

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, 2003**

Commission File Number **0-2525**

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 **X** No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes **X** No

There were 228,885,228 shares of Registrant's without par value common stock outstanding on October 31, 2003.

Huntington Bancshares Incorporated

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Part 1. Financial Information

Financial Statements

Consolidated Balance Sheets

<i>(in thousands)</i>	September 30, 2003 <i>(Unaudited)</i>	December 31, 2002 <i>(Restated)</i>	September 30, 2002 <i>(Unaudited)</i> <i>(Restated)</i>
Assets			
Cash and due from banks	\$ 775,423	\$ 969,483	\$ 1,014,713
Interest bearing deposits in banks	37,857	37,300	33,700
Trading account securities	415	241	3,225
Federal funds sold and securities purchased under resale agreements	87,196	49,280	64,574
Loans held for sale	411,792	528,379	369,724
Securities available for sale - at fair value	4,278,385	3,403,369	3,235,546
Investment securities - fair value \$5,235, \$7,725 and \$9,925, respectively	5,090	7,546	9,733
Total loans and direct financing leases	21,172,747	18,587,403	17,846,897
Less allowance for loan and lease losses	370,135	336,648	371,033
Net loans and direct financing leases	20,802,612	18,250,755	17,475,864
Operating lease assets	1,454,590	2,200,525	2,455,165
Bank owned life insurance	917,261	886,214	875,492
Premises and equipment	338,863	341,366	339,984
Goodwill and other intangible assets	217,212	218,567	218,424
Customers' acceptance liability	9,208	16,745	18,340
Accrued income and other assets	759,282	620,355	598,402
Total Assets	\$ 30,095,186	\$ 27,530,125	\$ 26,712,886
Liabilities and Shareholders' Equity			
Total deposits	\$ 18,833,856	\$ 17,499,326	\$ 17,117,811
Short-term borrowings	1,400,047	2,141,016	2,220,022
Federal Home Loan Bank advances	1,273,000	1,013,000	613,000
Subordinated notes	791,045	738,678	893,168
Other long-term debt	4,269,288	2,495,123	2,187,750
Company obligated mandatorily redeemable preferred capital securities of subsidiary trusts holding solely junior subordinated debentures of the Parent Company	---	300,000	300,000
Bank acceptances outstanding	9,208	16,745	18,340
Accrued expenses and other liabilities	1,277,286	1,136,444	1,121,174
Total Liabilities	27,853,730	25,340,332	24,471,265
Shareholders' equity			
Preferred stock - authorized 6,617,808 shares; none outstanding	---	---	---
Common stock - without par value; authorized 500,000,000 shares; issued 257,866,255 shares; outstanding 228,869,936, 232,878,851, and 237,544,288 shares, respectively	2,482,370	2,484,421	2,486,345
Less 28,996,319, 24,987,404, and 20,321,967 treasury shares, respectively	(550,766)	(475,399)	(391,550)
Accumulated other comprehensive income	25,865	62,300	60,556
Retained earnings	283,987	118,471	86,270
Total Shareholders' Equity	2,241,456	2,189,793	2,241,621
Total Liabilities and Shareholders' Equity	\$ 30,095,186	\$ 27,530,125	\$ 26,712,886

See notes to unaudited consolidated financial statements.

Consolidated Statements of Income
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share amounts)	2003	2002	2003	2002
	(Restated)		(Restated)	
Interest and fee income				
Loans and leases	\$ 278,494	\$ 273,462	\$ 815,842	\$ 813,631
Securities	42,510	45,800	126,621	135,005
Other	12,316	4,915	28,196	15,126
Total Interest Income	333,320	324,177	970,659	963,762
Deposits	67,565	94,647	223,658	297,236
Short-term borrowings	2,992	6,524	12,864	21,190
Federal Home Loan Bank advances	5,883	1,176	17,102	1,646
Subordinated notes and other long-term debt including preferred capital securities	36,409	30,565	92,364	93,295
Total Interest Expense	112,849	132,912	345,988	413,367
Net Interest Income	220,471	191,265	624,671	550,395
Provision for loan and lease losses	51,615	54,304	137,652	143,190
Net Interest Income After Provision for Loan and Lease Losses	168,856	136,961	487,019	407,205
Operating lease income	117,624	160,164	384,391	507,815
Service charges on deposit accounts	42,294	37,706	123,077	112,129
Trust services	15,365	14,997	45,856	46,745
Brokerage and insurance income	13,807	13,664	43,500	48,168
Other service charges and fees	10,499	10,837	32,209	31,998
Bank Owned Life Insurance income	10,438	10,723	32,618	32,401
Mortgage banking	30,193	2,594	48,503	26,503
Gain on sale of Florida operations	---	---	---	182,470
Merchant Services gain	---	24,550	---	24,550
Gain on sales of automobile loans	---	---	23,751	---
Gain on sale of branch offices	13,112	---	13,112	---
Securities (losses) gains	(4,107)	1,140	3,978	2,563
Other	23,543	22,227	71,648	54,507
Total Non-Interest Income	272,768	298,602	822,643	1,069,849
Personnel costs	113,170	100,662	331,501	307,806
Operating lease expense	93,134	125,743	307,661	398,223
Equipment	16,328	17,378	49,081	50,986
Outside data processing and other services	17,478	15,128	50,161	50,159
Net occupancy	15,570	14,676	47,556	46,169
Professional services	11,116	9,680	30,273	23,974
Marketing	5,515	7,491	20,595	21,725
Telecommunications	5,612	5,609	16,707	16,947
Printing and supplies	3,658	3,679	9,592	11,199
Restructuring (releases) charges	---	---	(6,315)	56,184
Other	18,601	19,450	55,882	61,466
Total Non-Interest Expense	300,182	319,496	912,694	1,044,838
Income Before Income Taxes	141,442	116,067	396,968	432,216
Income taxes	37,230	28,052	104,536	177,748
Income before cumulative effect of change in accounting principle	104,212	88,015	292,432	254,468
Cumulative effect of change in accounting principle, net of tax	(13,330)	---	(13,330)	---
Net Income	\$ 90,882	\$ 88,015	\$ 279,102	\$ 254,468
Per Common Share				
Income before cumulative effect of change in accounting principle	\$0.46	\$0.37	\$1.27	\$1.04
Net Income	\$0.40	\$0.37	\$1.22	\$1.04
Income before cumulative effect of change in accounting principle - Diluted	\$0.45	\$0.36	\$1.26	\$1.03
Net Income - Diluted	\$0.39	\$0.36	\$1.21	\$1.03
Cash Dividends Declared	\$0.175	\$0.16	\$0.495	\$0.48
Average Common Shares				
Basic	228,715	239,925	229,558	245,554
Diluted	230,966	241,357	231,353	247,021

See notes to unaudited consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

	Common Stock		Treasury Stock		Accumulated Other Comprehensive	Retained Earnings	
(in thousands)	Shares	Amount	Shares	Amount	Income (Loss)	(Deficit)	Total
						(Restated)	(Restated)
Nine Months Ended September 30, 2002:							
Balance, beginning of period	257,866	\$ 2,490,724	(6,672)	\$ (123,849)	\$ 25,488	\$ (50,466)	\$ 2,341,897
Comprehensive Income:							
Net income						254,468	254,468
Unrealized net holding gains on securities available for sale arising during the period, net of reclassification adjustment for net gains included in net income					34,166		34,166
Unrealized gains on derivative instruments used in cash flow hedging relationships					902		902
Total comprehensive income							289,536
Stock issued for acquisition		(838)	1,038	19,989			19,151
Cash dividends declared						(117,732)	(117,732)
Stock options exercised		(3,541)	363	6,585			3,044
Treasury shares purchased			(15,051)	(294,275)			(294,275)
Balance, end of period (Unaudited)	257,866	\$ 2,486,345	(20,322)	\$ (391,550)	\$ 60,556	\$ 86,270	\$ 2,241,621
Nine Months Ended September 30, 2003:							
Balance, beginning of period	257,866	\$ 2,484,421	(24,987)	\$ (475,399)	\$ 62,300	\$ 118,471	\$ 2,189,793
Comprehensive Income:							
Net income						279,102	279,102
Unrealized net holding losses on securities available for sale arising during the period, net of reclassification adjustment for net gains included in net income					(26,233)		(26,233)
Unrealized losses on derivative instruments used in cash flow hedging relationships					(10,202)		(10,202)
Total comprehensive income							242,667
Cash dividends declared						(113,586)	(113,586)
Stock options exercised		(2,144)	337	6,373			4,229
Treasury shares purchased			(4,300)	(81,061)			(81,061)
Other		93	(46)	(679)			(586)
Balance, end of period (Unaudited)	257,866	\$ 2,482,370	(28,996)	\$ (550,766)	\$ 25,865	\$ 283,987	\$ 2,241,456

See notes to unaudited consolidated financial statements.

Consolidated Statements of Cash Flows

	Nine Months Ended September 30,	
(in thousands)	2003	2002
	(Unaudited)	(Unaudited) (Restated)
Operating Activities		
Net Income	\$ 279,102	\$ 254,468
Adjustments to reconcile net income to net cash provided by operating activities		
Cumulative effect of change in accounting principle, net of tax	13,330	---
Provision for loan and lease losses	137,652	143,190
Depreciation on operating lease assets	272,208	356,128
Other depreciation and amortization	92,121	41,727
Deferred income tax expense	78,754	257,536
(Increase) decrease in trading account securities	(174)	10,167
Decrease in mortgages held for sale	116,587	259,662
Gains on sales of securities available for sale	(3,978)	(2,563)
Gains on sales/securitizations of loans	(31,876)	(6,372)
Gains on sale of branch offices	(13,112)	---
Gain on sale of Florida banking and insurance operations	---	(182,470)
Gain on restructuring of Huntington Merchant Services, LLC	---	(24,550)
Restructuring (releases) charges	(6,315)	56,184
Other, net	(147,984)	(173,716)
Net Cash Provided by Operating Activities	786,315	989,391
Investing Activities		
Increase in interest bearing deposits in banks	(557)	(12,495)
Proceeds from:		
Maturities and calls of investment securities	2,464	2,585
Maturities and calls of securities available for sale	1,341,374	631,982
Sales of securities available for sale	887,936	659,801
Purchases of securities available for sale	(3,140,336)	(1,324,334)
Proceeds from sales/securitizations of loans	1,475,948	342,559
Net loan and lease originations, excluding sales	(3,359,737)	(2,798,737)
Net decrease in operating lease assets	473,727	194,555
Proceeds from the sale of branch offices	81,367	---
Proceeds from sale of premises and equipment	6,825	18,214
Purchases of premises and equipment	(42,008)	(42,553)
Proceeds from sales of other real estate	6,997	8,924
Proceeds from restructuring of Huntington Merchant Services, LLC	---	27,000
Consolidation of cash of securitization trust	58,500	---
Cash paid in purchase acquisition	---	(8,305)
Net cash paid related to sale of Florida banking and insurance operations	---	(1,277,767)
Net Cash Used for Investing Activities	(2,207,500)	(3,578,571)
Financing Activities		
Increase in total deposits	1,264,002	1,704,526
(Decrease) increase in short-term borrowings	(740,969)	616,776
Maturity of subordinated notes	(250,000)	---
Proceeds from Federal Home Loan Bank advances	270,000	600,000
Maturity of Federal Home Loan Bank advances	(10,000)	(4,000)
Proceeds from long term debt	1,450,000	675,000
Maturity of long-term debt	(530,000)	(735,000)
Dividends paid on common stock	(111,007)	(119,245)
Repurchases of common stock	(81,061)	(294,275)
Net proceeds from issuance of common stock	4,076	3,044
Net Cash Provided by Financing Activities	1,265,041	2,446,826
Change in Cash and Cash Equivalents	(156,144)	(142,354)
Cash and Cash Equivalents at Beginning of Period	1,018,763	1,221,641
Cash and Cash Equivalents at End of Period	\$ 862,619	\$ 1,079,287
Supplemental disclosures:		
Income taxes paid	\$ 70,953	\$ 44,041
Interest paid	354,071	425,748
Non-cash activities		
Residential mortgage loans securitized and retained in securities available for sale	171,586	259,042
Common stock dividends accrued not paid	30,901	38,711

See notes to unaudited consolidated financial statements.

Notes to Unaudited Consolidated Financial Statements

Note 1 – Basis of Presentation

The accompanying unaudited consolidated financial statements of Huntington Bancshares Incorporated (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 consolidated financial statements have been prepared according to the rules and regulations of the Securities and Exchange Commission and, therefore, certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) have been omitted. The Notes to the Consolidated Financial Statements appearing in Huntington's amended 2002 Annual Report on Form 10-K/A filed on November 14, 2003, which include descriptions of significant accounting policies, should be read in conjunction with these interim financial statements.

In preparing financial statements in conformity with GAAP, management of Huntington is required to make estimates, assumptions, and judgments that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenue and expenses during the reporting period. An accounting estimate requires assumptions about uncertain matters that could have a material effect on the financial statements of Huntington if a different amount within a range of estimates were used or if estimates changed from period to period. Actual results could differ from those estimates. Certain amounts in the prior year's financial statements have been reclassified to conform to the 2003 presentation.

Note 2 – Early Adoption of FASB Interpretation No. 46 (FIN 46)

In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46, *Consolidation of Variable Interest Entities*. This Interpretation of Accounting Research Bulletin No. 51 (ARB 51), *Consolidated Financial Statements*, as amended, addresses consolidation by business enterprises where ownership interests in an entity may vary over time or, in many cases, of special-purpose entities (SPEs). To be consolidated for financial reporting, these entities must have certain characteristics. ARB 51 requires that an enterprise's consolidated financial statements include subsidiaries in which the enterprise has a controlling financial interest. FIN 46 requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among parties involved. An enterprise that holds significant variable interests in such an entity, but is not the primary beneficiary, is required to disclose certain information regarding its interests in that entity. FIN 46 applies in the first fiscal year or interim period ending after December 15, 2003, to variable interest entities in which an enterprise holds an interest that it acquired before February 1, 2003. It also applies immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. FIN 46 may be applied (1) prospectively with a cumulative-effect adjustment as of the date on which it is first applied, or (2) by restating previously issued financial statements for one or more years with a cumulative-effect adjustment as of the beginning of the first year restated.

Effective July 1, 2003, Huntington adopted FIN 46. This was an early adoption applied on a prospective basis resulting in the consolidation of one of the securitization trusts formed in 2000. The consolidation of this trust involved recognition of the trust's assets and liabilities, elimination of the related retained interest and servicing asset, recognition of other related assets, and establishment of an allowance for loan and lease losses equal to 1.01% of the loan balances. The trust's assets and liabilities consisted of \$1,038.1 million in automobile loan principal and interest receivables, \$110.0 million in cash (\$51.5 million of which was on deposit at Huntington's bank subsidiary), and approximately \$960.0 million in notes payable and minority interests. The combined retained interests at market value, a component of securities available for sale, servicing and other assets of \$212.9 million were eliminated in the consolidation. The reversal of the excess of the market value of the retained interest over its cost reduced other comprehensive income by \$9.9 million. Additionally, a \$10.3 million reserve for loan losses was recognized and deferred income taxes and other liabilities totaling \$12.1 million were reversed.

Reflecting these impacts, the adoption of FIN 46 resulted in a cumulative effect charge of \$13.3 million, or \$0.06 per share, in the third quarter, which is reflected in Huntington's statements of income. This adoption also resulted in an overall reduction of the ALLL by approximately 3 basis points and lowered the tangible common equity ratio by 29 basis points. Regulatory capital was minimally impacted since these related assets were already included in regulatory risk-based assets.

This adoption also required the deconsolidation of two unrelated business trusts that had been formed in 1997 and 1998 to issue trust preferred securities, which qualified as Tier 1 capital for regulatory capital purposes. The related borrowings by the parent company are now reported in the balance sheet under the caption "Subordinated notes" and continue to qualify as Tier 1 capital. There was no cumulative effect on retained earnings or Huntington's capital ratios as a result of this deconsolidation.

Note 3 – Adoption of FASB Interpretation No. 45 (FIN 45)

In November 2002, the FASB issued Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*. FIN 45 changes current practice in the accounting for, and disclosure of, guarantees requiring certain guarantees to be recorded at fair value, which differs from the prior practice of recording a liability generally when a loss is probable and reasonably estimable, as those terms are defined in FASB Statement No. 5, *Accounting for Contingencies*. FIN 45 also requires a guarantor to make significant new disclosures, even when the likelihood of making any payments under the guarantee is remote, which also differs from current practice.

The recognition requirements of FIN 45 were adopted prospectively January 1, 2003, which for Huntington apply generally to its standby letters of credit. Standby letters of credit are conditional commitments issued by Huntington 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. Approximately 53% of standby letters of credit are collateralized, and nearly 95% are expected to expire without being drawn upon. The carrying amount of deferred revenue at September 30, 2003, was \$3.9 million.

Note 4 – Other New Accounting Pronouncements

In December 2002, the FASB issued Statement No. 148, *Accounting for Stock-Based Compensation – Transition and Disclosure*. Statement No. 148 amends Statement No. 123, *Accounting for Stock-Based Compensation*, to provide alternative methods of transition to Statement No. 123's fair value method of accounting for stock-based employee compensation. Statement No. 148 also amends the disclosure provisions of Statement 123 and Accounting Principles Board (APB) Opinion No. 28, *Interim Financial Reporting*, to require disclosure in the summary of significant accounting policies of the effects of an entity's accounting policy with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements. While Statement No. 148 does not require companies to account for employee stock options using the fair value method, the disclosure provisions of Statement No. 148 are applicable to all companies with stock-based employee compensation, regardless of whether they account for that compensation using the fair value method of Statement No. 123 or the intrinsic value method of APB Opinion No. 25, which is the method currently used by Huntington. Huntington will adopt the fair value method of recording stock options under the transitional guidance of Statement No. 148. Huntington is currently evaluating which of the three methods under the transitional guidance it will adopt.

In April 2003, the FASB issued Statement No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*. Statement No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*. The changes in Statement No. 149 improve financial reporting by requiring that contracts with comparable characteristics be accounted for similarly. In particular, Statement No. 149 (1) clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative discussed in paragraph 6(b) of Statement No. 133, (2) clarifies when a derivative contains a financing component, (3) amends the definition of an "underlying" to conform it to language used in FIN 45, and (4) amends certain other existing pronouncements. Those changes will result in more consistent reporting of contracts as either derivatives or hybrid instruments. Statement No. 149 is substantially effective on a prospective basis for contracts entered into or modified after June 30, 2003. The impact of this new pronouncement did not have a material impact on Huntington's financial condition, results of operations, or cash flows.

In May 2003, the FASB issued Statement No. 150, *Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity*. Statement No. 150 establishes standards for how an issuer such as Huntington classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. Some of the provisions of Statement No. 150 are consistent with the current definition of liabilities in FASB Concepts Statement No. 6, *Elements of Financial Statements*. The remaining provisions of Statement No. 150 are consistent with the FASB's proposal to revise that definition to encompass certain obligations that a reporting entity can or must settle by issuing its own equity shares, depending on the nature of the relationship established between the holder and the issuer. Statement No. 150 does not apply to features that are embedded in a financial instrument that is not a derivative in its entirety. Statement No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The impact of this new pronouncement did not have a material impact on Huntington's financial condition, results of operations, or cash flows.

