



## BancAnalysts Association of Boston 2015 Conference

November 5, 2015

## Basis of Presentation

### Use of non-GAAP financial measures

*This document contains GAAP financial measures and non-GAAP financial measures where management believes it to be helpful in understanding Huntington's results of operations or financial position. Where non-GAAP financial measures are used, the comparable GAAP financial measure, as well as the reconciliation to the comparable GAAP financial measure, can be found in this document, the 2015 third quarter earnings press release, or the Form 8-K related to this document, all of which can be found on Huntington's website at [www.huntington-ir.com](http://www.huntington-ir.com).*

### Annualized data

*Certain returns, yields, performance ratios, or quarterly growth rates are presented on an "annualized" basis. This is done for analytical and decision-making purposes to better discern underlying performance trends when compared to full year or year-over-year amounts. For example, loan and deposit growth rates, as well as net charge-off percentages, are most often expressed in terms of an annual rate like 8%. As such, a 2% growth rate for a quarter would represent an annualized 8% growth rate.*

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

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

### Earnings per share equivalent data

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

### Rounding

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

# Basis of Presentation

## Significant Items

*From time to time, revenue, expenses, or taxes are impacted by items judged by Management to be outside of ordinary banking activities and/or by items that, while they may be associated with ordinary banking activities, are so unusually large that their outsized impact is believed by Management at that time to be 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 Management decisions associated with significant corporate actions out of the ordinary course of business – e.g., merger/restructuring charges, recapitalization actions, goodwill impairment, etc.*

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

*Management believes the disclosure of "Significant Items", when appropriate, aids analysts/investors in better understanding corporate performance and trends so that they can ascertain which of such items, if any, they may wish to include/exclude from their analysis of the company's performance - i.e., within the context of determining how that performance differed from their expectations, as well as how, if at all, to adjust their estimates of future performance accordingly. To this end, Management has adopted a practice of listing "Significant Items" in its external disclosure documents (e.g., earnings press releases, quarterly performance discussions, investor presentations, Forms 10-Q and 10 K).*

*"Significant Items" for any particular period are not intended to be a complete list of items that may materially impact current or future period performance. A number of items could materially impact these periods, including those described in Huntington's 2014 Annual Report on Form 10-K and other factors described from time to time in Huntington's other filings with the Securities and Exchange Commission.*

# Forward Looking Statements

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

*While there is no assurance that any list of risks and uncertainties or risk factors is complete, below are certain factors which could cause actual results to differ materially from those contained or implied in the forward-looking statements: (1) worsening of credit quality performance due to a number of factors such as the underlying value of collateral that could prove less valuable than otherwise assumed and assumed cash flows may be worse than expected; (2) changes in general economic, political, or industry conditions; uncertainty in U.S. fiscal and monetary policy, including the interest rate policies of the Federal Reserve Board; volatility and disruptions in global capital and credit markets; (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 implementing 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 or adverse legal developments in the proceedings; (9) the nature, extent, timing, and results of governmental actions, examinations, reviews, reforms, regulations, and interpretations, including those related to the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Basel III regulatory capital reforms, as well as those involving the OCC, Federal Reserve, FDIC, and CFPB; 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 Huntington's 2014 Annual Report on Form 10-K, and documents subsequently filed by Huntington with the Securities and Exchange Commission. All forward-looking statements included in this document are based on information available at the time of the release. Huntington assumes no obligation to update any forward-looking statement.*

## Discussion Topics

- Evolution of Huntington's Strategy
- Important Messages

### Presenter

#### Mac McCullough

- Senior Executive Vice President – Chief Financial Officer

### Also Present

#### Mark Muth

- Vice President – Director of Investor Relations

In 2009 with skepticism of banks at an all-time high, we began with...

