HUNTINGTON BANCSHARES INC/MD
Form 10-Q/A
November 14, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
QUARTERLY PERIOD ENDED MARCH 31, 2003

Commission File Number 0-2525

HUNTINGTON BANCSHARES INCORPORATED

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

41 SOUTH HIGH STREET, COLUMBUS, OHIO 43287

Registrant's telephone number (614) 480-8300

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

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 228,628,958 shares of Registrant's without par value common stock outstanding on April 30, 2003.

HUNTINGTON BANCSHARES INCORPORATED

INTRODUCTORY NOTE

Huntington Bancshares Incorporated (Huntington) originally filed its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003, with the Securities and Exchange Commission (SEC) on May 20, 2003. This Amendment to Quarterly Report on Form 10-Q/A (the Amendment) is being filed to correct and restate Huntington's consolidated financial statements at March 31, 2003 and 2002 and for the three months ended March 31, 2003 and 2002 to:

- Apply, on a retroactive basis, deferral accounting for loan and lease origination fees and costs;

- Correct for certain timing errors related to origination fees paid to automobile dealers, deferral of commissions paid to originate deposits, certain mortgage origination fee income, the 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, the 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; and

- Reclassify tax consulting expense from income tax expense to professional services.

All of the above are described in more detail in Note 3, "Restatement of Results of Operations and Financial Condition," to Huntington's Consolidated Financial Statements and Supplementary Data included in Item 1 of this report. In addition, this Amendment is being filed to amend:

- Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations, to take into account the effects of the restatement;

- Item 3, Quantitative and Qualitative Disclosures about Market Risk, to take into account the effects of the restatement;

- Item 4, Controls and Procedures, to comply with changes in the SEC regulations which became effective in August 2003: and

- Item 6, Exhibits and Reports on Form 8-K, to update certain exhibits to take into account the effects of the restatement and to comply with changes in the SEC regulations which became effective in August 2003.

This Amendment corrects and restates the original Quarterly Report on Form 10-Q, but continues to speak as of the date of the original filing of the Form 10-Q on May 20, 2003. Huntington has not updated the disclosure in this Amendment to speak as of a later date. All information contained in this Amendment is subject to updating and supplementing as provided in the periodic reports filed subsequent to the original filing date with the SEC.

HUNTINGTON BANCSHARES INCORPORATED

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PART 1. FINANCIAL INFORMATION
FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS - RESTATED

(in thousands)	MARCH 31, 2003	December 31, 2002
	(UNAUDITED)	
ASSETS		
Cash and due from banks	$ 863,782	$ 969,483
Interest bearing deposits in banks	36,117	37,300
Trading account securities	22,715	241
Federal funds sold and securities purchased under resale agreements	46,456	49,280
Loans held for sale	513,638	528,379
Securities available for sale - at fair value	3,680,260	3,403,369
Investment securities - fair value $7,075, $7,725, and $11,400, respectively	6,908	7,546
Total loans and leases	18,896,499	18,587,403
Less allowance for loan and lease losses	337,017	336,648

Net loans and leases	18,559,482	18,250,755
Operating lease assets	1,951,316	2,200,525
Bank Owned Life Insurance	895,780	886,214
Premises and equipment	340,223	341,366
Goodwill and other intangible assets	218,363	218,567
Customers' acceptance liability	10,004	16,745
Accrued income and other assets	726,209	620,355
TOTAL ASSETS	$ 27,871,253	$ 27,530,125
LIABILITIES AND SHAREHOLDERS' EQUITY		
Total deposits	$ 17,688,984	$ 17,499,326
Short-term borrowings	2,149,128	2,541,016
Bank acceptances outstanding	10,004	16,745
Medium-term notes	2,473,006	2,045,123
Federal Home Loan Bank advances	1,253,000	1,013,000
Subordinated notes and other long-term debt	633,896	788,678
Company obligated mandatorily redeemable preferred capital securities of subsidiary trusts holding solely junior subordinated debentures of the Parent Company	300,000	300,000
Accrued expenses and other liabilities	1,207,189	1,136,444
Total Liabilities	25,715,207	25,340,332
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 228,641,557; 232,878,851 and 249,991,932 shares, respectively	2,483,258	2,484,421
Less 29,224,698; 24,987,404 and 7,874,323 treasury shares, respectively	(555,042)	(475,399)
Accumulated other comprehensive income	54,630	62,300
Retained earnings	173,200	118,471
Total Shareholders' Equity	2,156,046	2,189,793
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 27,871,253	$ 27,530,125