Note 5 – Earnings per Share

Basic earnings per share is the amount of earnings for the period 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 for the potential issuance of common shares upon the exercise of stock options. The calculation of basic and diluted earnings per share for each of the three and nine months ended September 30 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
<i>(in thousands, except per share amounts)</i>	2003	2002 <i>(Restated)</i>	2003	2002 <i>(Restated)</i>
Income Before Cumulative Effect of Accounting Change	\$ 104,212	\$ 88,015	\$ 292,432	\$ 254,468
Net Income	\$ 90,882	\$ 88,015	\$ 279,102	\$ 254,468
Average common shares outstanding	228,715	239,925	229,558	245,554
Dilutive effect of common stock equivalents	2,251	1,432	1,795	1,467
Diluted Average Common Shares Outstanding	230,966	241,357	231,353	247,021
Earnings Per Share				
Basic				
Income before cumulative effect of accounting	\$0.46	\$0.37	\$1.27	\$1.04
Net income	\$0.40	\$0.37	\$1.22	\$1.04
Diluted				
Income before cumulative effect of accounting	\$0.45	\$0.36	\$1.26	\$1.03
Net income	\$0.39	\$0.36	\$1.21	\$1.03

The average market price of Huntington's common stock for the period was used in determining the dilutive effect of outstanding stock options. Common stock equivalents are computed based on the number of shares subject to stock options that have an exercise price less than the average market price of Huntington's common stock for the period.

Approximately 6.4 million stock options with a weighted-average exercise price of \$23.19 per share were outstanding at September 30, 2003, but were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares for the period and, therefore, the effect would be antidilutive. At the end of the same period last year, 6.2 million stock options with a weighted-average exercise price of \$23.02 per share were not included in the computation of diluted earnings per share.

At September 30, 2003, a total of 539,694 common shares associated with a 2002 acquisition were held in escrow, subject to future issuance contingent upon meeting certain contractual performance criteria. These shares, which were included in treasury stock, will be included in the computation of basic and diluted earnings per share at the beginning of the period when all conditions necessary for their issuance have been met. Dividends paid on these shares are reinvested in common stock and are also held in escrow.

Note 6 – Comprehensive Income

The changes in components of Huntington's Other Comprehensive Income in each of the three and nine months ended September 30 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
<i>(in thousands of dollars)</i>	2003	2002	2003	2002
Minimum pension liability:				
Unrealized net loss	\$ ---	\$ ---	\$ ---	\$ ---
Related tax benefit	---	---	---	---
Net	---	---	---	---
Unrealized holding (losses) gains on securities available for sale arising during the period:				
Unrealized net (losses) gains	(37,796)	44,586	(35,997)	55,126
Related tax benefit (expense)	13,284	(15,605)	12,350	(19,294)
Net	(24,512)	28,981	(23,647)	35,832
Unrealized holding gains (losses) on derivatives used in cash flow hedging relationships arising during the period:				
Unrealized net gains (losses)	10,600	5,632	(15,695)	1,388
Related tax (expense) benefit	(3,710)	(1,971)	5,493	(486)
Net	6,890	3,661	(10,202)	902
Less: Reclassification adjustment for net (losses) gains from sales of securities available for sale realized during the period:				
Realized net (losses) gains	(4,107)	1,140	3,978	2,563
Related tax benefit (expense)	1,437	(399)	(1,392)	(897)
Net	(2,670)	741	2,586	1,666
Total Other Comprehensive Income	\$ (14,952)	\$ 31,901	\$ (36,435)	\$ 35,068

Activity in Accumulated Other Comprehensive Income for the nine months ended September 30, 2003 and 2002 was as follows:

	Minimum pension liability	Unrealized gains (losses) on securities available for sale	Unrealized gains (losses) on derivative instruments used in cash flow hedging relationships	Total
<i>(in thousands of dollars)</i>				
Balance, December 31, 2001	\$ ---	\$ 29,469	\$ (3,981)	\$ 25,488
Period change	---	34,166	902	35,068
Balance, September 30, 2002	\$ ---	\$ 63,635	\$ (3,079)	\$ 60,556
Balance, December 31, 2002	\$ (195)	\$ 56,856	\$ 5,639	\$ 62,300
Current-period change	---	(26,233)	(10,202)	(36,435)
Balance, September 30, 2003	\$ (195)	\$ 30,623	\$ (4,563)	\$ 25,865

Note 7– Securities Available for Sale

Securities available for sale based on contractual maturity at September 30, 2003 and December 31, 2002 were as follows:

<i>(in thousands of dollars)</i>	September 30, 2003		December 31, 2002	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
U.S. Treasury				
Under 1 year	\$ 325	\$ 329	\$ ---	\$ ---
1-5 years	32,855	33,611	13,434	14,066
6-10 years	270,529	281,343	4,704	5,367
Over 10 years	---	---	412	479
Total	303,709	315,283	18,550	19,912
Federal agencies				
Mortgage-backed securities				
1-5 years	21,289	21,931	48,618	50,428
6-10 years	235,180	239,766	356,082	363,596
Over 10 years	1,594,938	1,607,969	1,350,737	1,385,233
Total	1,851,407	1,869,666	1,755,437	1,799,257
Other agencies				
Under 1 year	193,091	197,357	34,923	35,966
1-5 years	389,418	403,841	743,609	768,271
6-10 years	404,776	398,626	3,755	4,278
Total	987,285	999,824	782,287	808,515
Total U.S. Treasury and Federal Agencies	3,142,401	3,184,773	2,556,274	2,627,684
Other				
Under 1 year	8,249	8,325	7,133	7,183
1-5 years	63,877	65,014	62,939	63,886
6-10 years	69,568	70,671	49,581	51,046
Over 10 years	929,737	931,114	451,108	449,958
Retained interest in securitizations	5,671	5,960	146,160	159,978
Marketable equity securities	11,529	12,528	42,846	43,634
Total	1,088,631	1,093,612	759,767	775,685
Total Securities Available for Sale	\$ 4,231,032	\$ 4,278,385	\$ 3,316,041	\$ 3,403,369

Note 8 – Operating Lease Assets

Operating lease assets at September 30, 2003 and 2002 and December 31, 2002, were as follows:

<i>(in thousands of dollars)</i>	September 30, 2003	December 31, 2002	September 30, 2002
Cost of automobiles under operating leases	\$ 2,416,907	\$ 3,260,897	\$ 3,507,821
Accumulated depreciation	(922,097)	(1,008,452)	(995,662)
Deferred origination fees and costs	(40,220)	(51,920)	(56,994)
Operating Lease Assets, Net	\$ 1,454,590	\$ 2,200,525	\$ 2,455,165

Depreciation expense related to leased automobiles was \$83.1 million and \$272.2 million for the three and nine months ended September 30, 2003, respectively. For the same respective periods in 2002, depreciation expense was \$112.5 million and \$356.1 million.

Note 9 – Restructuring Charges

During the second quarter 2003, Huntington released \$5.3 million of restructuring reserves through a credit to the restructuring charge line of non-interest expense in the accompanying unaudited consolidated financial statements. Released reserves of \$3.8 million related to those established in 1998 and \$1.5 million related to the strategic refocusing plan established in 2001 and 2002. The 1998 reserve was established for, among other items, the exit of under performing product lines, including possible third party claims related to these exits.

As of September 30, 2003, Huntington had remaining reserves for restructuring of \$8.7 million. Huntington expects that these remaining reserves will be adequate to fund the remaining estimated future cash outlays that are expected in the completion of the exit activities.

Note 10 – Restatements of Results of Operations and Financial Condition

On May 20, 2003, Huntington filed an amended 2002 Annual Report on Form 10-K/A (Amendment No. 1). Amendment No. 1 reflected the restatement of Huntington's prior period financial results for a reclassification of \$2.3 billion of automobile leases at December 31, 2002, from the direct financing lease method to the operating lease method of accounting.

On November 14, 2003, Huntington filed Amendment No. 2 to its 2002 Annual Report on Form 10-K/A (Amendment No. 2) and amended its Quarterly Reports on Form 10-Q/A for the first and second quarters of 2003. These amended reports reflected the correction and restatement of Huntington's prior period financial results for a series of voluntary actions related to a formal investigation by the staff of the Securities and Exchange Commission and an internal accounting review. The correction and restatement applied, on a retroactive basis, deferral accounting for loan origination fees and costs and also corrected other certain timing errors related to origination fees paid to automobile dealers, deferral of commissions paid to originate deposits, recognition of certain mortgage origination fee income, recognition of expense for pension settlements, liabilities related to the sale of an automobile debt cancellation product, income related to a 1998 sale-leaseback transaction, recognition of a gain on an interest rate swap initiated in 1992 and sold in 2000, and the recognition of income on Bank Owned Life Insurance in 2001 and 2002. The correction and restatement also reclassified tax consulting expenses previously recorded as a component of income tax expense to professional services. This reclassification had no impact on net income.

The following tables reflect the financial statement line items of Huntington's balance sheets and income statements impacted by Amendment No. 1 and Amendment No. 2. Huntington's balance sheet information at December 31, 2002, and income statement information for the three and nine months ended September 30, 2002, as amended by Amendment No. 1, have been previously reported in documents filed with the SEC on May 20, 2003. Thus, the amounts included under the "Previously Reported on May 20, 2003" columns for Huntington's balance sheet at December 31, 2002, and its income statements for the three and nine months ended September 30, 2002, reflect the impact of Amendment No. 1. The changes to Huntington's balance sheet information at September 30, 2002, resulting from the restatement reflected in Amendment No. 1, have not been previously reported. Thus, the amounts included under the "Previously Reported on Nov. 14, 2002" column for Huntington's balance sheet at September 30, 2002, were derived from Huntington's third quarter 2002 Form 10-Q and do not reflect the impact of Amendment No. 1. In all cases, the "Restated" columns include the impact of the restatements reflected in both Amendment No. 1 and Amendment No. 2.

	December 31, 2002		September 30, 2002	
	Previously Reported on May 20, 2003	Restated	Previously Reported on Nov. 14, 2002	Restated
<i>(in thousands of dollars)</i>				
Balance Sheet:				
Total loans and direct financing leases	\$ 18,645,189	\$ 18,587,403	\$ 20,455,506	\$ 17,846,897
Net loans and direct financing leases	18,308,541	18,250,755	20,047,128	17,475,864
Operating lease assets	2,252,445	2,200,525	---	2,455,165
Bank owned life insurance	886,214	886,214	874,771	875,492
Accrued income and other assets	537,775	620,355	509,150	598,402
Total Assets	27,557,251	27,530,125	26,739,012	26,712,886
Accrued expenses and other liabilities	1,062,868	1,136,444	1,049,135	1,121,174
Total liabilities	25,266,756	25,340,332	24,399,226	24,471,265
Retained earnings	219,173	118,471	184,435	86,270
Total shareholders' equity	2,290,495	2,189,793	2,339,786	2,241,621
Total Liabilities and Shareholders' Equity	\$ 27,557,251	\$ 27,530,125	\$ 26,739,012	\$ 26,712,886

	Three Months Ended September 30, 2002		Nine Months Ended September 30, 2002	
	Previously Reported on May 20, 2003	Restated	Previously Reported on May 20, 2003	Restated
<i>(in thousands of dollars)</i>				
Income Statement:				
Net interest income	\$ 205,484	\$ 191,265	\$ 580,896	\$ 550,395
Net interest income after provision	151,180	136,961	437,706	407,205
Operating lease income	154,367	160,164	498,320	507,815
Service charges on deposit accounts	37,460	37,706	111,344	112,129
Mortgage banking income	6,289	2,594	36,579	31,998
Gain on sale of Florida operations	---	---	175,344	182,470
Other non-interest income	21,044	22,227	50,774	54,507
Total non-interest income	296,070	298,602	1,063,191	1,069,849
Operating lease expense	125,743	125,743	398,223	398,223
Personnel costs	107,477	100,662	326,908	307,806
Net occupancy	14,815	14,676	46,810	46,169
Professional services	6,083	9,680	17,751	23,974
Other non-interest expense	16,563	19,450	51,528	61,466
Total non-interest expense	322,453	319,496	1,057,159	1,044,838
Income before income taxes	124,797	116,067	443,738	432,216
Income taxes	33,193	28,052	185,068	177,748
Net income	\$ 91,604	\$ 88,015	\$ 258,670	\$ 254,468
Earnings per share:				
Basic	\$0.38	\$0.37	\$1.05	\$1.04
Diluted	\$0.38	\$0.36	\$1.05	\$1.03

Restated financial information is included in Item 1 of Amendment No. 2 Form 10-K/A and Items 1 and 2 of its Quarterly Reports on Form 10-Q/A for the first and second quarters of 2003. Financial information included in this report for the three and nine months ended September 30, 2002, has also been restated. Net income for the three-month period was reduced by \$3.6 million, or \$0.02 per share, and \$4.2 million, or \$0.02 per share, for the nine-month period.

Note 11 – Segment Reporting

Huntington has three distinct lines of business: Regional Banking, Dealer Sales, and the Private Financial Group (PFG). A fourth segment includes Huntington's Treasury function and other unallocated assets, liabilities, revenue, and expense. Line of business results are determined based upon Huntington's management reporting system, which assigns balance sheet and income statement items to each of the business segments. The process is designed around Huntington's organizational and management structure and, accordingly, the results below are not necessarily comparable with similar information published by other financial institutions.

Accounting policies for the lines of business are the same as those used in the preparation of the unaudited consolidated financial statements with respect to activities specifically attributable to each business line. However, the preparation of business line results requires management to establish methodologies to allocate funding costs and benefits, expenses, and other financial elements to each line of business. Changes are made in these methodologies utilized for certain balance sheet and income statement allocations performed by Huntington's management reporting system, as appropriate. Prior periods are typically not restated for these changes.

The chief decision-makers for Huntington rely on "operating earnings" for review of performance and for critical decision-making purposes. Operating earnings are different from net income as reported. Net income as reported is adjusted to exclude the 2003 cumulative effect of the change in accounting principle for FIN 46, the 2002 gain from the sale of the Florida operations, the historical Florida banking and insurance operating results, and restructuring charges or release of previously established restructuring reserves. See Note 9 to the unaudited consolidated financial statements for further discussions regarding the 2002 restructuring charges and Note 13 regarding the 2002 sale of the Florida banking and insurance operations. The financial information that follows is inclusive of the above adjustments in 2002 on an after-tax basis to reflect the reconciliation to reported net income.

The following provides a brief description of the four operating segments of Huntington:

Regional Banking

This segment provides products and services to retail, business banking, and commercial customers in six operating regions within the five states of Ohio, Michigan, Indiana, West Virginia, and Kentucky. This segment's retail and small business products include home equity loans, first mortgage loans, direct installment loans, business loans, personal and business deposit products, as well as sales of investment and insurance services. These products and services are offered through Huntington's traditional banking network, Direct Bank--Huntington's customer service center, and Web Bank at www.huntington.com. Regional Banking also includes middle-market and large commercial banking relationships which use a variety of banking products and services including, but not limited to, commercial loans, commercial real estate loans, international trade, and cash management. These products and services are delivered through the traditional banking network.

Dealer Sales

This segment finances the purchase of automobiles by customers of automotive dealerships, purchases automobiles from dealers and simultaneously leases the automobile under long-term operating and direct financing leases, finances the dealership's inventory of automobiles, and provides other banking services to the automotive dealerships and their owners.

Private Financial Group (PFG)

This segment provides products and services designed to meet the needs of Huntington's higher wealth customers. Revenue is derived through the sale of personal trust, asset management, investment advisory, brokerage, insurance, and deposit and loan products and services. Income and related expenses from the sale of brokerage and insurance products is shared with the line of business that generated the sale or provided the customer referral.

Treasury / Other

This segment includes assets, liabilities, equity, revenue, and expense that are not directly assigned or allocated to one of the lines of business. Since a match-funded transfer pricing system is used to allocate interest income and interest expense to other business segments, Treasury / Other results include the net impact of any over or under allocations arising from centralized management of interest rate risk. Furthermore, this segment's results include the net impact of administering Huntington's investment securities portfolio as part of overall liquidity management, as well as the impact of mezzanine lending activity conducted through Huntington's Capital Markets Group. Additionally, amortization expense of intangible assets, the 2002 gain on sale of the Florida operations, the 2002 restructuring charges, and other gains or losses not allocated to other business segments are also a component.

Listed below is certain reported financial information reconciled to Huntington's three and nine month 2003 and 2002 operating results by line of business:

Three Months Ended September 30,					
Income Statements <i>(in thousands of dollars)</i>	Regional Banking	Dealer Sales	PFG	Treasury/ Other	Huntington Consolidated
2003					
Net interest income	\$ 159,527	\$ 29,227	\$ 11,097	\$ 20,620	\$ 220,471
Provision for loan and lease losses	32,535	16,036	2,418	626	51,615
Non-Interest income	97,780	125,530	25,812	23,646	272,768
Non-Interest expense	139,090	115,006	26,092	19,994	300,182
Income taxes	29,989	8,300	2,940	(3,999)	37,230
Income before cumulative effect of change in accounting principle	55,693	15,415	5,459	27,645	104,212
Cumulative effect of change in accounting principle, net of tax	---	(10,888)	---	(2,442)	(13,330)
Net income, as reported	55,693	4,527	5,459	25,203	90,882
Cumulative effect of change in accounting principle, net of tax	---	10,888	---	2,442	13,330
Operating earnings	\$ 55,693	\$ 15,415	\$ 5,459	\$ 27,645	\$ 104,212
2002					
Net interest income	\$ 141,118	\$ 5,283	\$ 8,877	\$ 35,987	\$ 191,265
Provision for loan and lease losses	36,088	15,470	1,181	1,565	54,304
Non-Interest income	63,775	170,035	24,647	40,145	298,602
Non-Interest expense	132,723	146,708	25,013	15,052	319,496
Income taxes	12,629	4,599	2,566	8,258	28,052
Net income, as reported	23,453	8,541	4,764	51,257	88,015
Merchant Services restructuring gain, net of tax	---	---	---	(15,957)	(15,957)
Operating earnings	\$ 23,453	\$ 8,541	\$ 4,764	\$ 35,300	\$ 72,058

Nine Months Ended September 30,					
Income Statements <i>(in thousands of dollars)</i>	Regional Banking	Dealer Sales	PFG	Treasury/ Other	Huntington Consolidated
2003					
Net interest income	\$ 451,807	\$ 56,479	\$ 30,409	\$ 85,976	\$ 624,671
Provision for loan and lease losses	96,601	36,612	3,872	567	137,652
Non-Interest income	241,212	437,206	80,869	63,356	822,643
Non-Interest expense	418,159	374,639	78,594	41,302	912,694
Income taxes	62,391	28,853	10,085	3,207	104,536
Income before cumulative effect of change in accounting principle	115,868	53,581	18,727	104,256	292,432
Cumulative effect of change in accounting principle, net of tax	---	(10,888)	---	(2,442)	(13,330)
Net income, as reported	115,868	42,693	18,727	101,814	279,102
Cumulative effect of change in accounting principle, net of tax	---	10,888	---	2,442	13,330
Restructure charges (releases), net of tax	---	---	---	(4,105)	(4,105)
Operating earnings	\$ 115,868	\$ 53,581	\$ 18,727	\$ 100,151	\$ 288,327

Income Statements <i>(in thousands of dollars)</i>	Regional Banking	Dealer Sales	PFG	Treasury/ Other	Huntington Consolidated
2002					
Net interest income	\$ 437,814	\$ (4,422)	\$ 25,275	\$ 91,728	\$ 550,395
Provision for loan and lease losses	100,444	35,856	3,217	3,673	143,190
Non-Interest income	200,337	530,793	87,355	251,364	1,069,849
Non-Interest expense	401,964	459,736	81,277	101,861	1,044,838
Income taxes	47,510	10,772	9,848	109,618	177,748
Net income, as reported	88,233	20,007	18,288	127,940	254,468
Florida operating results, net of tax	(2,639)	(794)	(927)	5,885	1,525
Gain on sale of Florida operations, net of tax	---	---	---	(61,422)	(61,422)
Merchant Services restructuring gain, net of tax				(15,957)	(15,957)
Restructuring charges, net of tax	---	---	---	36,519	36,519
Operating earnings	\$ 85,594	\$ 19,213	\$ 17,361	\$ 92,965	\$ 215,133

Period-end Balance Sheet Data <i>(in millions of dollars)</i>	Total Assets at Sept. 30,		Total Deposits at Sept. 30,	
	2003	2002	2003	2002
Regional Banking	\$ 14,956	\$ 13,751	\$ 15,673	\$ 15,529
Dealer Sales	7,922	7,001	65	48
Private Financial Group	1,423	1,116	1,117	788
Treasury / Other	5,794	4,845	1,979	753
Total	\$ 30,095	\$ 26,713	\$ 18,834	\$ 17,118

Note 12 – Stock-Based Compensation

Huntington's stock-based compensation plans are accounted for based on the intrinsic value method allowed under APB Opinion 25, *Accounting for Stock Issued to Employees*, and related interpretations. Compensation expense for employee stock options is generally not recognized if the exercise price of the option equals or exceeds the fair value of the stock on the date of grant.