# Welcome

# Actions Taken To Accelerate Huntington

## Focused the Business Model

- Focus on Consumer, Small to Medium Enterprises (includes CRE) and Auto
- Improve balance sheet mix (Deposits & Loans)
- Intense execution and sales management
- Accelerated change to drive a high performance culture

## Built the Brand

- Introduced Fair Play with distinctive, customer-friendly products
- Colleagues created a welcoming experience with high levels of customer service and advocacy
- Increase in marketing investments

## Investing in the Franchise

- Integrated distribution: Branch, ATM, Relationship Managers, Digital, Mobile, Call Center
- Comprehensive rebrand / refresh of all customer touchpoints (e.g., branch, ATMs, plastics, checks, websites, etc.)
- Technology investments
- Data and analytics

## Disciplined Execution

- Invest in the business while committing to positive operating leverage
- Bring risk management with long-term focus – delivering low relative volatility through the cycle
- Delivering on commitments

Alignment of Management, Colleagues and Long-term Shareholders



7

# When Other Banks Started Adding Fees...

Introduced an innovation to resolve a significant customer pain point



**24-Hour Grace™**  
More time  
Not more fees

Customers believe banks “nickel and dime” them at every opportunity ... especially overdrafts.

24-Hour Grace showed we are not like other banks.

Launched a simplified free checking account people can understand

**ASTERISK\*FREE CHECKING**

It's free checking. No minimum balances, hoops, surprises or hidden catches.

With free alerts, free linked savings and free overdraft transfers, it embodies a bank committed to doing the right thing.

Introduced mobile and online banking features to empower customers



Huntington Deploys iPad App, Plans to Add Remote Deposit and Personal Finance Tools

by HELENE O'NEILL | NOV 5, 2011 9:28am ET | American Banker

Huntington Bank Launches Mobile Banking iPhone and Android Apps

My Bank Tracker, June 16, 2011

Huntington Bank Offers Customers Quick Access to Their Accounts with New Mobile App Feature 'Quick Balance'

Published: May 19, 2014 6:00 a.m. ET | MarketWatch



8

# When Other Banks Started Adding Fees...

Invested in our ATM fleet, creating simpler, envelope-free deposits

Huntington switching to ATMs that can do more

Columbus Dispatch, February 18, 2013



Added an innovation giving customers all day to make deposits

WITH ALL DAY DEPOSIT™, TODAY COUNTS AS TODAY.

ALL DAY DEPOSIT gives customers until midnight to make ATM deposits, online transfers and mobile deposits that count the same day.

Launched an innovative credit card that gives customer's a voice

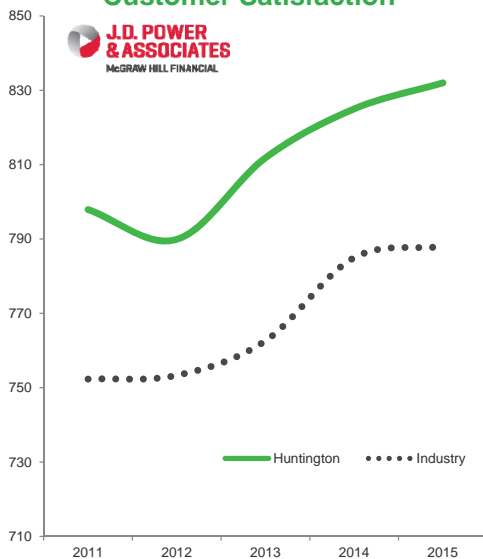


Voice Credit Card™ gives customers 3x rewards in the category *they choose* plus no annual fee, no foreign transaction fees and Late Fee Grace™

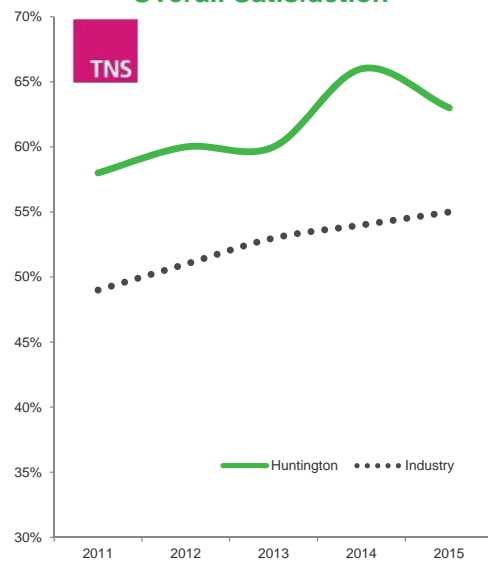


# Overall Satisfaction: Best and Improving

JD Power & Associates Customer Satisfaction



TNS Primary Bank Overall Satisfaction



JDPA: Overall Customer Satisfaction Index

TNS: Overall, how satisfied are you with [PRIMARY BANK]? Please use a scale of 1 to 10 where 10 means extremely satisfied.

