	16,257	11,078
Preferred stock dividends	23,110	88,278	172,032	174,756	46,400	—	—
Total fixed charges, excluding interest on deposits	96,778	167,048	275,001	330,025	398,072	431,320	345,253
Add: Interest on deposits	209,085	346,504	439,050	674,101	931,679	1,026,388	717,167
Total fixed charges, including interest on deposits	$305,863	$513,552	$714,051	$ 1,004,126	$1,329,751	$1,457,708	$1,062,420
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends							
Excluding interest on deposits	**6.32x**	**1.64x**	**1.66x**	**(10.67)x**	**0.14x**	**1.05x**	**2.49x**
Including interest on deposits	**2.68x**	**1.21x**	**1.25x**	**(2.84)x**	**0.74x**	**1.02x**	**1.48x**

Exhibit 31.1

CERTIFICATION

I, Stephen D. Steinour, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Huntington Bancshares Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2011

/s/ Stephen D. Steinour
Stephen D. Steinour
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Donald R. Kimble, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Huntington Bancshares Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2011

/s/ Donald R. Kimble
Donald R. Kimble
Chief Financial Officer

Exhibit 32.1

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of Huntington Bancshares Incorporated (the "Company") on Form 10-Q for the three month period ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen D. Steinour, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Stephen D. Steinour
Stephen D. Steinour
Chief Executive Officer

October 31, 2011

Exhibit 32.2

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of Huntington Bancshares Incorporated (the "Company") on Form 10-Q for the three month period ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald R. Kimble, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald R. Kimble
Donald R. Kimble
Chief Financial Officer

October 31, 2011