In December 2002, the FASB issued Statement No. 148, *Accounting for Stock-Based Compensation – Transition and Disclosure*. Statement No. 148 amends Statement No. 123, *Accounting for Stock-Based Compensation*, to provide alternative methods of transition to Statement No. 123's fair value method of accounting for stock-based employee compensation. Statement No. 148 also amends the disclosure provisions of Statement 123 and APB Opinion No. 28, *Interim Financial Reporting*, to require disclosure in the summary of significant accounting policies of the effects of an entity's accounting policy with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements. While Statement No. 148 does not amend Statement No. 123 to require companies to account for employee stock options using the fair value method, the disclosure provisions of Statement No. 148 are applicable to all companies with stock-based employee compensation, regardless of whether they account for that compensation using the fair value method of Statement No. 123 or the intrinsic value method of APB Opinion No. 25.

The following pro forma disclosures for net income and earnings per diluted common share are presented as if Huntington had applied the fair value method of accounting of Statement No. 123 in measuring compensation costs for stock options. The fair values of the stock options granted were estimated using the Black-Scholes option-pricing model. This model assumes that the estimated fair value of the options is amortized over the options' vesting periods and the compensation costs would be included in personnel expense on the income statement. The following table also includes the weighted-average assumptions that were used in the option-pricing model for options granted in the three and nine month periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Period-end Options Outstanding (in thousands)	20,361	18,287	20,361	18,287
Weighted Average Assumptions				
Risk-free interest rate	4.49%	4.46%	4.36%	4.46%
Expected dividend yield	3.37%	3.07%	3.32%	3.07%
Expected volatility of Huntington's common stock	33.8%	33.8%	33.8%	33.8%
Pro Forma Results (in millions of dollars)				
Net income, as reported	\$ 90.9	\$ 88.0	\$ 279.1	\$ 254.5
Less pro forma expense, net of tax, related to options granted	3.5	3.0	9.4	9.6
Pro Forma Net Income	\$ 87.4	\$ 85.0	\$ 269.7	\$ 244.9
Net Income Per Common Share:				
Basic, as reported	\$0.40	\$0.37	\$1.22	\$1.04
Basic, pro forma	0.38	0.35	1.17	1.00
Diluted, as reported	0.39	0.36	1.21	1.03
Diluted, pro forma	0.38	0.35	1.17	0.99

Note 13 – Divestitures

On July 25, 2003, Huntington sold four banking offices located in eastern West Virginia. This sale included approximately \$50 million of loans and \$130 million of deposits. Huntington's pre-tax gain from this sale was \$13.1 million in the third quarter of 2003 and is reflected as a separate component of non-interest income.

On July 2, 2002, Huntington completed the sale of its Florida insurance operations, The J. Rolfe Davis Insurance Agency, Inc., to members of its management. Though the sale affected selected Non-interest income and Non-interest expense categories, it had no material gain or impact on net income.

On February 15, 2002, Huntington completed the sale of its Florida operations to SunTrust Banks, Inc. Included in the sale were \$4.8 billion of deposits and other liabilities and \$2.8 billion of loans and other assets. Huntington received a deposit premium of 15%, or \$711.9 million. The total net pre-tax gain from the sale was \$182.5 million and is reflected in Non-interest income. The after-tax gain was \$61.4 million, or \$0.25 per share. Income taxes related to this transaction were \$121.0 million, an amount higher than the tax impact at the statutory rate of 35% because most of the goodwill relating to the Florida operations was non-deductible for tax purposes.

Note 14 – SEC Investigation

On June 26, 2003, Huntington announced that the Securities and Exchange Commission (SEC) staff is conducting a formal investigation, and that Huntington is cooperating fully with the investigation. The investigation is ongoing and Huntington continues to cooperate fully with the SEC. Actions to date by management have addressed all known accounting issues.

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

INTRODUCTION

Huntington Bancshares Incorporated (Huntington) is a multi-state diversified financial services company organized under Maryland law in 1966 and headquartered in Columbus, Ohio. Through its subsidiaries, Huntington is engaged in providing full-service commercial and consumer banking services, mortgage banking services, automobile financing, equipment leasing, investment management, trust services, and brokerage services, as well as underwriting credit life and disability insurance, and selling other insurance and financial products and services. Huntington's banking offices are located in Ohio, Michigan, Indiana, Kentucky, and West Virginia. Selected financial services are also conducted in other states including Arizona, Florida, Georgia, Maryland, New Jersey, Pennsylvania, and Tennessee. Huntington also has a foreign office in the Cayman Islands and a foreign office in Hong Kong. The Huntington National Bank (the Bank) is Huntington's only bank subsidiary.

The following discussion and analysis provides investors and others with information that management believes to be necessary for an understanding of Huntington's financial condition, changes in financial condition, results of operations, and cash flows, and should be read in conjunction with the financial statements, notes, and other information contained in this document.

Forward-Looking Statements

This interim report, including Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements about Huntington. These include descriptions of products or services, plans, or objectives of management for future operations, and forecasts of revenues, earnings, cash flows, or other measures of economic performance. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts.

By their nature, forward-looking statements are subject to numerous assumptions, risks, and uncertainties. A number of factors could cause actual conditions, events, or results to differ significantly from those described in the forward-looking statements. These factors include, but are not limited to, those set forth under the heading "Business Risks" included in Item 1 of Huntington's second amended 2002 Annual Report on Form 10-K/A filed on November 14, 2003 (Amended Form 10-K/A or Amendment No. 2) and other factors described from time to time in other filings with the Securities and Exchange Commission.

Management encourages readers of this interim report to understand forward-looking statements to be strategic objectives rather than absolute forecasts of future performance. Forward-looking statements speak only as of the date they are made. Huntington assumes 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.

Restatements of Results of Operations and Financial Condition

On May 20, 2003, Huntington filed an amended 2002 Annual Report on Form 10-K/A (Amendment No. 1) that reflected the restatement of its prior period financial results for a reclassification of \$2.3 billion of automobile leases at December 31, 2002, from the direct financing lease method to the operating lease method of accounting. The remaining \$0.9 billion of automobile leases, as well as all originations after April 2002, are accounted for using the direct financing lease methodology.

Huntington announced on July 17, 2003, that it would voluntarily restate its earnings for timing of the recognition of certain revenues and expenses related to origination fees paid to automobile dealers, deferral of commissions paid to originate deposits, certain residential mortgage origination fee income, the recognition of expense for pension settlements, and liabilities related to the sale of an automobile debt cancellation product. Additionally, Huntington reclassified certain tax consulting expenses from income tax expense to professional services.

On November 14, 2003, Huntington filed Amendment No. 2 that reflected the correction and restatement of prior period financial results, including the July 17, 2003 announcement and its October 15, 2003 announcement that it would apply deferral accounting for loan origination fees and costs on a retroactive basis. This filing also included the following: (1) a correction of amounts included in the July 17, 2003 announcement related to Huntington's automobile debt cancellation product liability; and (2) the a correction of three other errors: (a) the timing of income recognized on a 1998 sale-leaseback transaction; (b) the timing of recognition of a gain on an interest rate swap initiated in 1992 and sold in 2000; and (c) the timing of income recognized on Bank Owned Life Insurance in 2001 and 2002. The timing of income recognition on the interest rate swap and the Bank Owned Life Insurance had no cumulative effect on retained earnings. Net income for the three and nine-months ended September 30, 2002, was decreased by \$3.6 million, or \$0.02 per share,

and \$4.2 million, or \$0.02 per share, respectively, as a result of this correction and restatement. Table 1 below reflects the cumulative impact on retained earnings at June 30, 2003 and on net income for prior periods for each Amendment No. 2 restatement item:

Table 1 - Summary of Restatement Impact to Net Income and Retained Earnings

	Cumulative	Impact to Net Income						
	Impact on	Six Months	Twelve Months Ended December 31,					
	Retained	Ended						
	Earnings at	June 30,						
(in thousands)	June 30, '03	2003	2002	2001	2000	1999	1998	1997 & Prior
Automobile loan referral fees	\$ (11,957)	\$ 845	\$ 1,300	\$ ---	\$ 1,760	\$ (2,380)	\$ (4,493)	\$ (8,989)
Commissions on deposit account originations	(8,956)	900	1,726	(1,582)	(1,571)	(2,709)	(5,720)	---
Mortgage loan origination fees	(4,800)	(716)	(2,490)	(458)	905	(2,041)	---	---
Pension settlements	(2,193)	---	(2,193)	---	---	---	---	---
Debt cancellation insurance reserves	(6,831)	869	(821)	(2,506)	(2,314)	(963)	(766)	(330)
Tax consulting expenses	---	---	---	---	---	---	---	---
Deferral accounting for loan origination fees and costs	(54,588)	(165)	(5,467)	(9,389)	(12,148)	(14,659)	(2,788)	(9,972)
Sale leaseback	(9,376)	268	1,494	479	446	(6,350)	(5,713)	---
Interest rate swap	---	---	---	---	2,644	(2,644)	(2,224)	2,224
Bank Owned Life Insurance	---	---	(2,882)	2,882	---	---	---	---
Total	\$ (98,701)	\$ 2,001	\$ (9,333)	\$ (10,574)	\$ (10,278)	\$ (31,746)	\$ (21,704)	\$ (17,067)

The results of Amendment No. 2 are included in the unaudited consolidated financial statements, notes to the unaudited consolidated financial statements, and management's discussion and analysis for all current and prior periods reported in this Form 10-Q. Note 10 in the notes to the unaudited consolidated financial statements contains additional detailed information regarding this restatement.

Critical Accounting Policies

Note 1 to the consolidated financial statements included in Huntington's Amended Form 10-K/A lists significant accounting policies used in the development and presentation of its financial statements. These significant accounting policies, as well as the following discussion and analysis and other financial statement disclosures, identify and address key variables and other qualitative and quantitative factors that are necessary for an understanding and evaluation of Huntington, its financial position, results of operations, and cash flows.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires Huntington's management to establish critical accounting policies and make accounting estimates, assumptions, and judgments that affect amounts recorded and reported in its financial statements. An accounting estimate requires assumptions about uncertain matters that could have a material effect on the financial statements of Huntington if a different amount within a range of estimates were used or if estimates changed from period to period. Readers of this interim report should understand that estimates are made under facts and circumstances at a point in time and changes in those facts and circumstances could produce actual results that differ from when those estimates were made. Huntington's management has identified the most significant accounting estimates and their related application in Huntington's Amended Form 10-K/A.

Adoption of FASB Interpretation No. (FIN) 46 involving Special Purpose Entities (SPEs)

In January 2003, the Financial Accounting Standards Board (FASB) issued FIN 46, *Consolidation of Variable Interest Entities*. This Interpretation of Accounting Research Bulletin No. 51 (ARB 51), *Consolidated Financial Statements*, addresses consolidation by business enterprises where ownership interests in an entity may vary over time or, in many cases, of SPEs. To be consolidated for financial reporting, these entities must have certain characteristics. ARB 51 requires that an enterprise's consolidated financial statements include subsidiaries in which the enterprise has a controlling financial interest. FIN 46, as amended, requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among parties involved. An enterprise that holds significant variable interests in such an entity, but is not the primary beneficiary, is required to disclose certain information regarding its interests in that entity. FIN 46, as amended, applies in the first fiscal year or interim period ending after December 15, 2003, to variable interest entities in which an enterprise holds an interest that it acquired before February 1, 2003. It also applies immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. FIN 46 may be applied (1) prospectively with a cumulative effect adjustment as of the date on which it is first applied, or (2) by restating previously issued financial statements for one or more years with a cumulative effect adjustment as of the beginning of the first year restated.

Effective July 1, 2003, Huntington adopted FIN 46. This was an early adoption applied on a prospective basis resulting in the consolidation of a securitization trust formed in 2000. The consolidation of this trust involved recognition of the trust's assets and liabilities, elimination of the related retained interest and servicing asset, recognition of other related assets, and establishment of an allowance for loan and lease losses equal to 1.01% of the loan balances. The trust's assets and liabilities consisted of \$1,038.1 million in automobile loan principal and interest receivables, \$110.0 million in cash (\$51.5 million of which was on deposit at Huntington's bank subsidiary), and approximately \$960.0 million in notes payable and minority interests. The combined retained interests at market value, a component of securities available for sale, servicing and other assets of \$212.9 million were eliminated in the consolidation. The reversal of the excess of the market value of the retained interest over its cost reduced other comprehensive income by \$9.9 million. Additionally, a \$10.3 million reserve for loan losses was recognized and deferred income taxes and other liabilities totaling \$12.1 million were reversed.

Reflecting these impacts, the adoption of FIN 46 resulted in a cumulative effect charge of \$13.3 million, or \$0.06 per share, in the third quarter, which is reflected in Huntington's statements of income. This adoption also resulted in an overall reduction of the ALLL by approximately 3 basis points and lowered the tangible common equity ratio by 29 basis points. Regulatory capital was minimally impacted since these related assets were already included in regulatory risk-based assets.

This adoption also required the deconsolidation of two unrelated business trusts, which had been formed in 1997 and 1998 to issue trust preferred securities that qualified as Tier 1 capital for regulatory capital purposes. Funds raised through the issuance of these securities were concurrently borrowed by Huntington's parent company. These related borrowings by the parent company are now reported in the balance sheet under the caption "Subordinated notes" and continue to qualify as Tier 1 capital. There was no cumulative effect on retained earnings or Huntington's capital ratios as a result of this deconsolidation.

Derivatives and Other Off-Balance Sheet Arrangements

Huntington uses a variety of derivatives, principally interest rate swaps, in its asset and liability management activities to mitigate the risk of adverse interest rate movements on either cash flows or market value of certain assets and liabilities.

Like other financial organizations, Huntington has various commitments in the ordinary course of business that, under GAAP, are not recorded in the financial statements. Specifically, Huntington makes various commitments to extend credit to customers, to sell loans, and to maintain obligations under operating-type noncancelable leases for its facilities. Derivatives and other off-balance sheet arrangements are discussed under the "Interest Rate Risk Management" section of this interim report and in the notes to the unaudited consolidated financial statements.

Related Party Transactions

Various directors and executive officers of Huntington, and entities affiliated with those directors and executive officers, are customers of Huntington's subsidiaries. All such transactions with Huntington's directors and executive officers and their affiliates are conducted in the ordinary course of business under normal credit terms, including interest rate and collateralization, and do not represent more than the normal risk of collection. A summary of the indebtedness of management can be found in Note 9 to Huntington's Amended Form 10-K/A. All other related party transactions, including those reported in Huntington's 2003 Proxy Statement and transactions subsequent to December 31, 2002, were considered immaterial to Huntington's financial condition, results of operations, and cash flows.

SUMMARY DISCUSSION OF RESULTS

2003 Third Quarter versus 2002 Third Quarter

Huntington's third quarter 2003 earnings were \$90.9 million, or \$0.39 per common share, up 3% and 8%, respectively, from \$88.0 million, or \$0.36 per common share, in the year-ago quarter. This primarily reflected the benefit of a 16% increase in fully taxable equivalent net interest income and a 6% decline in non-interest expense, partially offset by a 9% decline in non-interest income. Third quarter 2003 results included a negative \$13.3 million after-tax cumulative effect of change in accounting principle as a result of early prospective adoption of FIN 46 effective July 1, 2003 as noted above. Before the cumulative effect of change in accounting principle, third quarter 2003 earnings were \$104.2 million, or \$0.45 per common share, up 18% and 25%, respectively from the year-ago quarter. The higher percent change in per common share earnings reflected the benefit of repurchased common shares in the first quarter 2003 and prior periods. The return on average assets (ROA) and return on average equity (ROE) for the recent quarter, based on income before the cumulative effect of change in accounting principle, were 1.39% and 18.5%, respectively, compared with 1.35% and 15.8% in the year-ago quarter.

As shown in Table 2, fully taxable equivalent net interest income increased \$30.7 million, or 16%, reflecting a \$4.9 billion, or 24%, increase in average earning assets, partially offset by a 23 basis point, or an effective 6%, decline in the fully taxable equivalent net interest margin to 3.46% from 3.69%. Of the \$4.9 billion increase in average earning assets, approximately \$1.0 billion resulted from the FIN 46 consolidation of automobile loans.

Non-interest income decreased \$25.8 million, or 9%, primarily due to a \$42.5 million, or 27%, decline in operating lease income, a \$24.6 million Merchant Services gain in the year-ago quarter, and a \$5.2 million decline in investment securities gains, partially offset by a \$27.6 million increase in mortgage banking income, a \$13.1 million gain on sale of four West Virginia banking offices, and a \$4.6 million, or 12%, increase in services charges on deposit accounts. The decline in non-interest expense of \$19.3 million, or 6%, primarily reflected a \$32.6 million, or 26%, decline in operating lease expense, and a \$2.0 million, or 26%, decrease in marketing expense, partially offset by a \$12.5 million, or 12%, increase in personnel costs.

2003 Third Quarter versus 2003 Second Quarter

Compared with the second quarter 2003 earnings of \$96.5 million, or \$0.42 per common share, third quarter earnings and earnings per common share were down 6% and 7%, respectively. This decrease reflected the charge of \$13.3 million, or \$0.06 per share, for the cumulative effect of a change in accounting principle as a result of adopting FIN 46. Excluding this effect, third quarter earnings were up 8% compared to second quarter earnings with earnings per common share up 7%. As shown in Table 2, this primarily reflected the benefit of a 9% increase in fully taxable equivalent net interest income, partially offset by a 2% decline in non-interest income and a 1% increase in non-interest expense. ROA and ROE for the 2003 second quarter were 1.38% and 18.0%, respectively.

The \$4.2 million, or 2%, decrease in non-interest income resulted from a prior-quarter gain of \$13.5 million on sale of automobile loans; an \$11.0 million, or 9%, decline in operating lease income; an \$11.0 million decline in investment securities gains; and a \$4.2 million, or 15%, decline in other income, partially offset by a third quarter gain of \$13.1 million on the sale of four West Virginia banking offices, and a \$24.2 million improvement in mortgage servicing rights (MSR) valuation. The \$3.1 million, or 1%, increase in non-interest expense reflected a \$5.3 million release of restructuring reserves in the second quarter. Excluding this release of restructuring reserves, third quarter non-interest expense decreased \$2.2 million, or 1%, driven by a \$9.8 million, or 10%, decline in operating lease expense, and a \$2.9 million, or 35%, decline in marketing expense, which was partially offset by a \$7.9 million, or 8%, increase in personnel costs.