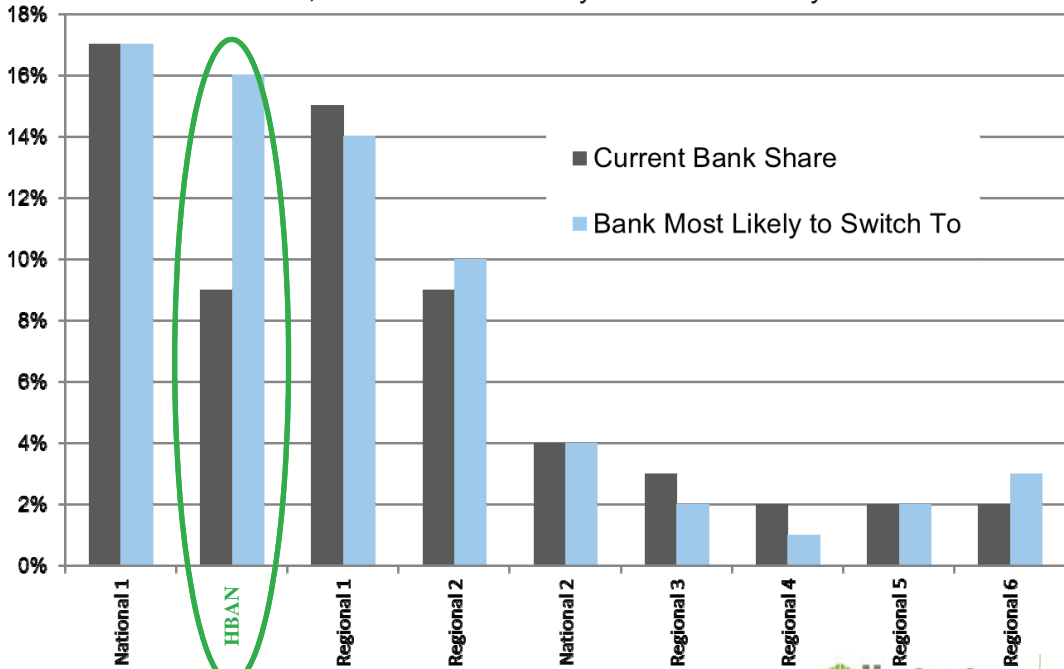


# Growth Opportunity Continues as Switching Preference is Much Greater than Current Share



Independent study by TNS...

In the Midwest, which bank would you be most likely to move to?



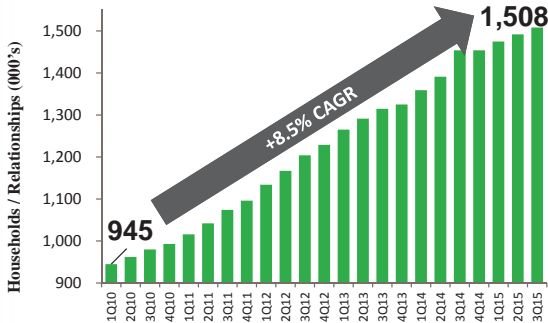
TNS' Retail Banking Monitor



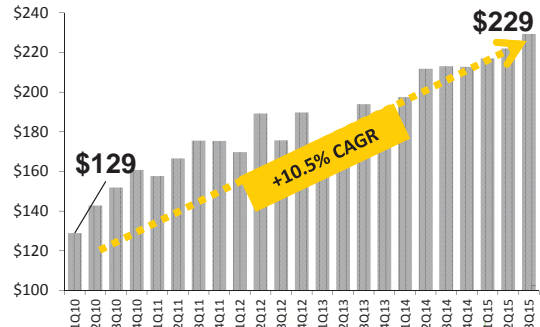
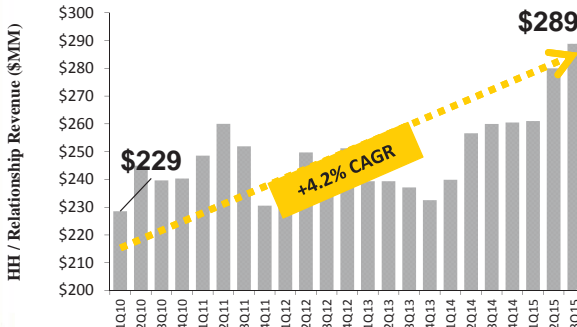
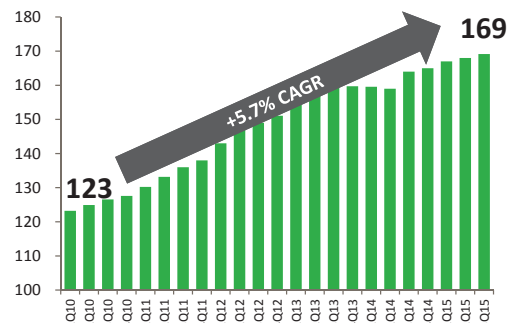
## Industry-leading Customer Acquisition