Table 2 - Selected Quarterly and Nine-Month Income Statement Data ⁽¹⁾

(in thousands, except per share amounts)	2003			2002		Nine Months Ended September 30,	
	Third	Second	First	Fourth	Third	2003	2002
Total Interest Income	\$ 333,320	\$ 317,325	\$ 320,014	\$ 329,340	\$ 324,177	\$ 970,659	\$ 963,762
Total Interest Expense	112,849	114,884	118,255	130,161	132,912	345,988	413,367
Net Interest Income	220,471	202,441	201,759	199,179	191,265	624,671	550,395
Provision for loan and lease losses	51,615	49,193	36,844	51,236	54,304	137,652	143,190
Net Interest Income After Provision for Loan and Lease Losses	168,856	153,248	164,915	147,943	136,961	487,019	407,205
Operating lease income	117,624	128,574	138,193	149,259	160,164	384,391	507,815
Service charges on deposit accounts	42,294	40,914	39,869	41,435	37,706	123,077	112,129
Trust services	15,365	15,580	14,911	15,306	14,997	45,856	46,745
Brokerage and insurance income	13,807	14,196	15,497	13,941	13,664	43,500	48,168
Other service charges and fees	10,499	11,372	10,338	10,890	10,837	32,209	31,998
Bank Owned Life Insurance income	10,438	11,043	11,137	10,722	10,723	32,618	32,401
Mortgage banking	30,193	7,185	11,125	5,530	2,594	48,503	26,503
Gain on sale of Florida operations	---	---	---	---	---	---	182,470
Merchant Services gain	---	---	---	---	24,550	---	24,550
Gain on sales of automobile loans	---	13,496	10,255	---	---	23,751	---
Gain on sale of branch offices	13,112	---	---	---	---	13,112	---
Securities (losses) gains	(4,107)	6,887	1,198	2,339	1,140	3,978	2,563
Other	23,543	27,704	20,401	22,433	22,227	71,648	54,507
Total Non-Interest Income	272,768	276,951	272,924	271,855	298,602	822,643	1,069,849
Personnel costs	113,170	105,242	113,089	110,231	100,662	331,501	307,806
Operating lease expense	93,134	102,939	111,588	120,747	125,743	307,661	398,223
Equipment	16,328	16,341	16,412	17,337	17,378	49,081	50,986
Outside data processing and other services	17,478	16,104	16,579	17,209	15,128	50,161	50,159
Net occupancy	15,570	15,377	16,609	13,370	14,676	47,556	46,169
Professional services	11,116	9,872	9,285	9,111	9,680	30,273	23,974
Marketing	5,515	8,454	6,626	6,186	7,491	20,595	21,725
Telecommunications	5,612	5,394	5,701	5,714	5,609	16,707	16,947
Printing and supplies	3,658	2,253	3,681	3,999	3,679	9,592	11,199
Restructuring (releases) charges	---	(5,315)	(1,000)	(7,211)	---	(6,315)	56,184
Other	18,601	20,372	16,909	32,616	19,450	55,882	61,466
Total Non-Interest Expense	300,182	297,033	315,479	329,309	319,496	912,694	1,044,838
Income Before Income Taxes	141,442	133,166	122,360	90,489	116,067	396,968	432,216
Income taxes	37,230	36,676	30,630	21,226	28,052	104,536	177,748
Income before cumulative effect of change in accounting principle	104,212	96,490	91,730	69,263	88,015	292,432	254,468
Cumulative effect of change in accounting principle, net of tax ⁽²⁾	(13,330)	---	---	---	---	(13,330)	---
Net Income	\$ 90,882	\$ 96,490	\$ 91,730	\$ 69,263	\$ 88,015	\$ 279,102	\$ 254,468
Per Common Share							
Income before cumulative effect of change in accounting principle - Diluted	\$0.45	\$0.42	\$0.39	\$0.29	\$0.36	\$1.26	\$1.03
Net Income - Diluted	\$0.39	\$0.42	\$0.39	\$0.29	\$0.36	\$1.21	\$1.03
Cash Dividends Declared	\$0.175	\$0.16	\$0.16	\$0.16	\$0.16	\$0.495	\$0.48
Return on:							
Average total assets ⁽³⁾	1.39%	1.38%	1.36%	1.02%	1.35%	1.37%	1.32%
Average total shareholders' equity ⁽³⁾	18.4%	18.0%	17.2%	12.7%	15.8%	17.9%	15.0%
Net interest margin ⁽⁴⁾	3.46%	3.47%	3.63%	3.62%	3.69%	3.52%	3.64%
Efficiency ratio ⁽⁵⁾	60.0%	62.5%	66.3%	69.9%	65.2%	62.9%	64.3%
Effective tax rate	26.3%	27.5%	25.0%	23.5%	24.2%	26.3%	41.1%
Revenue - Fully Taxable Equivalent (FTE)							
Net Interest Income	\$ 220,471	\$ 202,441	\$ 201,759	\$ 199,179	\$ 191,265	\$ 624,671	\$ 550,395
Tax Equivalent Adjustment ⁽⁴⁾	2,558	2,076	2,096	1,869	1,096	6,730	3,336
Net Interest Income	223,029	204,517	203,855	201,048	192,361	631,401	553,731
Non-Interest Income	272,768	276,951	272,924	271,855	298,602	822,643	1,069,849
Total Revenue	\$ 495,797	\$ 481,468	\$ 476,779	\$ 472,903	\$ 490,963	\$1,454,044	\$1,623,580
Total Revenue Excluding Securities (Losses) Gains	\$ 499,904	\$ 474,581	\$ 475,581	\$ 470,564	\$ 489,823	\$1,450,066	\$1,621,017

⁽¹⁾ Each of the quarters in 2002 and the first two quarters in 2003 have been restated. Please see Note 10 to the unaudited consolidated financial statements for further information.

⁽²⁾ Due to the prospective adoption of FASB Interpretation No. 46 for variable interest entities.

⁽³⁾ Based on income before cumulative effect of change in accounting principle, net of tax.

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

⁽⁵⁾ Non-interest expense less amortization of intangible assets divided by the sum of fully taxable equivalent net interest income and non-interest income excluding securities (losses) gains.

2003 First Nine Months versus 2002 First Nine Months

For the first nine months of 2003, net income was \$279.1 million, or \$1.21 per common share, up 10% and 17%, respectively, from \$254.5 million, or \$1.03 per common share, in the comparable year-ago period. This increase primarily reflected the benefits of a 14% increase in fully taxable equivalent net interest income, a 13% decline in non-interest expense, a 4% decline in provision for loan and lease losses, and a lower effective tax rate, partially offset by a 23% decline in non-interest income. The 2003 nine-month period included an after-tax charge of \$13.3 million for the cumulative effect of a change in accounting principle as a result of adopting FIN 46 effective July 1, 2003. Before the cumulative effect, earnings for the first nine months of 2003 were \$292.4 million, or \$1.26 per common share, up 15% and 22%, respectively from the comparable year-ago period. Other significant items in the first nine months of 2003 included \$23.8 million of pre-tax gains on the sale of automobile loans and a \$13.1 million pre-tax gain on the sale of four West Virginia banking offices. The year-ago nine-month period included three significant items. The first consisted of a \$182.5 million pre-tax gain from the sale of the Florida banking and insurance operations reported in non-interest income. The second was \$56.2 million of restructuring charges related to the strategic initiatives announced in July 2001 reported in non-interest expense, and the third was a \$24.6 million pre-tax gain from the restructuring of Huntington's ownership interest in Huntington Merchant Services, LLC. ROA and ROE, based on income before the cumulative effect of a change in accounting, were 1.37% and 17.9%, respectively, up from 1.32% and 15.0%, in the year-ago nine-month period.

As shown in Table 2, the \$631.4 million of fully taxable equivalent net interest income increased 14% as a result of a \$3.7 billion, or 18%, increase in average earnings assets, partially offset by a 12 basis point, or an effective 3%, decline in the fully taxable equivalent net interest margin to 3.52% from 3.64%. Of the \$3.7 billion increase in average earning assets, \$0.3 billion resulted from the FIN 46 consolidation of automobile loans.

Provision for loan and lease losses for the recent nine-month period decreased \$5.5 million, or 4%, compared with last year and reflected a release of provision expense associated with the loans sold with Florida banking operations in 2002, partially offset by higher provision expense due to loan growth in 2003.

The \$247.2 million, or 23%, decline in non-interest income primarily reflected the impact of the \$182.5 million pre-tax gain from the 2002 sale of the Florida banking operations, a \$123.4 million, or 24%, decline in operating lease income, and the 2002 Merchant Services gain of \$24.6 million, partially offset by a \$22.0 million, or 83%, increase in mortgage banking income, \$23.8 million of gains on sale of automobile loans in the 2003 nine-month period, a \$17.1 million, or 31%, increase in other income, the \$13.1 million gain on the sale of the West Virginia branch offices, and an \$11.0 million, or 10%, increase in service charges on deposit accounts. The \$132.1 million, or 13%, decline in non-interest expense primarily reflected a \$90.6 million, or 23%, decline in operating lease expense, and a \$62.5 million decline in restructuring charges, partially offset by a \$23.7 million, or 8%, increase in personnel costs and a \$6.3 million, or 26%, increase in professional services.

The reduction in tax expense reflects the decline in the effective tax rate to 26.3% in the current nine-month period, down from 41.1%, in the year-ago nine-month period. The higher effective tax rate in the year-ago period reflected the fact that most of the goodwill related to the sold Florida operations was not deductible for tax purposes.

RESULTS OF OPERATIONS

Net Interest Income

2003 Third Quarter versus 2002 Third Quarter

Compared with the year-ago quarter, fully taxable equivalent net interest income increased \$30.7 million, or 16%, reflecting the benefit of an increase in average earning assets, partially offset by a 23 basis point, or an effective 6%, decline in the net interest margin to 3.46% from 3.69% (See Tables 2 and 3). The decline in the fully taxable equivalent net interest margin was driven primarily by continued repayments and prepayments of fixed-rate assets, including mortgages, indirect automobile loans, and mortgage-backed securities. The asset rate decline was partially offset by declining liability costs, particularly through lower deposit rates. Average total earning assets increased \$4.9 billion, or 24%, reflecting a \$3.3 billion increase in average loans and leases, including \$1.0 billion associated with the FIN 46 consolidation of automobile loans, a \$0.9 billion increase in investment securities, and a \$0.6 billion increase in mortgages held for sale. Excluding the consolidation of automobile loans, average earning assets increased \$3.8 billion, or 19%, from the year-ago quarter.

The increase of \$0.9 billion, or 31%, in average investment securities from the year-ago quarter reflected the investment of deposit inflows and the reinvestment of a portion of the proceeds from 2003 auto loan sales. Average mortgages held for sale increased \$0.6 billion, more than three times the level of a year earlier, due to high loan originations of saleable mortgages resulting from the high level of refinancing activity.

Compared with the year-ago quarter, average loans and leases increased \$3.3 billion, or 19%. Of this increase, \$1.0 billion resulted from the FIN 46 consolidation of automobile loans. Excluding the impact of this consolidation, average loans and leases increased \$2.2 billion, or 13%. On this same basis, average automobile loans and leases increased \$0.9 billion, or 29%. The growth of this portfolio is reflective of new leases after April 2002 being recorded as direct financing leases. Average automobile loans were down \$0.2 billion, or 7%, excluding the \$1.0 billion related to the FIN 46 consolidation. As part of Huntington's plan to reduce automobile loan and lease concentration, \$567 million of automobile loans were sold in the second quarter 2003, following the sale of \$556 million in the first quarter 2003. These sales had the impact of reducing third quarter 2003 automobile loan balances and comparisons to prior periods. This brought 2003 year-to-date sales to \$1.1 billion, materially impacting third quarter 2003 averages and comparisons to the year-ago quarter. Excluding the impact of the year-to-date sales and the FIN 46 consolidation, average automobile loans in the third quarter 2003 were up 33% from the year-ago quarter.

Average residential mortgages increased \$0.6 billion, or 40%, while average home equity loans and lines grew \$0.4 billion, or 14%, reflecting the positive impact low interest rates had on home borrowing and refinancing demand and continued emphasis on adjustable rate mortgages. Total average commercial real estate loans increased \$0.4 billion, or 12%. Average commercial loans were down \$0.1 billion, or 2%, reflecting a continued emphasis on reducing Huntington's credit risk profile by lowering exposure to large corporate credits and weak credit demand. There were \$150 million of loan payoffs on credits larger than \$10 million during the recent quarter. Small business banking loans, originated through Huntington's retail branch network, increased 9% from the prior year, reflecting continued emphasis on this sector of the market.

Compared with the year-ago quarter, average core deposits increased \$0.7 billion, or 5%, despite a \$0.9 billion, or 26%, decline in retail certificates of deposits (CDs). Retail CDs, which continued to be a relatively expensive source of funds, were de-emphasized in Huntington's deposit generation strategies. Average core deposits, excluding retail CDs, were up \$1.6 billion, or 14%, from the year-ago quarter.

2003 Third Quarter versus 2003 Second Quarter

As shown in Table 2, fully taxable equivalent net interest income in the third quarter 2003 increased \$18.5 million, or 9%, from the second quarter, reflecting growth in average earning assets only partially offset by a slight decline in the net interest margin. The fully taxable equivalent net interest margin declined a modest 1 basis point to 3.46% from 3.47%, as lower asset yields were offset by reduced funding rates. Average total earning assets increased \$1.9 billion, or 8%, reflecting a \$1.3 billion increase in average loans and leases, including \$1.0 billion associated with the FIN 46 consolidation of automobile loans, a \$0.4 billion increase in investment securities, and a \$0.3 billion increase in mortgages held for sale. Excluding the consolidation of automobile loans, average earning assets increased \$0.9 billion, or 4%, from the second quarter.

Average investment securities increased \$0.4 billion, or 10%, from the second quarter reflecting the investment of proceeds from the 2003 second quarter sale of automobile loans. Average mortgages held for sale increased \$0.3 billion, or 49%, from the second quarter due to high loan originations of saleable mortgages from heavy refinancing activity.

Average loans and leases increased \$1.3 billion, or 7%, from the second quarter. Of this increase, \$1.0 billion resulted from the FIN 46 consolidation. Excluding the impact of FIN 46, average loans and leases increased \$0.2 billion, or 1%. The slower growth rate in average loans and leases in the third quarter was impacted by the sale of \$567 million of automobile loans late in the second quarter and a decline in large commercial and industrial loans in the current quarter. Average residential mortgages grew 10% and average home equity loans and lines of credit increased 4%. Average automobile loans and leases rose 25%, with the FIN 46 consolidation accounting for substantially all of the change. Excluding this impact, average automobile loans and leases were up slightly, with the comparison affected by the automobile loans sold late in the second quarter. Total average commercial real estate loans increased 4%. In contrast, average commercial loans declined 4%, reflecting declines in larger commercial credits, offset by 2% growth in small business loans.

Total average core deposits in the third quarter increased \$0.4 billion, or 2%, from the second quarter despite a \$0.2 billion decline in retail CDs. Excluding retail CDs, average core deposits increased 5%, evidenced by an 8% growth in interest bearing demand deposits and 6% growth in non-interest bearing demand deposits.

Table 3 of this report reflects quarterly average balance sheets and rates earned and paid on Huntington's interest-earning assets and interest-bearing liabilities.

2003 First Nine Months versus 2002 First Nine Months

Net interest income on a fully taxable equivalent basis for the first nine months of 2003 increased \$77.7 million, or 14%, from the comparable year-ago period (See Table 2). This reflected 18% growth in average earnings assets, as the fully taxable equivalent net interest margin declined to 3.52% from 3.64%, down 12 basis points, or an effective 3%. Average total earning assets increased \$3.7 billion, or 18%, reflecting a \$2.5 billion, or 15%, increase in higher average loans and leases, including \$0.3 billion due to the FIN 46 consolidation of automobile loans, a \$0.8 billion, or 26%, increase in average investment securities, and a \$0.4 billion increase in average mortgages held for sale. The higher average balances in securities and mortgages held for sale reflected the same factors influencing the year-over-year quarterly comparisons discussed above. Of the 15% increase in average loans and leases, average automobile loans and leases were up \$1.6 billion, or 53%, impacted by the significant growth in direct financing automobile leases. After excluding the impact of the \$1.1 billion automobile loan sales and the impact of FIN 46, average automobile loans and leases increased 62% from the year-ago period. Average residential mortgages were up \$0.6 billion, or 43%, while average home equity loans and lines of credit grew \$0.3 billion, or 10%. Average commercial real estate loans were \$0.3 million, or 9%, higher than in the year-ago period, whereas average commercial loans were down \$0.2 billion, or 3%, reflecting the continued weak demand for commercial credits and planned reductions in large commercial credits, including shared national credits, partially offset by growth in small business loans.

Total average core deposits for the first nine months of 2003 were essentially unchanged compared with the first nine months of 2002, because deposit growth was offset by the impact of the 2002 sale of \$4.7 billion of deposits sold with the Florida banking operations.

Table 4 of this report reflects year-to-date 2003 and 2002 average balance sheets, related interest income and expense, and rates earned and paid on Huntington's interest-earning assets and interest-bearing liabilities.

Provision for Loan and Lease Losses

The provision for loan and lease losses is the expense necessary to maintain the allowance for loan and lease losses (ALLL) at a level adequate to absorb management's estimate of inherent losses in the total loan and lease portfolio. Taken into consideration in the determination of provision expense are such factors as current period net charge-offs that are charged against the ALLL, any related estimate of likely losses associated with current period loan and lease growth based on historical experience, the current economic outlook and any anticipated changes in the credit quality of existing loans and leases, and other factors.

2003 Third Quarter versus 2002 Third Quarter

Provision for loan and lease losses in the third quarter was \$51.6 million, down \$2.7 million, or 5%, from the year-ago quarter. At September 30, 2003, the allowance for loan and lease losses as a percent of period-end loans and leases was 1.75%, down from 2.08% at the end of last year's third quarter. The decline in the ratio reflected a 36% reduction in non-performing assets and lower provision expense associated with growth in lower-risk loans originated during the recent year. In contrast, as a percent of non-performing assets, the ALLL increased to 270% at September 30, 2003, from 173% at September 30, 2002. (See Tables 10 and 11.)

2003 Third Quarter versus 2003 Second Quarter

Provision for loan and lease losses in the third quarter was up \$2.4 million, or 5%, from the second quarter due to an \$10.7 million increase in provision expense attributable to loan growth. Net charge-offs between periods declined \$8.3 million, or 20%. The September 30, 2003, ALLL as a percent of period-end loans and leases was 1.75%, down 4 basis points from 1.79% at June 30, 2003. The adoption of FIN 46 accounted for a 3 basis point reduction in the ALLL. The allowance for loan and lease losses as a percent of non-performing assets increased to 270% at September 30, 2003, from 255% at the end of the immediately preceding quarter.

2003 First Nine Months versus 2002 First Nine Months

Provision for loan and lease losses for the first nine months was \$137.7 million, down \$5.5 million, or 4%, reflecting a \$7.1 million, or 6%, decline in net charge-offs, partially offset by loan and lease growth. Net charge-offs included \$3.0 million related to the consolidation of loans associated with the adoption of FIN 46 on July 1, 2003.

Table 3 - Consolidated Quarterly Average Balance Sheets and Net Interest Margin Analysis

(in millions)

	Quarterly Average Balances					Quarterly Average Rates ⁽³⁾				
	2003		2002			2003		2002		
	Third	Second	First	Fourth	Third	Third	Second	First	Fourth	Third
Fully Taxable Equivalent Basis ⁽¹⁾										
Assets										
Interest bearing deposits in banks	\$ 33	\$ 45	\$ 37	\$ 34	\$ 35	1.38 %	1.58 %	1.61 %	1.93 %	2.06 %
Trading account securities	11	23	12	9	7	4.70	4.15	4.63	3.37	4.95
Federal funds sold and securities purchased under resale agreements	103	69	57	83	76	1.92	2.19	2.14	1.83	1.40
Mortgages held for sale	898	602	459	467	267	5.16	5.42	5.56	5.84	6.57
Securities:										
Taxable	3,646	3,382	3,014	3,029	2,953	4.23	4.59	5.17	5.53	6.01
Tax exempt	362	275	274	234	108	6.85	7.29	7.22	7.15	7.52
Total Securities	4,008	3,657	3,288	3,263	3,061	4.46	4.79	5.34	5.64	6.07
Loans and leases: ⁽²⁾										
Commercial	5,380	5,626	5,623	5,555	5,504	4.84	5.26	5.40	5.59	5.69
Real Estate										
Construction	1,258	1,239	1,187	1,070	1,247	4.21	4.13	4.06	4.15	4.60
Commercial	2,744	2,621	2,565	2,601	2,315	5.21	5.25	5.60	5.79	6.17
Consumer										
Automobile loans and leases	5,184	4,136	4,085	3,699	3,225	6.51	6.78	7.40	7.83	8.50
Home equity	3,503	3,359	3,238	3,166	3,060	5.09	5.02	5.17	5.64	5.83
Residential mortgage	2,075	1,887	1,832	1,694	1,486	5.32	5.76	5.95	6.06	6.27
Other loans	367	379	389	399	406	7.38	7.22	6.60	7.21	7.66
Total Consumer	11,129	9,761	9,544	8,958	8,177	5.87	5.99	6.33	6.69	7.05
Total loans and leases	20,511	19,247	18,919	18,184	17,243	5.41	5.56	5.82	6.08	6.32
Allowance for loan and lease losses	363	338	349	386	367					
Net loans and leases	20,148	18,909	18,570	17,798	16,876					
Total earning assets	25,564	23,643	22,772	22,040	20,689	5.23 %	5.42 %	5.72 %	5.99 %	6.26 %
Operating lease assets	1,565	1,802	2,076	2,328	2,597					
Cash and due from banks	804	735	740	717	763					
Intangible assets	218	218	218	225	202					
All other assets	2,062	2,005	1,967	1,937	1,905					
Total Assets	\$ 29,850	\$ 28,065	\$ 27,424	\$ 26,861	\$ 25,789					
Liabilities and Shareholders' Equity										
Core deposits										
Non-interest bearing deposits	\$ 3,218	\$ 3,046	\$ 2,958	\$ 2,955	\$ 2,868					
Interest bearing demand deposits	6,558	6,100	5,597	5,305	5,269	1.04 %	1.39 %	1.44 %	1.55 %	1.75 %
Savings deposits	2,808	2,804	2,771	2,746	2,766	1.35	1.55	1.85	1.69	1.77
Retail certificates of deposit	2,561	2,798	2,963	3,305	3,453	3.51	3.75	3.87	4.36	4.37
Other domestic time deposits	656	673	682	702	714	3.89	3.85	4.00	4.19	4.37
Total core deposits	15,801	15,421	14,971	15,013	15,070	1.76	2.09	2.28	2.51	2.65
Domestic time deposits of \$100,000 or more	803	808	769	730	777	2.32	2.55	2.76	2.64	3.27
Brokered time deposits and negotiable CDs	1,421	1,241	1,155	1,057	907	1.63	1.79	1.98	2.25	2.37
Foreign time deposits	536	426	514	409	370	0.85	1.03	1.06	1.29	1.43
Total deposits	18,561	17,896	17,409	17,209	17,124	1.75	2.06	2.24	2.46	2.63
Short-term borrowings	1,393	1,635	1,947	2,115	1,793	0.85	1.06	1.16	1.40	1.44
Federal Home Loan Bank advances	1,273	1,267	1,216	848	228	1.81	1.76	1.84	1.99	2.02
Subordinated notes and other long-term debt, including preferred capital securities	5,197	4,010	3,570	3,380	3,281	2.78	2.85	3.12	3.52	3.70
Total interest bearing liabilities	23,206	21,762	21,184	20,597	19,558	1.93 %	2.11 %	2.26 %	2.51 %	2.70 %
All other liabilities	1,187	1,106	1,116	1,146	1,149					
Shareholders' equity	2,239	2,151	2,166	2,163	2,214					
Total Liabilities and Shareholders' Equity	\$ 29,850	\$ 28,065	\$ 27,424	\$ 26,861	\$ 25,789					
Net interest rate spread						3.30 %	3.31 %	3.46 %	3.48 %	3.56 %
Impact of non-interest bearing funds on margin						0.16	0.16	0.17	0.14	0.13
Net Interest Margin						3.46 %	3.47 %	3.63 %	3.62 %	3.69 %

⁽¹⁾ Fully taxable equivalent yields are calculated assuming a 35% tax rate.

⁽²⁾ Individual loan components include applicable fees.

⁽³⁾ Loan and deposit average rates include impact of applicable derivatives.

Table 4 - Consolidated Nine-Month Average Balance Sheets and Net Interest Margin Analysis

(in millions)

Fully Taxable Equivalent Basis ⁽¹⁾	Nine-Month Average Balances		Interest Income / Expense		Nine-Month Average Rates ⁽³⁾	
	2003	2002	2003	2002	2003	2002
Assets						
Interest bearing deposits in banks	\$ 38	\$ 33	\$ 0.4	\$ 0.5	1.53 %	2.14 %
Trading account securities	16	6	0.5	0.2	4.41	4.48
Federal funds sold and securities purchased under resale agreements	76	69	1.2	0.8	2.05	1.45
Mortgages held for sale	654	274	26.1	13.7	5.32	6.66
Securities:						
Taxable	3,350	2,801	116.2	131.2	4.63	6.25
Tax exempt	304	102	16.2	5.8	7.09	7.65
Total Securities	3,654	2,903	132.4	137.0	4.83	6.30
Loans and leases: ⁽²⁾						
Commercial	5,542	5,720	214.2	241.2	5.17	5.64
Real Estate						
Construction	1,229	1,265	38.7	44.6	4.22	4.71
Commercial	2,644	2,303	104.3	108.4	5.31	6.33
Consumer						
Automobile loans and leases	4,474	2,918	229.6	188.2	6.86	8.62
Home equity	3,367	3,057	128.5	137.8	5.09	6.02
Residential mortgage	1,932	1,351	81.5	68.3	5.66	6.79
Other loans	379	436	20.0	26.4	7.06	8.13
Total Consumer	10,152	7,762	459.6	420.7	6.05	7.25
Total loans and leases	19,567	17,050	816.8	814.9	5.59	6.40
Allowance for loan and lease losses	350	365				
Net loans and leases	19,217	16,685				
Total earning assets	24,005	20,335	977.4	967.1	5.45 %	6.36 %
Operating lease assets	1,812	2,804				
Cash and due from banks	760	768				
Intangible assets	218	303				
All other assets	2,015	1,911				
Total Assets	\$ 28,460	\$ 25,756				
Liabilities and Shareholders' Equity						
Core deposits						
Non-interest bearing deposits	\$ 3,063	\$ 2,882				
Interest bearing demand deposits	6,100	5,113	58.3	68.5	1.28 %	1.78 %
Savings deposits	2,795	2,888	33.0	38.4	1.58	1.80
Retail certificates of deposit	2,773	3,725	77.1	129.3	3.72	4.64
Other domestic time deposits	670	744	19.6	25.3	3.91	4.55
Total core deposits	15,401	15,352	188.0	261.5	2.04	2.80
Domestic time deposits of \$100,000 or more	793	888	15.1	20.8	2.54	3.14
Brokered time deposits and negotiable CDs	1,274	621	17.0	11.3	1.79	2.43
Foreign time deposits	492	312	3.6	3.6	0.98	1.55
Total deposits	17,960	17,173	223.7	297.2	2.01	2.78
Short-term borrowings	1,656	1,726	10.3	21.2	1.04	1.64
Federal Home Loan Bank advances	1,253	88	15.2	1.7	1.80	2.49
Subordinated notes and other long-term debt, including preferred capital securities	4,265	3,362	96.8	93.3	2.89	3.71
Total interest bearing liabilities	22,071	19,467	346.0	413.4	2.09 %	2.84 %
All other liabilities	1,137	1,140				
Shareholders' equity	2,189	2,267				
Total Liabilities and Shareholders' Equity	\$ 28,460	\$ 25,756				
Net interest rate spread					3.36 %	3.52 %
Impact of non-interest bearing funds on margin					0.16	0.12
Net Interest Margin			\$ 631.4	\$ 553.7	3.52 %	3.64 %

⁽¹⁾ Fully taxable equivalent yields are calculated assuming a 35% tax rate.

⁽²⁾ Individual loan components include applicable fees.

⁽³⁾ Loan and deposit average rates include impact of applicable derivatives.

Non-Interest Income

2003 Third Quarter versus 2002 Third Quarter

Non-interest income in the third quarter 2003 was \$272.8 million, down \$25.8 million, or 9%, from \$298.6 million in the year-ago quarter. This decline was driven primarily by a \$42.5 million, or 27%, decline in operating lease income. The decline in operating lease income reflects the continued run-off of this portfolio, as all new leases are recorded as direct financing leases. Unlike income on operating leases, the income on direct financing leases is reflected in net interest income. (See Operating Lease discussion.) Excluding operating lease income of \$117.6 million and \$160.2 million from the current and year-ago quarters, respectively, a \$13.1 million gain on the sale of four West Virginia banking offices in the 2003 third quarter, and a \$24.6 million Merchant Services gain in the year-ago quarter, non-interest income was up \$28.1 million, or 25% (See Table 5).

Mortgage banking income increased \$27.6 million, of which \$24.4 million was due to an increase in MSR valuation, which was comprised of a \$17.8 million impairment recovery in the current period compared with a \$6.6 million temporary impairment in the year-ago quarter. The MSR temporary impairment charge in the 2002 third quarter reflected the lower interest rate environment, which continued to produce high refinancing activity and high mortgage prepayments. In contrast, the increase in interest rates during the 2003 third quarter, and the related prospective slowdown in mortgage prepayments, resulted in a longer estimated life of the MSR cash flows and the increased MSR valuation. At September 30, 2003, MSRs as a percent of serviced mortgages were 1.07%, up from 0.88% at September 30, 2002. Excluding MSR recovery/impairment, mortgage banking income was up \$3.2 million, or 35%, resulting from higher mortgage originations. A \$4.6 million, or 12%, increase in service charges on deposit accounts was driven by higher NSF and overdraft fees on retail accounts. Other income rose \$1.3 million, or 6%, due to a variety of factors including increases in auto lease termination fees and investment banking income, partially offset by declines in capital markets-related trading and sales activities and lower securitization income. The adoption of FIN 46 and bringing onto the balance sheet previously securitized loans significantly reduced securitization income.

Non-interest income included a \$5.2 million decline in investment securities gains, reflecting \$4.1 million of securities losses in the 2003 third quarter compared with securities gains of \$1.1 million in the year-ago quarter. Investment securities are viewed as a natural balance sheet hedge against changes in MSR valuations with securities gains (losses) used to partially offset MSR losses (gains). Table 5 shows details of non-interest income for the three and nine-month periods ended September 30, 2003 and 2002:

Table 5 - Non-Interest Income

<i>(in thousands of dollars)</i>	Three Months Ended September 30,		
	2003	2002	% Change
Operating lease income	\$ 117,624	\$ 160,164	(26.6) %
Service charges on deposit accounts	42,294	37,706	12.2
Mortgage banking	30,193	2,594	N.M.
Trust services	15,365	14,997	2.5
Brokerage and insurance income	13,807	13,664	1.0
Gains on sale of branch offices	13,112	---	N.M.
Other service charges and fees	10,499	10,837	(3.1)
Bank Owned Life Insurance income	10,438	10,723	(2.7)
Merchant Services gain	---	24,550	N.M.
Securities (losses) gains	(4,107)	1,140	N.M.
Other	23,543	22,227	5.9
Total Non-Interest Income	\$ 272,768	\$ 298,602	(8.7) %

<i>(in thousands of dollars)</i>	Nine Months Ended September 30,		
	2003	2002	% Change
Operating lease income	\$ 384,391	\$ 507,815	(24.3) %
Service charges on deposit accounts	123,077	112,129	9.8
Mortgage banking	48,503	26,503	83.0
Trust services	45,856	46,745	(1.9)
Brokerage and insurance income	43,500	48,168	(9.7)
Bank Owned Life Insurance income	32,618	32,401	0.7
Other service charges and fees	32,209	31,998	0.7
Gains on sales of automobile loans	23,751	---	N.M.
Gain on sale of branch offices	13,112	---	N.M.
Securities gains	3,978	2,563	55.2
Gain on sale of Florida operations	---	182,470	N.M.
Merchant Services gain	---	24,550	N.M.
Other	71,648	54,507	31.4
Total Non-Interest Income	\$ 822,643	\$ 1,069,849	(23.1) %

2003 Third Quarter versus 2003 Second Quarter

Non-interest income in the third quarter was down \$4.2 million, or 2%, from \$277.0 million in the second quarter, including an \$11.0 million, or 9%, decline in operating lease income. Excluding operating lease income of \$117.6 million from the current quarter and \$128.6 million in the 2003 second quarter, non-interest income increased \$6.8 million, or 5%. This increase included a \$13.1 million gain on the sale of four West Virginia banking offices in the third quarter, offset by a \$13.5 million gain on sale of automobile loans in the second quarter.

Mortgage banking income increased \$23.0 million in the third quarter, of which \$24.2 million was due to an increase in MSR valuation, reflecting a \$17.8 million MSR impairment recovery in the current quarter compared with \$6.4 million of MSR temporary impairment in the second quarter. The factors impacting the change in MSR valuations are the same as those discussed in the year-over-year results above. Service charges on deposit accounts increased \$1.4 million, or 3%, due to higher NSF and overdraft fees on retail accounts.

Partially offsetting these increases were declines in several income categories including an \$11.0 million decline in investment securities gains, reflecting \$4.1 million of securities losses in the current quarter compared with securities gains of \$6.9 million in the second quarter. As discussed above, investment securities are viewed as a natural balance sheet hedge against changes in MSR valuations. The \$4.2 million, or 15%, decline in other income was influenced by the same factors identified in the year-over-year third quarter comparison. Other service charges and fees declined \$0.9 million, or 8%, due to the impact of the national Visa settlement which reduced interchange fees on debit cards.

2003 First Nine Months versus 2002 First Nine Months

Non-interest income for the first nine months of 2003 was \$822.6 million, down \$247.2 million, or 23%, from \$1,069.6 million in the comparable year-ago period. This decline reflected the \$182.5 million gain from the sale of the Florida banking and insurance operations and the \$24.6 million gain on the restructuring of Huntington Merchant Services, LLC in the year-ago period, as well as a \$123.4 million, or 24%, decline in operating lease income as this portfolio runs off. (See Operating Lease discussion.) Excluding the year-ago gains, as well as operating lease income of \$384.4 million and \$507.8 million from the current and year-ago nine-month periods, respectively, non-interest income was up \$83.2 million, or 23%. This increase included \$23.8 million of gains on the sale of automobile loans in the 2003 first and second quarters and a \$13.1 million gain on the sale of West Virginia banking offices in the recent quarter compared with no such sales in 2002. Mortgage banking income increased \$22.0 million, or 83%, primarily reflecting year-to-date MSR net recoveries totaling \$11.5 million in 2003 compared with \$7.2 million of MSR temporary impairment in the year-ago period. Excluding the impact of MSR valuation in both periods, mortgage banking income increased \$3.4 million, or 10%. Other items contributing to the increase in non-interest income included a \$17.1 million, or 31%, increase in other income; a \$10.9 million, or 10%, increase in service charges on deposit accounts; and a \$1.4 million increase in securities gains. The increase in other income reflected the same factors previously discussed in the other period comparisons. Partially offsetting these items was a decline in brokerage and insurance income of \$4.7 million, or 10%. This was due to reduced annuity sales volume slightly offset by an increase in insurance revenue mainly from higher title insurance revenue reflective of increased mortgage loan refinancing. Trust services declined \$0.9 million, or 2%.

Non-Interest Expense

2003 Third Quarter versus 2002 Third Quarter

Non-interest expense in the third quarter 2003 was \$300.2 million, down \$19.3 million, or 6%, from \$319.5 million in the year-ago quarter. This decline was driven primarily by a \$32.6 million, or 26%, decline in operating lease expense as this portfolio runs off. (See Operating Lease discussion.) Excluding operating lease expense of \$93.1 million and \$125.7 million from the current and year-ago quarters, respectively, non-interest expense was up \$13.3 million, or 7% (See Table 6).

This \$13.3 million increase reflected a \$12.5 million, or 12%, increase in personnel costs with higher sales commissions, benefit expenses, and, to a lesser degree, higher salaries contributing to the increase. Personnel costs in the recent quarter included an increase in pension expense, reflecting a \$3.0 million charge for pension settlements. Pension settlement expense represents the cost recognized for associates who leave the company. An estimate of the annual expenses was received from actuarial consultants in the third quarter. This charge represented the year to date expense associated with that estimate. Full-time equivalent staff at the end of September 2003 was 8,054, down slightly from 8,117 at the end of the third quarter last year. Outside data processing and other services increased \$2.4 million, or 16%. Professional services expense increased \$1.4 million, or 15%, primarily related to legal expenses associated with the SEC investigation. Also contributing to the increase in non-interest expense was higher net occupancy expenses, up \$0.9 million, or 6%, due to lower rental income received, which is netted against occupancy expenses.

These increases were partially offset by lower marketing and equipment expenses. The \$2.0 million, or 26%, decline in marketing expense reflected lower advertising expenses. Equipment expenses declined \$1.1 million, or 6%, due to a variety of factors including lower lease and maintenance costs.

Table 6 reflects details of non-interest expense for the three and nine months ended September 30, 2003 and 2002:

Table 6 - Non-Interest Expense

<i>(in thousands of dollars)</i>	Three Months Ended September 30,		
	2003	2002	% Change
Personnel costs	\$ 113,170	\$ 100,662	12.4 %
Operating lease expense	93,134	125,743	(25.9)
Outside data processing and other services	17,478	15,128	15.5
Equipment	16,328	17,378	(6.0)
Net occupancy	15,570	14,676	6.1
Professional services	11,116	9,680	14.8
Telecommunications	5,612	5,609	0.1
Marketing	5,515	7,491	(26.4)
Printing and supplies	3,658	3,679	(0.6)
Other	18,601	19,450	(4.4)
Total Non-Interest Expense	\$ 300,182	\$ 319,496	(6.0) %

<i>(in thousands of dollars)</i>	Nine Months Ended September 30,		
	2003	2002	% Change
Personnel costs	\$ 331,501	\$ 307,806	7.7 %
Operating lease expense	307,661	398,223	(22.7)
Outside data processing and other services	50,161	50,159	0.0
Equipment	49,081	50,986	(3.7)
Net occupancy	47,556	46,169	3.0
Professional services	30,273	23,974	26.3
Marketing	20,595	21,725	(5.2)
Telecommunications	16,707	16,947	(1.4)
Printing and supplies	9,592	11,199	(14.3)
Restructuring (releases) charges	(6,315)	56,184	N.M.
Other	55,882	61,466	(9.1)
Total Non-Interest Expense	\$ 912,694	\$ 1,044,838	(12.6) %

2003 Third Quarter versus 2003 Second Quarter

Non-interest expense in the current quarter was up \$3.1 million, or 1%, from \$297.1 million the second quarter. Two significant items impacted the quarter-to-quarter comparison. The first item was a \$5.3 million release of restructuring reserves in the second quarter. The second item was the \$9.8 million, or 10%, decline in operating lease expense as the operating lease portfolio runs off. (See Operating Lease discussion.) Excluding the \$5.3 million release of restructuring reserves and the operating lease expense of \$93.1 million and \$102.9 million from the current and prior quarters, respectively, non-interest expense was up \$7.6 million, or 4%.

Contributing to the \$7.6 million increase were higher personnel costs, up \$7.9 million, or 8%, due to the current period recognition of pension settlement expense, as well as higher medical and incentive accruals. The \$1.4 million, or 9%, increase in outside data processing and other services reflected the timing of contract renewal payments, and the \$1.4 million, or 62%, increase in printing and supplies reflected higher check printing costs. Professional services increased \$1.2 million, or 13%, due to \$4.5 million of expenses associated with the SEC investigation, up from \$0.8 million in the second quarter. Partially offsetting these increases were declines in marketing expense of \$2.9 million, or 35%, due to the timing of advertising production costs, and a \$1.8 million, or 9%, decline in other expenses.

2003 First Nine Months versus 2002 First Nine Months

Non-interest expense for the first nine months of 2003 was \$912.8 million, down \$132.2 million, or 13%, from \$1,044.8 million in the comparable year-ago period. Two items significantly affected this year-over-year comparison. The first was a \$62.5 million decline in restructuring reserve charges between periods reflecting a \$6.3 million release to reserves in the 2003 nine-month period compared with \$56.2 million of charges to reserves in the comparable year-ago period. The year-ago charges were associated with the strategic initiatives announced in July 2001, including the sale of the Florida operations. The second item was a \$90.6 million, or 23%, decline in operating lease expense as the portfolio of operating lease assets runs off. (See Operating Lease discussion.) Excluding the impact of restructuring charges and releases, as well as operating lease expense of \$307.7 million and \$398.2 million from the current and year-ago nine-month periods, respectively, non-interest expense was up \$20.9 million, or 4%.