Consumer revenue growth aided by share of wallet improvement

### Consumer Households



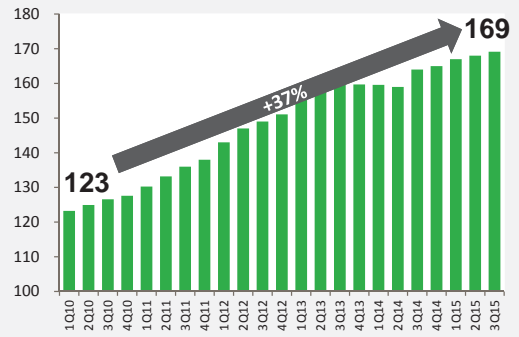
### Business Relationships



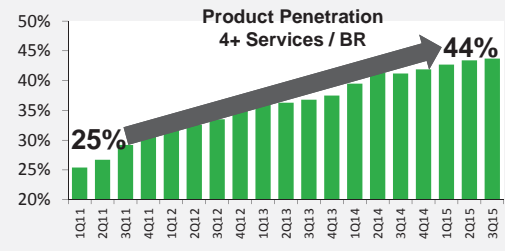
# Investing in the Franchise: Business



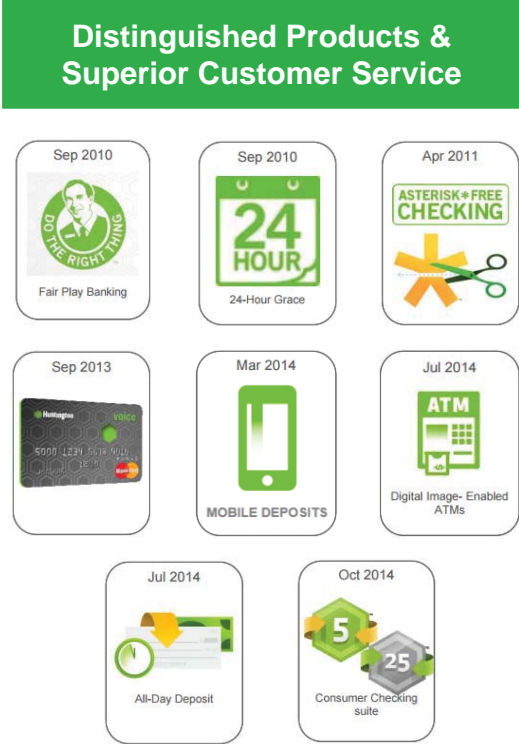
### Business Relationships



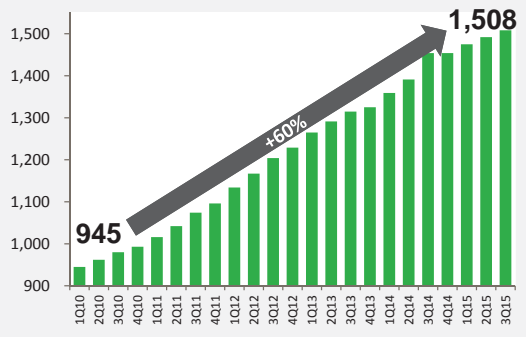
### Share of Wallet



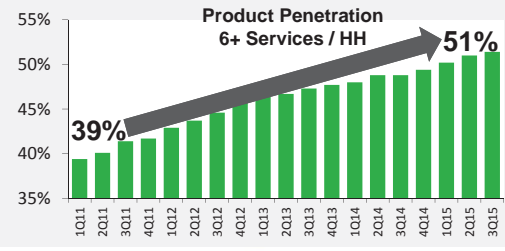
# Investing in the Franchise: Consumer



### Consumer Households

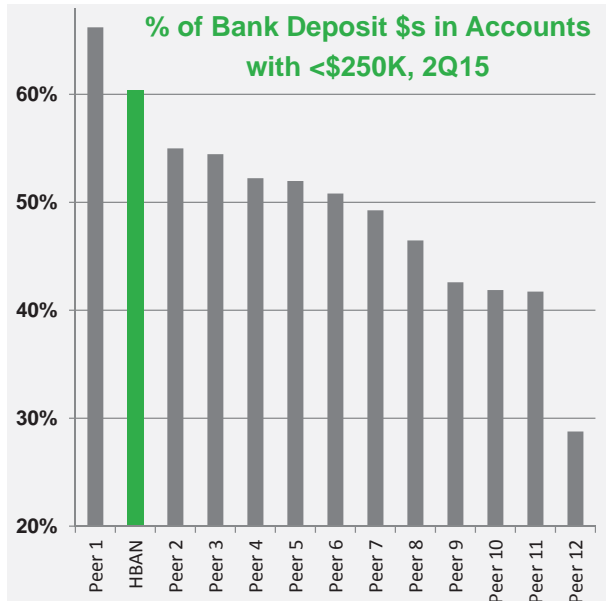
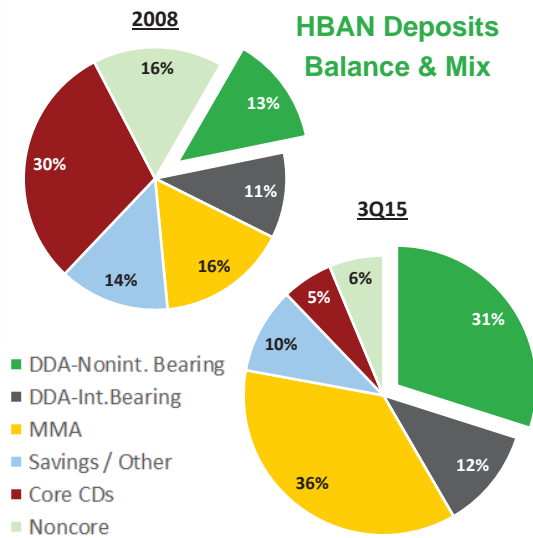


### Share of Wallet



## Disciplined Execution: Low Cost and Granular Deposit Mix

- DDA-noninterest bearing remains opportunity for further mix improvement
- Given market position, we believe cost of deposits in a higher interest rate environment should be below peers