This \$20.9 million increase reflected increases of \$23.7 million, or 8%, in personnel costs; a \$6.3 million, or 26%, increase in professional services; and a \$1.4 million, or 3%, increase in net occupancy expenses. Partially offsetting these increases were declines of \$1.9 million, or 4%, in equipment expense; \$1.6 million, or 14%, in printing and supplies; and \$1.1 million, or 5% in marketing expense. These year-to-date changes reflect the same factors influencing comparisons between quarters. Other expenses declined \$5.6 million, or 9%, as a result of lower state and local taxes.

Huntington's measurement date for its pension assets and liabilities is September 30. Based on (a) the amortization of net unrecognized losses; (b) the company's expectations of returns on plan assets; and (c) the discount rate used in the measurement of plan assets and liabilities, management expects pension expense to increase in 2004.

Operating Lease Assets

Operating lease assets represent automobile leases originated before May 2002. This operating lease portfolio will run-off over time since automobile lease originations after April 2002 have been recorded as direct financing leases and are reported in the automobile loan and lease category in earning assets. As a result, the non-interest income and non-interest expenses associated with the operating lease portfolio will also decline over time. Average operating lease assets in the third quarter 2003 were \$1.6 billion, down 40% from the year-ago quarter and 13% from the second quarter 2003.

Operating lease income totaled \$117.6 million in the third quarter 2003 and represented 43% of non-interest income in that quarter. Operating lease income was down \$42.5 million, or 27%, from the year-ago quarter and \$11.0 million, or 9%, from the second quarter 2003, reflecting declines in average operating leases of 40% and 13%, respectively. The operating lease asset balances will continue to decline through both depreciation and lease terminations. Net rental income was down 27% and 9%, respectively, from the year-ago quarter and the 2003 second quarter. Fees declined 26% and 1%, respectively, from the year-ago and prior quarter. Recoveries from early terminations declined 11% from the year-ago quarter and 2% from the 2003 second quarter.

Operating lease expense totaled \$93.1 million in the third quarter 2003, down \$32.6 million, or 26%, from the year-ago quarter and was down \$9.8 million, or 10%, from the 2003 second quarter. These declines also reflected the fact that this portfolio is decreasing over time. Losses on early terminations declined \$2.8 million, or 22%, from the year-ago quarter, and \$1.5 million, or 13%, from the prior quarter.

For the first nine months of 2003, operating lease income totaled \$384.4 million, compared with \$507.8 million for the same period last year. This \$123.4 million, or 24%, decline reflected 35% lower average operating lease balances for the comparable periods. Net rental income and fees were both down 24% from a year ago. Recoveries from early terminations declined 28%. Operating lease expense declined \$90.6 million, or 23%, from \$398.2 million for the nine-

month period last year to \$307.7 million. Losses on early terminations declined 18% from \$41.1 million in the year-ago nine-month period to \$33.9 million this year.

Losses on operating lease assets consist of residual losses at termination and losses on early terminations. Residual losses arise if the ultimate value or sales proceeds from the automobile are less than *Black Book* value, which represents the insured amount under the company's residual value insurance policies. This situation may occur due to excess wear-and-tear or excess mileage not collected from the lessee. Losses on early terminations occur when a lessee, due to credit or other reasons, turns in the automobile before the end of the lease term. A loss is realized if the automobile is sold for a value less than the net book value at the date of turn-in. Such losses are not covered by the residual value insurance policies. To the extent the company is successful in collecting any deficiency from the lessee, amounts received are recorded as recoveries from early terminations.

Table 7 details operating lease assets performance for the three and nine months ended September 30, 2003 and 2002:

Table 7 - Operating Lease Assets Performance

	Three Months Ended September 30,		
	2003	2002	% Change
Balance Sheet (in millions)			
Average operating lease assets outstanding	\$ 1,565	\$ 2,597	(39.7) %
Income Statement (in thousands)			
Net rental income	\$ 109,645	\$ 150,016	(26.9) %
Fees	5,372	7,220	(25.6)
Recoveries - early terminations	2,607	2,928	(11.0)
Total Operating Lease Income	117,624	160,164	(26.6)
Depreciation and residual losses at termination	83,112	112,900	(26.4)
Losses - early terminations	10,022	12,843	(22.0)
Total Operating Lease Expense	93,134	125,743	(25.9)
Net Earnings Contribution	\$ 24,490	\$ 34,421	(28.9) %
Earnings ratios ⁽¹⁾			
Net rental income	28.02%	23.11%	
Depreciation	21.24%	17.39%	

(1) As a percent of average operating lease assets, quarterly amounts annualized.

Nine Months Ended September 30,			
	2003	2002	% Change
Balance Sheet (in millions)			
Average operating lease assets outstanding	\$ 1,812	\$ 2,804	(35.4) %
Income Statement (in thousands)			
Net rental income	\$ 360,421	\$ 475,715	(24.2) %
Fees	16,419	21,589	(23.9)
Recoveries - early terminations	7,551	10,511	(28.2)
Total Operating Lease Income	384,391	507,815	(24.3)
Depreciation and residual losses at termination	273,782	357,085	(23.3)
Losses - early terminations	33,879	41,138	(17.6)
Total Operating Lease Expense	307,661	398,223	(22.7)
Net Earnings Contribution	\$ 76,730	\$ 109,592	(30.0) %
Earnings ratios ⁽¹⁾			
Net rental income	26.52%	22.62%	
Depreciation	20.15%	16.98%	

(1) As a percent of average operating lease assets, quarterly amounts annualized.

Income Taxes

Income taxes in the third quarter 2003 were \$37.2 million and represented an effective tax rate on income before taxes of 26.3%. Income taxes increased \$9.2 million from the year-ago quarter due to higher pre-tax income and a higher effective tax rate, as the effective tax rate in the year-ago quarter was lower at 24.2%. The effective tax rate in the second quarter 2003 was 27.5%. Each quarter, taxes for the full year are re-estimated and year-to-date tax accrual adjustments are made. A number of factors, such as year-to-date adjustments, can result in fluctuations in quarterly effective tax rates.

For the first nine months of 2003, income taxes were \$104.5 million and represented an effective tax rate on income before taxes of 26.3%. This was down \$73.2 million from the comparable year-ago period in which the effective tax rate was unusually high at 41.1%, reflecting the fact that most of the goodwill relating to the Florida operations sold in 2002 was non-deductible for tax purposes.

CREDIT RISK

Huntington's exposure to credit risk is managed through the use of consistent underwriting standards that emphasize "in-market" lending while avoiding excessive industry and other concentrations. The credit administration function employs risk management techniques to ensure that loans and leases adhere to corporate policy and problem loans and leases are promptly identified. These procedures provide executive management with the information necessary to implement policy adjustments where necessary and to take corrective actions on a proactive basis. Beginning in 2002, management refocused its emphasis on commercial lending to customers with existing or potential relationships within Huntington's primary markets while, in turn, de-emphasizing credits outside of its primary markets. As a result, outstanding shared national credits totaled \$776 million at September 30, 2003, down from \$832 million at June 30, 2003, and \$1.0 billion at the same period-end last year, and down from a peak of \$1.5 billion at June 30, 2001. Also to decrease credit risk, management has been lowering commercial loan exposures to very large individual credits.

Huntington implemented a revised internal risk grading methodology for commercial and commercial real estate credits in the first quarter of this year. This new methodology incorporates a dual risk grading system that separately measures (a) the probability of default, and (b) loss in the event of default to provide Huntington with more specificity in the risk assessment process.

Loan and Lease Composition

Table 8 shows the loan and lease portfolio mix by type of loan or lease, as well as by business segment. Total loans and leases at September 30, 2003 were \$21.2 billion, or \$20.1 billion excluding the \$1.0 billion of automobile loans consolidated in the third quarter due to the adoption of FIN 46.

The loan and lease portfolio by type consisted of 44.8% commercial and commercial real estate loans, and 55.2% consumer loans. However, excluding the impact of FIN 46, total commercial and commercial real estate loans at September 30, 2003 represented 47.1% of total loans and leases, down from 50.3% at December 31, 2002, and 52.0% a year ago. On this same basis, total consumer loans at September 30, 2003, represented 52.9% of total loans and leases, up from 49.7% at the end of last year, and 48.0% a year ago. Several factors have influenced this growth in consumer loans relative to commercial and commercial real estate loans: (1) the reduction of exposure to large individual commercial and commercial real estate credits, including efforts to reduce exposure to large nationally syndicated shared national credits, (2) weak demand for new commercial credits given overall weak economic conditions, (3) the significant growth in residential mortgages, as well as home equity loans and lines, and (4) the rapid growth in automobile direct financing leases as they represent all new automobile lease originations after April 2002.

Table 8 - Loan and Lease Composition

<i>(in millions of dollars)</i>						
By Type	September 30, 2003		December 31, 2002		September 30, 2002	
	Balance	%	Balance	%	Balance	%
Commercial	\$ 5,433	25.7	\$ 5,608	30.2	\$ 5,686	31.9
Commercial real estate	4,047	19.1	3,729	20.1	3,579	20.1
Total Commercial and Commercial Real Estate	9,480	44.8	9,337	50.3	9,265	52.0
Consumer						
Automobile loans	3,709	17.5	3,042	16.4	2,878	16.1
Automobile direct financing leases	1,688	8.0	874	4.7	634	3.6
Home equity	3,590	17.0	3,198	17.2	3,133	17.6
Residential mortgage	2,326	11.0	1,740	9.4	1,537	8.6
Other loans	380	1.7	396	2.0	400	2.1
Total Consumer	11,693	55.2	9,250	49.7	8,582	48.0
Total Loans and Leases	\$ 21,173	100.0	\$ 18,587	100.0	\$ 17,847	100.0
By Business Segment						
Regional Banking						
Central Ohio / West Virginia	\$ 5,293	25.0	\$ 4,812	25.9	\$ 4,777	26.8
Northern Ohio	2,639	12.5	2,600	14.0	2,774	15.5
Southern Ohio / Kentucky	1,623	7.7	1,502	8.1	1,456	8.2
West Michigan	2,028	9.6	1,866	10.0	1,828	10.2
East Michigan	1,306	6.2	1,189	6.4	1,140	6.4
Indiana	741	3.4	681	3.7	682	3.8
Total Regional Banking	13,630	64.4	12,650	68.1	12,657	70.9
Dealer Sales	6,094	28.8	4,711	25.3	4,073	22.8
Private Financial Group	1,260	6.0	1,062	5.7	976	5.5
Treasury / Other	189	0.8	164	0.9	141	0.8
Total Loans and Leases	\$ 21,173	100.0	\$ 18,587	100.0	\$ 17,847	100.0

The loan and lease portfolio by business segment reflected 64.4% in Regional Banking, 28.8% in Dealer Sales, 6.0% in the Private Financial Group, and 0.8% in Treasury / Other at September 30, 2003. Excluding the \$1.0 billion in automobile loans related to implementation of FIN 46 from Dealer Sales, as well as from total loans and leases, Regional Banking represented 67.7% of total loans and leases, down slightly from 68.1% at December 30, 2002 and 70.9% a year earlier. Most of the Regional Banking's relative decline was in the Northern Ohio region, which was more impacted than other regions by the efforts to reduce exposure to very large individual commercial, commercial real estate, and nationally syndicated shared national credits. Dealer Sales, excluding the impact from FIN 46, represented 25.1% of total loans and leases, unchanged from December 31, 2002, reflecting the combination of new loan and lease originations in 2003, offset

by the impact of \$1.1 billion of automobile loans sold in the first nine months of 2003. It is Huntington's objective to lower the concentration to Dealer Sales.

Net Charge-offs

Third quarter 2003 net charge-offs were \$32.8 million compared with \$41.1 million in the 2003 second quarter and \$33.8 million in the year-ago quarter. This represented an annualized 0.64%, 0.85%, and 0.78% of average loans and leases, respectively. For the nine-months ended September 30, 2003 and 2002, net charge-offs were \$106.7 million, or 0.73%, and \$113.8 million, or 0.89%, respectively. Net charge-offs and annualized net charge-offs as a percent of average loans and leases by type of loan are reflected in Table 9 below:

Table 9 - Net Loan and Lease Charge-offs

	Three Months Ended September 30,		Nine Months Ended September 30,	
<i>(in thousands)</i>	2003	2002	2003	2002
<u>Net Charge-offs</u>				
Commercial	\$ 12,222	\$ 16,837	\$ 53,672	\$ 57,951
Commercial real estate	3,621	4,085	4,774	10,105
Total commercial and commercial real estate	15,843	20,922	58,446	68,056
Consumer				
Automobile loans	10,773	8,602	28,920	28,717
Automobile direct financing leases	1,450	202	3,792	700
Home equity loans	3,416	2,934	11,140	9,980
Residential mortgage	246	123	658	800
Other loans	1,046	1,002	3,710	5,501
Total consumer	16,931	12,863	48,220	45,698
Total Net Charge-offs	\$ 32,774	\$ 33,785	\$ 106,666	\$ 113,754

Annualized Net Charge-offs as a % of Average Loans and Leases

Commercial	0.91 %	1.21 %	1.29 %	1.35 %
Commercial real estate	0.36	0.45	0.16	0.38
Total commercial and commercial real estate	0.68	0.92	0.83	0.98
Consumer				
Automobile loans	1.20	1.23	1.22	1.43
Automobile direct financing leases	0.36	0.17	0.39	0.39
Home equity loans & lines of credit	0.39	0.38	0.44	0.44
Residential mortgage	0.05	0.03	0.05	0.08
Other loans	1.14	0.98	1.31	1.68
Total consumer	0.61	0.62	0.63	0.78
Annualized Net Charge-offs as a % of Average Loans and Leases	0.64 %	0.78 %	0.73 %	0.89 %

Net charge-offs for commercial loans declined to \$12.2 million, or an annualized 0.91% of average commercial loans, for the third quarter of 2003 from \$26.5 million, or an annualized 1.89% of average commercial loans, for the second quarter 2003, and from \$16.8 million, or 1.21%, in the quarter a year ago. This decrease from the preceding quarter was attributable to the second quarter charge-off of one new non-performing asset in that period, which accounted for 45% of total commercial charge-offs in that quarter. Commercial real estate net charge-offs rose during the third quarter 2003 to \$3.6 million, or an annualized 0.36% of average commercial real estate loans, from \$0.6 million, or 0.06%, in the second

quarter of this year primarily because of a charge-off of one credit. This was down, however, from \$4.1 million, or 0.45%, of commercial real estate net charge-offs in the third quarter of last year.

Third quarter 2003 net charge-offs for consumer loans were \$16.9 million, or an annualized 0.61% of average consumer loans, up from \$13.9 million, or 0.57%, during the second quarter 2003 and \$12.9 million, or 0.62%, in the third quarter of last year. This increase of \$3.0 million, or 22%, from the prior quarter was driven primarily by the impact from adopting FIN 46 and, to a lesser degree, by a seasonal rise in automobile loan net charge-offs. Automobile loan net charge-offs as a percent of average automobile loans rose from 1.06% to 1.20%. Net charge-offs of automobile direct financing leases were \$1.5 million, substantially unchanged from the prior quarter. This represented an annualized 0.36% of average direct financing leases, down from 0.44% in the second quarter 2003 but up from 0.17% in the third quarter in 2002. As this lease portfolio is relatively new and rapidly growing, management anticipates that it may take a year or two to reach a mature, stable net charge-off run rate, and therefore, the net charge-off ratio is likely to increase over this period.

The economic environment showed signs of improvement in the third quarter of this year, with an acceleration in final consumer demand. Although this improvement should result in an improvement in credit quality both for the commercial and consumer sectors, management is not anticipating any positive impact on charge-offs for the rest of the year. As such, management expects net charge-offs for the full-year 2003 to be in the 0.70%-0.80% range.

Non-Performing Assets

Non-performing assets (NPAs) consist of loans and leases that are no longer accruing interest or have been renegotiated to below market rates based upon financial difficulties of the borrower, and real estate acquired through foreclosure. When interest accruals are suspended, accrued interest income is reversed with current year accruals charged to earnings and prior year amounts charged off as a credit loss. Commercial and commercial real estate loans are generally placed on non-accrual status the earlier of when collection of principal or interest is in doubt or when the loan is 90 days past due. Consumer loans and leases, excluding residential mortgages, are not placed on non-accrual status but are charged off in accordance with regulatory statutes, which is generally no more than 120 days past due. Residential mortgages are placed on non-accrual status within 180 days past due as to principal and 210 days past due as to interest. A charge-off on a residential mortgage is recorded when the loan has been foreclosed and the loan balance exceeds the fair value of the real estate. The fair value of the collateral is then recorded as real estate owned. When, in management's judgment, the borrower's ability to make periodic interest and principal payments resumes and collectibility is no longer in doubt, the loan is returned to accrual status.

Table 10 summarizes NPAs at the end of each of the recent five quarters in addition to 90-day delinquency information:

Table 10 - Non-Performing Assets and Past Due Loans and Leases

	2003			2002	
<i>(in thousands)</i>	Third	Second	First	Fourth	Third
Non-accrual loans and leases:					
Commercial	\$ 82,413	\$ 86,021	\$ 94,754	\$ 91,861	\$ 147,392
Commercial real estate	30,545	22,398	22,585	26,765	47,537
Residential mortgage	8,923	11,735	9,302	9,443	8,488
Total Nonaccrual Loans and Leases	121,881	120,154	126,641	128,069	203,417
Renegotiated loans	---	---	---	---	37
Total Non-Performing Loans and Leases	121,881	120,154	126,641	128,069	203,454
Other real estate, net	15,196	13,568	14,084	8,654	10,675
Total Non-Performing Assets	\$ 137,077	\$ 133,722	\$ 140,725	\$ 136,723	\$ 214,129
Non-performing loans and leases as a %					
of total loans and leases	0.58%	0.63%	0.67%	0.69%	1.14%
Non-performing assets as a % of total					
loans and leases and other real estate	0.65%	0.70%	0.74%	0.74%	1.20%
Accruing loans and leases delinquent					
90 days or more	\$ 66,060	\$ 55,287	\$ 57,241	\$ 61,526	\$ 57,337
As a percent of total loans and leases	0.31%	0.29%	0.30%	0.33%	0.32%

Total NPAs were \$137.1 million at the end of September 2003 compared with \$133.7 million at June 30, 2003, an increase of \$3.4 million, or less than 3%. Total NPAs were \$214.1 million a year-ago. This significant decrease in NPAs from last year was due primarily to the sale of NPAs that occurred in the fourth quarter 2002. NPAs as a percent of total loans and leases and other real estate were 0.65%, 0.70%, and 1.20% for the same respective periods.

At September 30, 2003, loans and leases past due ninety days or more and still accruing interest were \$66.1 million, or 0.31% of total loans and lease, up from \$55.3 million, or 0.29%, at the end of the second quarter 2003 and \$57.3 million, or 0.32%, at the end of the third quarter last year.

Table 11 reflects NPA activity for the recent five quarters:

Table 11 - Non-Performing Asset Activity

<i>(in thousands)</i>	2003			2002	
	Third	Second	First	Fourth	Third
Beginning of Period	\$ 133,722	\$ 140,725	\$ 136,723	\$ 214,129	\$ 223,237
New non-performing assets	52,213	83,104	48,359	65,506	47,275
Returns to accruing status	(319)	(9,866)	(5,993)	(12,658)	(380)
Loan and lease losses	(22,090)	(30,204)	(17,954)	(72,767)	(25,480)
Payments	(18,905)	(26,831)	(15,440)	(28,500)	(26,308)
Sales	(7,544)	(23,206)	(4,970)	(28,987)	(4,215)
End of Period	\$ 137,077	\$ 133,722	\$ 140,725	\$ 136,723	\$ 214,129

New NPAs decreased to \$52.2 million during the third quarter 2003 from \$83.1 million in the immediately preceding quarter. The second quarter of 2003 included three commercial credits, one in the manufacturing sector with part of its business supporting automobile manufacturing, another in the teleconferencing business, and the third in a combination of businesses including marine shipping, mining, and raw materials, which accounting for approximately 60% of that quarter's increase. Of these credits, one was charged off and another sold during the second quarter.

Despite the modest increase in NPAs in the recent quarter, management expects the level of NPAs to approximate current levels through the end of this year.

Allowance for Loan and Lease Losses (ALLL)

The ALLL was \$370.1 million at September 30, 2003, up from \$340.9 million at June 30, 2003, but nearly flat compared with \$371.0 million at the end of the third quarter of 2002. At September 30, 2003, the ALLL represented 1.75% of total loans and leases, compared with 1.79% at the end of June 2003 and 2.08% at the end of September last year. The adoption of FIN 46 resulted in an addition of \$10.3 million to the ALLL and the consolidation of approximately \$1.0 billion in automobile loans, which accounted for 3 basis points of the quarterly decline in the ratio of the ALLL to total loans and leases from June 30, 2003 to September 30, 2003. The period-end ALLL was 270% of NPAs at September 30, 2003, from 255% at June 30, 2003 and 173% a year earlier.

The activity in the ALLL for the recent five quarters is reflected in Table 12 below. The \$3.5 million and \$3.0 million allowance of sold loans in the second and first quarters of 2003 related primarily to the \$567 million and \$556 million of automobile loans sold in the respective quarters. The \$1.3 million of allowance related to purchased loans and leases in the third quarter of last year was attributable to the LeaseNet acquisition.

Table 12 - Allowance for Loan and Lease Losses and Related Statistics

(in thousands)	2003			2002	
	Third	Second	First	Fourth	Third
Allowance for Loan and Lease					
Losses, Beginning of Period	\$ 340,947	\$ 337,017	\$ 336,648	\$ 371,033	\$ 351,696
Loan and lease losses	(43,261)	(49,985)	(40,265)	(93,890)	(43,748)
Recoveries	10,487	8,929	7,429	10,732	9,963
Net loan and lease losses	(32,774)	(41,056)	(32,836)	(83,158)	(33,785)
Provision for loan and lease losses	51,615	49,193	36,844	51,236	54,304
Allowance of (sold) purchased loans and leases	---	(3,477)	(2,981)	---	1,264
Allowance of securitized loans	10,347	(730)	(658)	(2,463)	(2,446)
Allowance for Loan and Lease					
Losses, End of Period	\$ 370,135	\$ 340,947	\$ 337,017	\$ 336,648	\$ 371,033
Allowance for loan and lease losses as a percent of:					
Total loans and leases	1.75 %	1.79 %	1.78 %	1.81 %	2.08 %
Non-performing loans and leases	304	284	266	263	182
Non-performing assets	270	255	239	246	173

Huntington allocates the ALLL to each loan and lease category based on an expected loss ratio determined by continuous assessment of credit quality reflecting portfolio risk characteristics and other relevant factors such as historical performance, significant acquisitions and dispositions of loans, and internal controls. For the commercial and commercial real estate credits, expected loss factors are assigned by credit grade at the individual loan and lease level at the time the loan or lease is originated, then subsequently re-evaluated on a periodic basis. The aggregation of these factors represents management's estimate of the inherent loss in the portfolio.

The portion of the allowance allocated to the more homogeneous consumer loan and lease segments is determined by expected loss ratios based on the risk characteristics of the various segments and giving consideration to existing economic conditions and trends. Expected loss ratios incorporate factors such as trends in past due amounts, recent loan and lease loss experience, and specific risk characteristics at the individual loan and lease level. Actual loss ratios experienced in the future could vary from those expected, as performance is a function of factors unique to each customer as well as general economic conditions. While amounts are allocated to various portfolio segments, the total ALLL, excluding impairment reserves prescribed under provisions of Statement of Financial Accounting Standard No. 114, is available to absorb losses from any segment of the portfolio.

INTEREST RATE RISK MANAGEMENT

Huntington seeks to minimize earnings volatility by managing the sensitivity of net interest income and the fair value of its net assets to changes in market interest rates. The Board of Directors and the Asset and Liability Management Committee (ALCO) oversee various risks by establishing broad policies and specific operating limits that govern a variety of risks inherent in operations, including liquidity, counterparty credit risk, settlement, and market risks.

Market risk is the potential for declines in the fair value of financial instruments due to changes in interest rates, exchange rates, and equity prices. Interest rate risk is Huntington's primary market risk. It results from timing differences in the repricing and maturity of assets and liabilities and changes in relationships between market interest rates and the yields on assets and rates on liabilities, including the impact of embedded options.

Interest rate risk management is a dynamic process that encompasses new business flows onto the balance sheet, wholesale investment and funding, and the changing market and business environment. Effective management of interest rate risk begins with appropriately diversified investments and funding sources. To accomplish overall balance sheet objectives, management regularly accesses money, bond, futures, and options markets, as well as trading exchanges. In addition, Huntington contracts with dealers in over-the-counter financial instruments for interest rate swaps. ALCO regularly monitors position concentrations and the level of interest rate sensitivity to ensure compliance with approved risk tolerances. Interest rate risk modeling is performed monthly. An income simulation model is used to measure the

sensitivity of forecasted net interest income to changes in market rates over a one-year horizon. Although Bank Owned Life Insurance and automobile operating lease assets are classified as non-interest earning assets, Huntington includes these portfolios in its interest sensitivity analysis because both have attributes similar to fixed-rate interest earning assets. Balance sheet growth assumptions are also considered in the income simulation model.

The baseline scenario for the income simulation, with which all others are compared, is based on prospective or future interest rates implied by the prevailing yield curve. Alternative market rate scenarios are then employed to determine their impact on the baseline scenario. These alternative market rate scenarios include spot rates remaining unchanged for the entire measurement period, parallel rate shifts on both a gradual and immediate basis, as well as movements in rates that alter the shape of the yield curve. Scenarios are also developed to measure basis risk, such as the impact of LIBOR-based rates rising or falling faster than the prime rate.

Market value risk (referred to as Economic Value of Equity or EVE) is measured using a static balance sheet. The models used for this measurement take into account prepayment speeds on mortgage loans, mortgage-backed securities, and consumer installment loans, as well as cash flows of other loans and deposits. Moreover, the models incorporate the effects of embedded options, such as interest rate caps, floors, and call options, and account for changes in relationships among interest rates.

When evaluating short-term interest rate risk exposure, management uses, for its primary measurement, scenarios that model parallel shifts in the yield curve resulting in a gradual 200 basis point increase/decrease in rates over the next twelve-month period. However, at December 31, 2002, only the 200 basis point increasing parallel shift in the yield curve was reported because a 200 basis point decrease in the interest rate curve was not feasible given the absolute low level of interest rates. At September 30, 2003, that plus-200 basis point scenario modeled net interest income to be approximately 1.0% lower than the internal forecast of net interest income over the same time period using the current level of forward rates. This compared to approximately 0.7% impact to net interest income generated by a similar 200 basis point scenario at the end of 2002. Management believes further declines in market rates would put modest downward pressure on net interest income, resulting from the implicit pricing floors in non-maturity deposits.

In previous quarters, the net interest margin has been adversely impacted by: (1) fixed-rate consumer loan repayments being reinvested at lower market rates; (2) high repayments and prepayments of residential mortgage loans and mortgage-backed securities; (3) the implicit floors in retail deposits as rates declined to historically low levels; (4) the rapid growth of lower-margin residential adjustable-rate mortgage loans retained on the balance sheet; and (5) the lower yield on the higher quality automobile loan originations. In the most recent quarter, the effects of a steeper yield curve and lower deposit costs dampened some of the negative impact of the above cited effects. However, the net interest margin is expected to be adversely affected by some of these factors over the next few quarters.

The primary measurement for EVE at risk assumes an immediate and parallel increase in rates of 200 basis points. At September 30, 2003, the model indicated that such an increase in rates would be expected to reduce the EVE at risk by approximately 7.9% compared with an estimated negative impact of approximately 3.8% at December 31, 2002. Increased growth of fixed rate loans and investments contributed much of the increase to EVE at risk. In addition, the higher interest rate environment in the 2003 third quarter caused the average maturity of fixed rate mortgage loans and investments to increase and shortened the expected average maturity of some non-maturity deposits. Both factors contributed to an increasing EVE at risk.

These models are a useful but simplified representation of Huntington's underlying interest rate risk profile. Simulations reflect choices of statistical techniques, functional forms, model parameters, and numerous other assumptions. Nonetheless, experience has demonstrated and management believes that these models provide reliable guidance for measuring and managing interest rate sensitivity.

LIQUIDITY

Liquidity management is a process to ensure that funding is available to support loan growth, any potential deposit outflows, and normal corporate activities, under different market conditions. Liquidity management is conducted under the direction of ALCO, which establishes policies and monitors the overall liquidity position of Huntington.

The primary source of funding for Huntington is core deposits from its retail and commercial customers. As of September 2003, these core deposits, of which 83% are provided by the Regional Banking line of business, funded 63% of total assets. Core deposits include non-interest bearing and interest bearing demand deposits, savings accounts and other domestic time deposits, including certificates of deposit under \$100,000 and IRAs. The types and sources of deposits by business segment at September 30, 2003 and 2002 and December 31, 2002 are detailed in Table 13 below:

Table 13 - Deposit Liabilities

<i>(in millions of dollars)</i>		September 30, 2003		December 31, 2002		September 30, 2002	
By Type		Balance	%	Balance	%	Balance	%
Demand deposits							
Non-interest bearing	\$	3,003	15.9	\$ 3,074	17.6	\$ 2,949	17.2
Interest bearing		6,425	34.1	5,374	30.7	5,203	30.4
Savings deposits		3,000	15.9	2,851	16.3	2,849	16.6
Retail certificates of deposit		2,484	13.2	3,267	18.7	3,371	19.7
Other domestic time deposits		638	3.4	689	3.9	701	4.1
Total Core Deposits		15,550	82.5	15,255	87.2	15,073	88.0
Domestic time deposits of							
\$100,000 or more		844	4.5	732	4.2	754	4.4
Brokered and negotiable CDs		1,837	9.8	1,093	6.2	979	5.7
Foreign time deposits		603	3.2	419	2.4	312	1.9
Total Deposits	\$	18,834	100.0	\$ 17,499	100.0	\$ 17,118	100.0
By Business Segment							
Regional Banking							
Central Ohio / West Virginia	\$	5,423	28.8	\$ 5,361	30.6	\$ 5,620	32.8
Northern Ohio		3,622	19.2	3,602	20.6	3,561	20.8
Southern Ohio / Kentucky		1,437	7.6	1,365	7.8	1,345	7.9
West Michigan		2,529	13.4	2,402	13.7	2,423	14.2
East Michigan		2,001	10.6	1,962	11.2	1,924	11.2
Indiana		661	3.6	613	3.5	649	3.8
Total Regional Banking		15,673	83.2	15,305	87.4	15,522	90.7
Dealer Sales		65	0.3	59	0.3	48	0.3
Private Financial Group		1,117	5.9	924	5.3	788	4.6
Treasury / Other		1,979	10.6	1,211	7.0	760	4.4
Total Deposits	\$	18,834	100.0	\$ 17,499	100.0	\$ 17,118	100.0

Policies and limits are established by ALCO on the amount of assets to be funded by short-term wholesale borrowings and diversification of this funding by type, source, and maturity. In addition, policies require that there be sufficient asset liquidity available to cover short-term wholesale funds maturing within a six month time period. Huntington has a contingency funding plan that forecasts sources and uses of funds under various scenarios to prepare Huntington to respond to unexpected liquidity shortages.

Sources of wholesale funding include Federal funds purchased, Eurodollar deposits, securities sold under repurchase agreement, brokered and negotiable CDs, FHLB advances, and medium- and long-term debt. Other sources of liquidity include the sale or maturity of investment securities, the sale or securitization of loans, and the issuance of common and preferred securities.

Huntington also has available a \$6 billion domestic bank note program through its bank subsidiary, The Huntington National Bank, of which \$4.8 billion was available at September 30, 2003. In addition, the Bank shares a \$2 billion Euronote program with the parent company, of which \$1.3 billion was available at September 30, 2003. In addition, the parent company has \$295 million available under a \$750 million medium-term note program.

As a result of the formal SEC investigation announced on June 26, 2003, one rating agency placed Huntington's debt ratings on "Credit Watch Negative" pending completion of the investigation. As a result of this action, Huntington lengthened the maturities of wholesale borrowings by issuing negotiable CDs and medium-term bank notes. In addition, overnight federal funds borrowing were reduced. Management believes that sufficient liquidity exists to meet funding needs of the Bank and parent company.

CAPITAL

Capital is managed both at the bank subsidiary and the holding company level and reflects the relative risks, growth opportunities, as well as regulatory requirements. Huntington places significant emphasis on the maintenance of a strong capital position, which promotes investor confidence, provides access to the national markets under favorable terms, and enhances business growth and acquisition opportunities. The importance of managing capital is also recognized and management continually strives to maintain an appropriate balance between capital adequacy and returns to shareholders.

Shareholders' equity at September 30, 2003 increased \$39 million from June 30, 2003 and \$52 million from December 31, 2002. The increase for the recent quarter outpaced growth for the nine-month period in 2003 primarily due to the repurchase of 4.3 million common shares at a value of \$81.1 million in the 2003 first quarter. In February 2002, the Board of Directors authorized a common share repurchase program for up to 22 million common shares and canceled the previously existing authorization. Under this authorization, a total of 19.4 million common shares were repurchased: 19.2 million in 2002, including 15.1 million common shares purchased in the first nine months of 2002, and 0.2 million in the 2003 first quarter. In mid-January 2003, the Board of Directors authorized a new common share repurchase program, canceling the 2.6 million common shares remaining under the February 2002 authorization, and approved a new common share repurchase authorization for up to 8.0 million common shares. Under this authorization, 4.1 million common shares were repurchased in the 2003 first quarter. No shares were repurchased in the second and third quarters of 2003, leaving 3.9 million common shares remaining for repurchase at September 30, 2003.

Third quarter 2003 average equity to average assets was 7.51% versus 8.59% for the same period last year. At the end of September 2003, tangible period-end equity to period-end assets, which excludes intangible assets, was 6.78%, down from 7.65% a year ago. The higher tangible equity to asset ratio in the year-ago quarter reflected excess capital generated from the sale of the Florida operations in the first quarter 2002. Management has targeted a longer-term tangible equity to asset ratio of 6.50% - 6.75%, given the current asset mix and risk profile.

Risk-based capital guidelines established by the Federal Reserve Board set minimum capital requirements and require institutions to calculate risk-based capital ratios by assigning risk weightings to assets and off-balance sheet items, such as interest rate swaps, loan commitments, and securitizations. These guidelines further define "well-capitalized" levels for Tier 1, total capital, and leverage ratio purposes at 6%, 10%, and 5%, respectively, with Huntington's ratios exceeding those minimums at September 30, 2003. Huntington's Tier 1 risk-based capital ratio, total risk-based capital ratio, leverage ratio, risk-adjusted assets, and its tangible equity to assets ratio for the recent five quarters are shown in Table 14:

Table 14 - End of Period Capital Data

(in millions)	2003			2002	
	Third	Second	First	Fourth	Third
Total risk-adjusted assets	\$ 27,949	\$ 27,570	\$ 27,437	\$ 27,132	\$ 26,226
Tier 1 risk-based capital ratio	8.40%	8.32%	8.13%	8.32%	8.82%
Total risk-based capital ratio	11.19%	11.11%	11.00%	11.22%	11.78%
Tier 1 leverage ratio	7.94%	8.25%	8.22%	8.48%	9.05%
Tangible equity / asset ratio	6.78%	7.06%	7.01%	7.22%	7.64%
Tangible equity / risk-weighted assets	7.24%	7.20%	7.06%	7.27%	7.71%
Average equity / average assets	7.50%	7.66%	7.90%	8.05%	8.58%

Although Huntington's tangible equity to tangible assets ratio has declined in the periods in the table above, the ratio of tangible equity to risk-weighted assets has increased during the past two quarters, reflecting growth in lower risk-weighted assets such as residential mortgages, home equity loans and lines of credit, and investment securities. Additionally, while the adoption of FIN 46 reduced the tangible equity to tangible assets ratio by 29 basis points, there was little impact to the ratio of tangible equity to risk-weighted assets as the additional loans that are included in Huntington's consolidated financial condition were already included in regulatory risk-weighted assets.

As Huntington is supervised and regulated by the Federal Reserve, The Huntington National Bank, Huntington's bank subsidiary, is supervised and regulated by the Office of the Comptroller of the Currency, which establishes similar regulatory capital guidelines for banks. The Bank also had regulatory capital ratios in excess of the levels established for "well-capitalized" institutions at September 30, 2003.

Cash dividends that were declared in the third quarter 2003 and four prior quarters along with common stock prices (based on NASDAQ intra-day and closing stock price quotes) are reflected in Table 15 below:

Table 15 - Quarterly Stock Summary

		2003			2002	
		Third	Second	First	Fourth	Third
High	\$	20.890	\$ 21.540	\$ 19.800	\$ 19.980	\$ 20.430
Low		19.220	18.030	17.780	16.160	16.000
Close		19.850	19.510	18.590	18.710	18.190
Average daily closing price		20.199	19.790	18.876	18.769	19.142
Cash dividends declared	\$	0.175	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16

In October 2003, the board of directors declared a dividend of \$0.175 per common share for the fourth quarter 2003. The dividend is payable January 2, 2004, to shareholders of record on December 19, 2003. During the second quarter of 2002, management increased its dividend payout target range to 40%-45% of earnings from the previous target range of 35%-45%.

LINES OF BUSINESS

Below is a brief description of each line of business and a discussion of business segment results for the three and nine months ended September 30, 2003 and 2002. Regional Banking, Dealer Sales, and the Private Financial Group are the major business lines. The fourth segment includes the impact of the Treasury function and other unallocated assets, liabilities, revenue, and expense.

For analytical purposes in understanding performance trends, strategic decision making, determining incentive compensation, and evaluating line of business performance, chief decision-makers review and analyze certain data on an "operating basis", which excludes the impact of restructuring charges and releases and other items, as well as the results of operations from the Florida banking and insurance operations sold in 2002. Since the items excluded are associated with exited businesses and/or restructurings that have been completed and no longer contribute to current or future period performance, management believes their exclusion for analytical purposes provides a clearer picture of underlying performance trends, as well as progress made in improving the company's financial performance.

Regional Banking

This segment provides products and services to retail, business banking, and commercial customers in six operating regions within the five states of Ohio, Michigan, Indiana, West Virginia, and Kentucky. This segment's retail and small business products include home equity loans, first mortgage loans, direct installment loans, business loans, personal and business deposit products, as well as sales of investment and insurance services. These products and services are offered through Huntington's traditional banking network, Direct Bank--Huntington's customer service center, and Web Bank at www.huntington.com. Regional Banking also includes middle-market and large commercial banking relationships which use a variety of banking products and services including, but not limited to, commercial loans, commercial real estate loans, international trade, and cash management. These products and services are delivered through the traditional banking network.

Table 16 - Regional Banking

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
(in thousands of dollars)	2003	2002	2003	2002
Net interest income	\$ 159,527	\$ 141,118	\$ 451,807	\$ 423,394
Provision for loan and lease losses	32,535	36,088	96,601	95,907
Non-interest income	97,780	63,775	241,212	194,386
Non-interest expense	139,090	132,723	418,159	390,190
Income before taxes	85,682	36,082	178,259	131,683
Income taxes	29,989	12,629	62,391	46,089
Operating earnings	\$ 55,693	\$ 23,453	\$ 115,868	\$ 85,594

Regional Banking's operating earnings for the third quarter 2003 increased 137% to \$55.7 million from \$23.5 million for the same period a year ago. This quarterly growth helped push the nine-month results up 35% to \$115.9 million for the recent quarter compared with \$85.6 million last year.