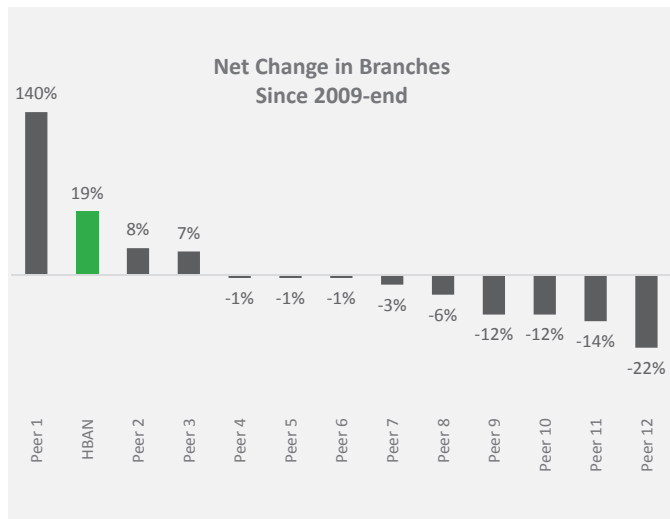


Source: SNL Financial, FDIC



15

## Disciplined Execution: Invested In Distribution While Optimizing



- **Build-out of In-Store strategy to be substantially complete by 1Q16**
  - 92 Giant Eagle in-store offices open; 1 to open in 4Q15 (77 breakeven or better in July)
  - 65 Meijer in-store offices open by 3Q15-end; 20 to open in 4Q15 (26 breakeven or better in July)
  - In-store branches receive highest customer service scores across branch network
- **Optimizing the traditional branch network where opportunities present**
  - Consolidated 24% of 2009 year-end branches (including acquisitions)

- In-Store branches are full service and are **open 7 days / week** (approximately 70 hours / week)
- In-Store branches, approximately **1/8th the startup cost** of a large traditional branch
- In-Store Strategy **as a whole turned profitable in 2Q15** and continues to generate profitable growth



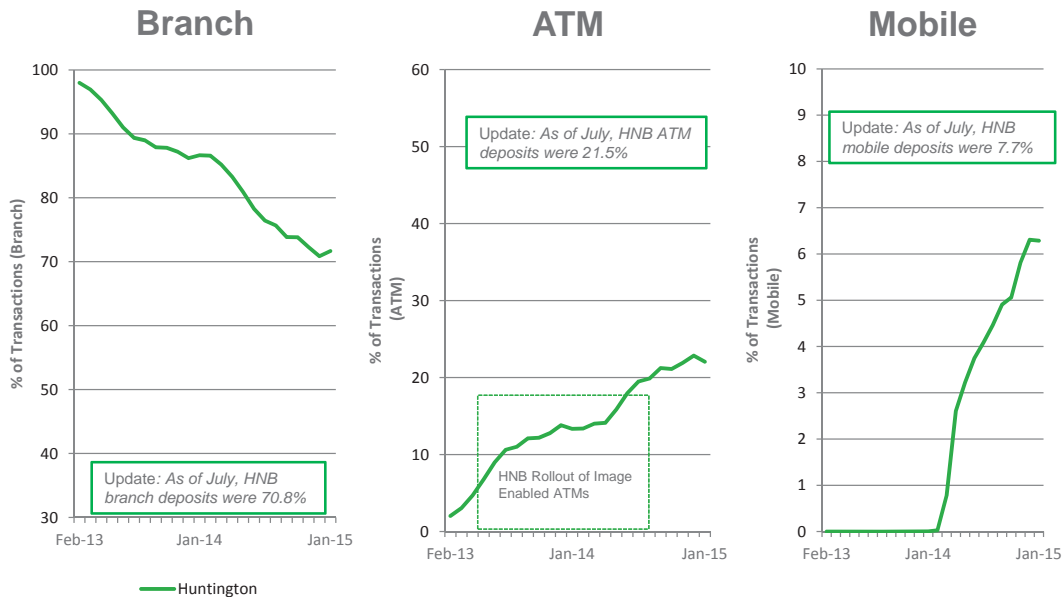
16

Sources: SNL Financial, FDIC; Peers include ASB, BBT, CMA, FHN, FITB, FNFG, KEY, MTB, PNC, RF, STI, & ZION.