Net interest income for 2003 third quarter was up \$18.4 million, or 13%, from the year-ago quarter. This increase reflected an \$853 million, or 7%, increase in average loans and \$671 million, or 4%, increase in average total deposits. The net interest income on other loan and deposit growth was largely offset by continued rate declines and the resulting repricing impact of loans and deposits. This segment implemented a number of strategic pricing decisions (primarily involving deposits) early in the quarter that helped to minimize margin compression.

Average total loans in the 2003 third quarter were \$13.2 billion, up \$853 million, or 7%, from \$12.4 billion in the year-ago quarter. This growth was driven by a \$384 million, or 31%, increase in average residential mortgages, a \$383 million, or 14%, increase in average home equity loans and lines of credit, and a \$376 million, or 11%, increase in average commercial real estate loans. Average commercial loans, were down \$255 million, or 5%, despite a \$121 million, or 8%, increase in average small business banking loans.

Average total deposits in the 2003 third quarter were \$15.9 billion, up \$671 million, or 4%, from a year ago. This increase reflected a \$1.1 billion, or 23%, increase in interest bearing demand deposits, primarily money market accounts, and a \$0.3 billion, or 13%, increase in non-interest bearing deposits, partially offset by a \$0.9 billion, or 19%, decline in retail CDs. Retail CDs, which continue to be a relatively expensive source of funds, are currently being de-emphasized in Regional Banking's deposit generation strategies. Excluding retail CDs, total average deposits increased \$1.6 billion, or 15%.

The provision for loan and lease losses for the third quarter 2003 decreased \$3.6 million, or 10%, from the same quarter last year. Net charge-offs in the 2003 third quarter were \$19.8 million, or 0.59% of average loans and leases. This compared to \$24.2 million, or 0.78%, for the prior year's third quarter. The offsetting provision expense related to loan and lease growth.

Non-interest income for the recent three months increased \$34.0 million, or 53%, from the year-ago third quarter. Increased fee based revenue was favorably impacted by an improvement in the value of mortgage servicing rights. This increase was partially offset by declines in standby letters of credit and credit card fee income. The decline in standby letters of credit was due to the adoption of FASB Interpretation No. 45 on January 1, 2003.

Non-interest expense for the third quarter 2003 increased \$6.4 million, or 5%, compared with the same period a year ago. Higher outside services costs related to increased mortgage loan volumes and equipment expenses were the primary drivers of the increase.

Regional Banking contributed 52% and 53% of total revenues and total operating earnings, respectively, in the third quarter of 2003, and represented 50% of total assets and 83% of total deposits at September 30, 2003.

Dealer Sales

Dealer Sales serves automotive dealerships within Huntington's primary banking markets, as well as in Arizona, Florida, Georgia, Pennsylvania, and Tennessee. This segment finances the purchase of automobiles by customers of the automotive dealerships, purchases automobiles from dealers and simultaneously leases the automobile under long-term operating and direct financing leases, finances the dealership's inventory of automobiles, and provides other banking services to the automotive dealerships and their owners.

Dealer Sales financial results are significantly impacted by the accounting for automobile leases. As previously noted, automobile leases originated prior to May 2002 are accounted for as operating leases, and leases originated since then are accounted for as direct financing leases. Therefore, the related financial results for automobile leases originated prior to May 2002 are reported as non-interest income and non-interest expense and the cost of funding these leases is included in interest expense. Such non-interest income, non-interest expense and interest expense will continue to trend lower in subsequent periods since new lease originations are not treated as operating leases, and leases originated prior to May 2002 will continue to run off. For leases originated after April 2002, revenue is reported in interest income and a provision for loan and lease losses is recorded in order to maintain an appropriate level of reserve for loan and lease losses. As a result, net interest income and the provision for loan and lease losses for the Dealer Sales line of business should trend higher in future periods.

Table 17 - Dealer Sales

	Three Months Ended September 30,		Nine Months Ended September 30,	
<i>(in thousands of dollars)</i>	2003	2002	2003	2002
Net interest income	\$ 29,227	\$ 5,283	\$ 56,479	\$ (6,292)
Provision for loan and lease losses	16,036	15,470	36,612	35,207
Non-interest income	125,530	170,035	437,206	530,793
Non-interest expense	115,006	146,708	374,639	459,736
Income before taxes	23,715	13,140	82,434	29,558
Income taxes	8,300	4,599	28,853	10,345
Operating earnings	\$ 15,415	\$ 8,541	\$ 53,581	\$ 19,213

Dealer Sales operating earnings were \$15.4 million in the third quarter of 2003, an increase of \$6.9 million, or 80%, from \$8.5 million for the year-ago quarter. For the nine months, operating earnings were \$53.6 million for 2003, up \$34.4 million from \$19.2 million for 2002.

Net interest income was \$29.2 million in the recent quarter, an increase of \$23.9 million from \$5.3 million in the second quarter of 2002. This increase reflected growth in average loan and direct financing lease balances from \$3.8 billion in 2002 to \$5.9 billion in 2003. Of this increase, \$1.1 billion was attributed to direct financing leases while \$832 million related to indirect automobile loans. The increase in average automobile loans reflected the positive impact of underlying growth, as well as the \$1.0 billion resulting from the adoption of FIN 46 effective July 1, 2003. Included in net interest income for the nine months was \$16.2 million of transfer pricing charges to this segment from Treasury / Other, reflecting the early termination of funding related to \$1.1 billion of indirect automobile loans that were sold in the first half of 2003.

The provision for loan and lease losses of \$16.0 million for the third quarter 2003 increased \$0.6 million from \$15.4 million for the same period a year ago. Net charge-offs totaled \$12.4 million for the recent three months, or an annualized 0.83% of average loans and direct financing leases, compared to \$9.0 million, or 0.93%, during the year-ago quarter.

Total non-interest income declined \$44.5 million to \$125.5 million for the third quarter of 2003 from \$170.0 for the same period last year. This decrease primarily reflected a \$42.5 million decrease in operating lease income from the third quarter of 2002. Also, securitization income declined \$1.7 million from the year-ago quarter as a result of the adoption of FIN 46.

Non-interest expense decreased \$31.7 million to \$115.0 million for the third quarter of 2003 from \$146.7 million for the year-ago quarter, primarily reflecting a \$32.6 million decrease in operating lease expense. Personnel expense increased \$0.7 million due to higher benefits costs in the recent quarter as compared to the year-ago quarter.

Huntington purchases insurance to cover the possibility that it will not be able to recover its anticipated residual value of its automobiles leased to customers, which is a component of the total automobile lease balance. Its purchased policies cover, for each leased automobile, declines in the Black Book value from the date of sale. This insurance, however, does not cover losses arising when the proceeds from selling the automobile are less than Black Book valuation. These losses typically arise when the automobile has excess wear and tear and/or excess mileage that are not reimbursed by the lessee. For leases that are accounted for as direct financing leases, Huntington maintains a valuation reserve for future expected losses, based on its evaluation of several factors, including vehicle type, lease terms, used automobile market conditions, new product offerings, expected leased vehicle return rates, and historical experience. In the third quarter of 2003, and periods prior to 2003, Huntington estimated the level of the reserve for direct financing leases based on future expected losses from the portfolio without discounting. This contrasts with the first and second quarters of 2003 when discounting was used. The valuation reserve for direct financing leases totaled \$1.2 million and \$1.4 million at September 30, 2003 and December 31, 2002, respectively. For leases that are accounted for as operating leases, Huntington prospectively increases the depreciation of the asset to its expected realizable value at the end of the lease.

Dealer Sales contributed 31% of total third quarter 2003 revenues, 15% of total operating earnings in the 2003 third quarter, and represented 26% of total assets at September 30, 2003.

Private Financial Group

The Private Financial Group provides products and services designed to meet the needs of Huntington's higher wealth customers. Revenue is derived through the sale of personal trust, asset management, investment advisory, brokerage, insurance, and deposit and loan products and services. Income and related expenses from the sale of brokerage and insurance products is shared with the line of business that generated the sale or provided the customer referral.

Table 18 - Private Financial Group

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands of dollars)	2003	2002	2003	2002
Net interest income	\$ 11,097	\$ 8,877	\$ 30,409	\$ 25,572
Provision for loan and lease losses	2,418	1,181	3,872	3,217
Non-interest income	25,812	24,647	80,869	80,023
Non-interest expense	26,092	25,013	78,594	75,685
Income before taxes	8,399	7,330	28,812	26,693
Income taxes	2,940	2,566	10,085	9,332
Operating earnings	\$ 5,459	\$ 4,764	\$ 18,727	\$ 17,361

Private Financial Group (PFG) operating earnings in the third quarter of 2003 were \$5.5 million, up 15% from \$4.8 million for the same quarter in 2002 primarily due to growth in net interest income and non-interest income. Operating earnings for the nine months ended September 30, 2003 and 2002 were \$18.7 million and \$17.4 million, respectively. Revenue growth for the three and nine-month periods was partially offset by increased loan provision expense and increased non-interest expense.

Net interest income for the recent three months increased \$2.2 million, or 25%, from the prior-year quarter as average loan balances increased 31% to \$1,213 million and average deposits increased 25% to \$1,047 million. Most of the loan growth occurred in personal credit lines and residential real estate loans largely due to the favorable mortgage rate environment. A majority of the deposit growth occurred in interest bearing demand accounts, which resulted from a combination of new business and a customer shift from the Huntington money market mutual funds to interest-bearing deposit accounts. Margins on loans remained essentially the same as the prior-year quarter, while deposit margins declined by 7 basis points due to the continuing pressure of the declining interest rates.

Provision expense for the third quarter 2003 increased to \$2.4 million from \$1.1 million in the year-ago quarter due to a combination of increased net charge-offs and increased loan and lease loss provision attributable to loan growth as previously noted. Net charge-offs were \$0.7 million for the recent quarter, an increase of \$0.1 million over the same quarter last year. Total net charge-offs as a percent of total loans declined from 0.25% a year ago to 0.24% for the current quarter. Non-performing assets also increased from 0.20% to 0.48% of total loans outstanding for the same comparable periods.

Non-interest income increased \$1.2 million, or 5%. Adding back the impact of fee sharing, which was \$3.9 million in the current quarter, and \$4.1 million in the year-ago quarter, non-interest income was \$29.6 million in the 2003 third quarter, up \$975 million, or 3%, from a year earlier. This reflected increases in insurance, trust, and other income, partially offset by a decrease in brokerage income. Insurance revenue increased \$1.4 million, or 50%, mainly from an increase in title insurance revenue that was reflective of increased mortgage loan refinancing. Insurance revenue for the recent quarter also included \$0.5 million of revenue from the sale of the new wealth transfer insurance product. Trust income increased \$0.4 million, or 2.5%, mainly due to increased personal and institutional trust revenue. Brokerage revenue decreased \$1.1 million, or 11%, primarily due to a 13% decline in annuity sales volume. Annuity sales have decreased as the continued low market rate environment has reduced market appeal. Mutual fund sales increased significantly from the prior year, nearly 50%.

Non-interest expense for the 2003 third quarter, increased \$1.1 million, or 4%. Personnel expense increased for merit increases, selective staff additions, and rising employee benefit costs. These cost were partially offset by reduced sales commissions from the reduction in brokerage sales. Most of the remaining expense increase was in outside service expense as a result of costs associated with the increased title insurance business volume.

Private Financial Group contributed 7% and 5% of total revenues and total operating income, respectively, in the third quarter of 2003, and represented 5% of total assets and 6% total deposits at September 30, 2003.

Treasury / Other

Treasury / Other financial results include income and expense related to assets, liabilities, and capital not allocated to one of the three segments and any income/expense, gains/losses that are not specifically allocated to the other segments. Assets included in this segment include investment securities, Bank Owned Life Insurance, and mezzanine loans originated through Huntington's Capital Market Group. Liabilities include all wholesale funding.

Huntington utilizes a maturity match-funded transfer pricing system that transfers interest rate and liquidity risk from the lines of business to the Treasury/Other segment. Any income/expense resulting from the management of interest rate and liquidity risk is included in the Treasury/Other segment. Furthermore, amortization expense of intangible assets is included in this segment.

Table 19 - Treasury / Other

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
<i>(in thousands of dollars)</i>	2003	2002	2003	2002
Net interest income	\$ 20,620	\$ 35,987	\$ 85,976	\$ 97,997
Provision for loan and lease losses	626	1,565	567	3,673
Non-interest income	23,646	15,595	63,356	44,284
Non-interest expense	19,994	15,052	47,617	42,833
Income before taxes	23,646	34,965	101,148	95,775
Income taxes	(3,999)	(335)	997	2,810
Operating earnings	\$ 27,645	\$ 35,300	\$ 100,151	\$ 92,965

Treasury / Other's operating earnings for the third quarter 2003 was down to \$27.6 million from \$35.3 million for the same period a year ago. Operating earnings for the nine-month period ended September 30, 2003 and 2002 were \$100.2 million and \$93.0 million, respectively.

Net interest income was lower for the comparable three-month periods. The lower interest rate environment contributed to the decline in net interest income as older fixed rate loans and investments were replaced at lower current rates, while the liabilities adjusted to the lower rates more quickly and already reflected the lower rate environment. Thus, funding rates on loans and investments fell more than rates on liabilities, causing the decline in Treasury earnings. Included in net interest income for the nine months was \$16.2 million of transfer pricing credits from the Dealer Sales segment, reflecting the early termination of funding related to indirect automobile loans that were sold in the first half of 2003.

Provision for loan and lease loss activity is related to the Capital Markets Group, which provides commercial and commercial real estate mezzanine loans to customers.

Third quarter 2003 non-interest income was \$23.6 million, down \$8.1 million from the comparable period last year. Branch sale gains of \$13.1 million offset by securities losses in the current quarter were the main contributors to the increase. Non-interest expense for the recent quarter was \$20.0 million, up from \$15.1 million last year. This increase reflected higher commissions related to activities in the Capital Markets Group, higher pension expense, and professional fees not allocated to other lines of business.

Income tax expense for each of the other business segments is calculated at a statutory 35% tax rate. However, Huntington's overall effective tax rate was lower and, as a result, Treasury / Other reflected the reconciling items to the statutory tax rate in its income taxes.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Quantitative and qualitative disclosures for the current period are found beginning on page 38 of this report, which includes changes in market risk exposures from disclosures presented in Huntington's Amended Form 10-K/A.

Item 4. Controls and Procedures

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 are effective.

There have not been any changes in Huntington's internal control 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 control 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 6. Exhibits and Reports on Form 8-K

(a) Exhibits

3. (i)(a). Articles of Restatement of Charter, Articles of Amendment to Articles of Restatement of Charter, and Articles Supplementary – previously filed as Exhibit 3(i) to Annual Report on Form 10-K for the year ended December 31, 1993, and incorporated herein by reference.
- (i)(b). Articles of Amendment to Articles of Restatement of Charter – previously filed as Exhibit 3(i)(c) to Quarterly Report on Form 10-Q for the quarter ended March 31, 1998, and incorporated herein by reference.
- (ii). Amended and Restated Bylaws as of July 16, 2002 – previously filed as Exhibit 3(ii) to Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, and incorporated herein by reference.

4. 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, previously filed as Exhibit 3(i) to Annual Report on Form 10-K for the year ended December 31, 1993 and Exhibit 3(i)(c) to Quarterly Report on Form 10-Q for the quarter ended March 31, 1998, and incorporated herein by reference. Also, reference is made to Rights Plan, dated February 22, 1990, previously filed as Exhibit 1 to Registration Statement on Form 8-A, and incorporated herein by reference and to Amendment No. 1 to the Rights Agreement, dated as of August 16, 1995, previously filed as Exhibit 4(b) to Form 8-K filed with the Securities and Exchange Commission on August 28, 1995, and

incorporated herein by reference. Instruments defining the rights of holders of long-term debt will be furnished to the Securities and Exchange Commission upon request.

12 Earnings to Fixed Charges

31.1 Certification - Chief Executive Officer

31.2 Certification - Chief Financial Officer

32.1 Section 1350 Certification - Chief Executive Officer

32.2 Section 1350 Certification - Chief Financial Officer

(b) Reports on Form 8-K

1. A report on Form 8-K, dated July 17, 2003, was filed under report item numbers 5, 7, and 9, concerning Huntington's results of operations for the second quarter ended June 30, 2003.
2. A report on Form 8-K, dated August 6, 2003, was filed under report item numbers 5 and 7, regarding Huntington's announcement that David L. Porteous will join its board of directors in October 2003, expanding the board to 12 outside directors.
3. A report on Form 8-K, dated September 16, 2003, was filed under report item number 9, concerning Huntington's investor presentation in New York City.

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: November 14, 2003

/s/ Thomas E. Hoaglin
Thomas E. Hoaglin
Chairman, Chief Executive Officer and
President

Date: November 14, 2003

/s/ Michael J. McMennamin
Michael J. McMennamin
Vice Chairman, Chief Financial Officer and
Treasurer (Principal Financial Officer)

Huntington Bancshares Incorporated
Quarterly Ratios of Earnings to Fixed Charges
(Unaudited)

<i>(in thousands of dollars)</i>	2003			2002	
	Third	Second	First	Fourth	Third
		<i>(Restated)</i>	<i>(Restated)</i>	<i>(Restated)</i>	<i>(Restated)</i>
Earnings:					
Income before taxes	\$ 141,442	\$ 133,166	\$ 122,360	\$ 90,489	\$ 116,067
Add: Fixed charges, excluding interest on deposits	48,184	41,434	41,434	44,690	41,131
Earnings available for fixed charges, excluding interest on deposits	189,626	174,600	163,794	135,179	157,198
Add: Interest on deposits	67,565	76,383	79,710	88,404	94,647
Earnings available for fixed charges, including interest on deposits	\$ 257,191	\$ 250,983	\$ 243,504	\$ 223,583	\$ 251,845
Fixed Charges:					
Interest expense, excluding interest on deposits	\$ 45,284	\$ 38,501	\$ 38,545	\$ 41,757	\$ 38,265
Interest factor in net rental expense	2,900	2,933	2,889	2,933	2,866
Total fixed charges, excluding interest on deposits	48,184	41,434	41,434	44,690	41,131
Add: Interest on deposits	67,565	76,383	79,710	88,404	94,647
Total fixed charges, including interest on deposits	\$ 115,749	\$ 117,817	\$ 121,144	\$ 133,094	\$ 135,778
Ratio of Earnings to Fixed Charges					
Excluding interest on deposits	3.94 x	4.21 x	3.95 x	3.02 x	3.82 x
Including interest on deposits	2.22 x	2.13 x	2.01 x	1.68 x	1.85 x

CERTIFICATION

I, Thomas E. Hoaglin, 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 officers 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) 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; and
 - b) 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
 - c) 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 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 officers 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: November 14, 2003

/s/ Thomas E. Hoaglin
Thomas E. Hoaglin
Chief Executive Officer

CERTIFICATION

I, Michael J. McMennamin, 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 officers 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) 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; and
 - b) 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
 - c) 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 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 officers 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: November 14, 2003

/s/ Michael J. McMennamin
Michael J. McMennamin
Chief Financial Officer

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of Huntington Bancshares Incorporated (the "Company") on Form 10-Q for the quarter ending September 30, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas E. Hoaglin, 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/ Thomas E. Hoaglin

Thomas E. Hoaglin
Chief Executive Officer
November 14, 2003

A signed original of this written statement required by Section 906 has been provided to Huntington Bancshares Incorporated and will be retained by Huntington Bancshares Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of Huntington Bancshares Incorporated (the “Company”) on Form 10-Q for the quarter ending September 30, 2003, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael J. McMennamin, 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/ Michael J. McMennamin

Michael J. McMennamin

Chief Financial Officer

November 14, 2003

A signed original of this written statement required by Section 906 has been provided to Huntington Bancshares Incorporated and will be retained by Huntington Bancshares Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.