# Strategic Initiative in progress: Leveraging customer insights to optimize our distribution

## Deposit Breakdown by Channel (Consumer and Small Business)



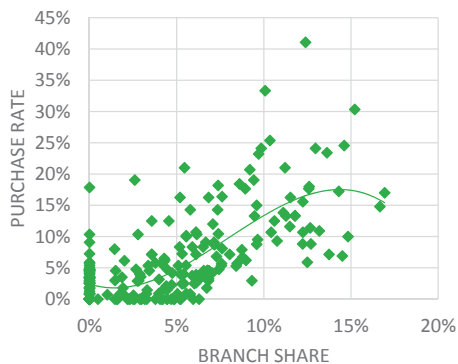
Source: Huntington Transaction Data (Feb 13 – Jan 15)



# Strategic Initiative in progress: Leveraging customer insights to optimize our distribution

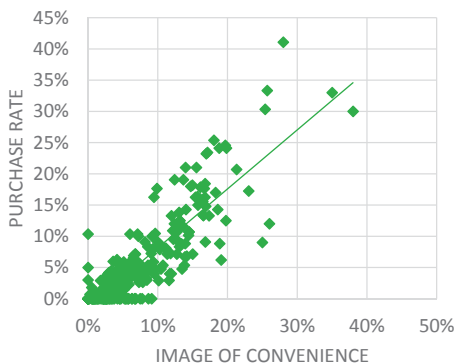
*Perceived convenience is not only more predictive of growth, it also provides a path for growth that is less capital intensive, potentially faster deployment, faster return on investment, and enables more diversification of assets.*

## Purchase Rates vs. Branch Share



Historical way to think about growing market share

## Purchase Rates vs. Convenience



New way to think about growing market share

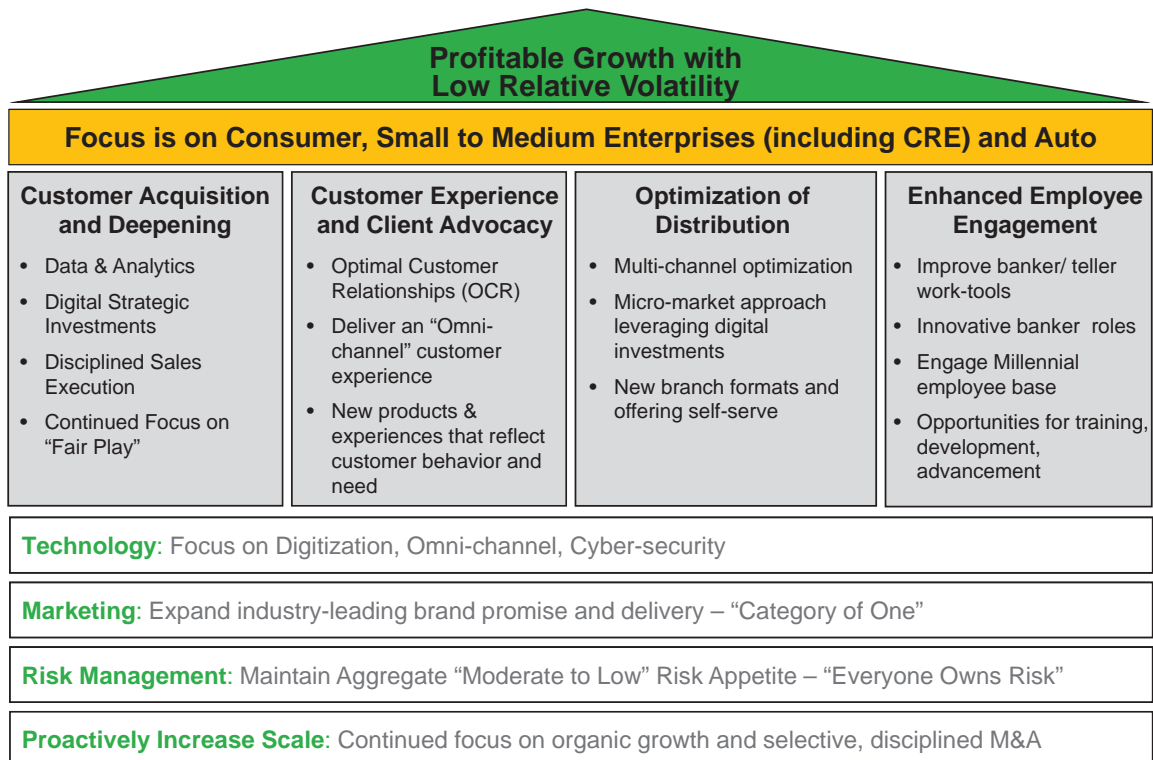
Source: Novantas Sales Preference Survey



# Risk Management is at the Core of Huntington's Evolution

- Board defined aggregate moderate-to-low risk
- Board and CEO set the “Tone at the Top”
- Strong risk management processes; 3 lines of defense, data driven, concentrations & limits, high accountability
- Significant investment in risk management personnel and process
- “Everyone Owns Risk” around an aggregate moderate-to-low risk culture
- Disciplined management of credit risk – hold limits, concentrations limits, timely approval process, active portfolio management with very good MIS
- Liquidity significantly enhanced by change in funding mix and industry leading customer share of wallet
- Belief that managing lower credit risk will reduce earnings volatility providing more stable returns and higher capital generation over time
- Higher capital generation will provide more flexibility and strength, as well as drive higher creation of shareholder value

## Our strategy is centered around the following themes



# Long-Term Financial Goals

- Focused the Business Model**
- Built the Brand**
- Investing in the Franchise**
- Disciplined Execution**

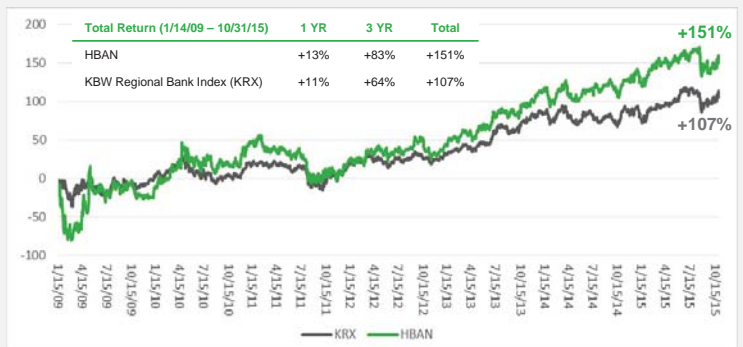


Revenue Growth	4% – 6%
Expense Growth	+ Op Leverage
Efficiency Ratio	56% – 59%
Net Charge-Offs	35 bp – 55 bp
ROTCE	13% – 15%

# Delivering on Commitments to Our 4 Constituents

## To Our Shareholders

- Highest 3Y & 5Y Total Shareholder Return among regional bank peers
- Relative TBV multiple from historical 10% discount to peers to a 15% premium
- Disciplined investment process to deliver stable returns



## To Our Customers

- Distinctive, easy to understand products
- Award-winning customer service
- More convenience
- Investments across all business segments

## To Our Colleagues

- Launched new training programs across all levels of the organization
- Annual VOICE colleague engagement survey with responsive action plans
- Created 10 Business Resource Groups

## To Our Communities

- Leadership through high levels of volunteerism and community involvement
- Financial Support – local decisions
- Financial education to community members of all ages

# Important Messages

- Focus on delivery of consistent through-the-cycle shareholder returns
- Fundamentally changed the business model of the company
  - “Tone at the top” that everyone owns risk
  - Migrated loan and deposit mix to improve funding, reduce risk
  - Meaningful investment in centralization, technology, people and process
- Remain focused on areas of expertise with sustainable competitive advantages
  - Consumer Banking
  - Small Business and Middle Market Commercial
  - Auto Finance
- Driving growth through execution and a differentiated customer experience
- Commitment of positive operating leverage in 2015
- High level of employee and shareholder alignment



23

## **Investor / Analyst Contacts:**

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# Huntington

## Welcome.™

24