See notes to unaudited consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME - RESTATED
(UNAUDITED)

(in thousands, except per share amounts)	FOR THE THREE MONTHS ENDED MARCH 31, 2003	2002
Interest and fee income		
Loans and leases	$ 270,979	$ 277,009
Securities	42,078	44,781
Other	6,957	6,712
TOTAL INTEREST INCOME	320,014	328,502
Interest expense		
Deposits	79,710	108,830
Short-term borrowings	10,633	11,603
Medium-term notes	14,899	16,598
Federal Home Loan Bank advances	4,408	258
Subordinated notes and other long-term debt	8,605	12,344
TOTAL INTEREST EXPENSE	118,255	149,633
NET INTEREST INCOME	201,759	178,869
Provision for loan and lease losses	36,844	39,010
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND LEASE LOSSES	164,915	139,859
Operating lease income	138,193	176,034
Service charges on deposit accounts	39,869	38,815
Brokerage and insurance income	15,497	17,605
Trust services	14,911	15,501
Bank Owned Life Insurance income	11,137	10,956
Mortgage banking	11,125	16,074
Other service charges and fees	10,338	10,632
Gain on sale of automobile loans	10,255	--
Securities gains	1,198	457
Gain on sale of Florida operations	--	182,470
Other	20,401	13,989
TOTAL NON-INTEREST INCOME	272,924	482,533
Personnel costs	113,089	108,029
Operating lease expense	111,588	140,785
Net occupancy	16,609	16,989
Outside data processing and other services	16,579	18,439
Equipment	16,412	16,949
Professional services	9,285	6,430
Marketing	6,626	7,003
Telecommunications	5,701	6,018
Printing and supplies	3,681	3,837
Restructuring (releases) charges	(1,000)	56,184
Other	16,909	20,933
TOTAL NON-INTEREST EXPENSE	315,479	401,596
INCOME BEFORE INCOME TAXES	122,360	220,796
Income taxes	30,630	125,321
NET INCOME	$ 91,730	$ 95,475

PER COMMON SHARE		
Net income		
Basic	$ 0.39	$ 0.38
Diluted	$ 0.39	$ 0.38
Cash dividends declared	$ 0.16	$ 0.16
AVERAGE COMMON SHARES		
Basic	231,355	250,749
Diluted	232,805	251,953

See notes to unaudited consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY - RESTATED

(in thousands)	COMMON STOCK SHARES	COMMON STOCK AMOUNT
Three Months Ended March 31, 2002:		
Balance, beginning of period	257,866	$ 2,490,724
Comprehensive Income:		
Net income		
Unrealized net holding losses on securities available for sale arising during the period, net of reclassification adjustment for net gains included in net income		
Unrealized losses on derivative instruments used in cash flow hedging relationships		
Total comprehensive income		
Cash dividends declared		
Stock options exercised		(3,892)
Treasury shares purchased		
Balance, end of period (Unaudited)	257,866	$ 2,486,832
THREE MONTHS ENDED MARCH 31, 2003:		
BALANCE, BEGINNING OF PERIOD	257,866	$ 2,484,421
COMPREHENSIVE INCOME:		
NET INCOME		
UNREALIZED NET HOLDING LOSSES ON SECURITIES AVAILABLE FOR SALE ARISING DURING THE PERIOD, NET OF RECLASSIFICATION ADJUSTMENT FOR NET GAINS INCLUDED IN NET INCOME		

UNREALIZED LOSSES ON DERIVATIVE INSTRUMENTS USED IN CASH FLOW HEDGING RELATIONSHIPS		
TOTAL COMPREHENSIVE INCOME		
CASH DIVIDENDS DECLARED		
STOCK OPTIONS EXERCISED		(1,163)
TREASURY SHARES PURCHASED		
OTHER		
BALANCE, END OF PERIOD (UNAUDITED)	257,866	$ 2,483,258

(in thousands)	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	RETAINED EARNINGS/ (DEFICIT)
Three Months Ended March 31, 2002:		
Balance, beginning of period	$ 25,488	$ (50,466)
Comprehensive Income:		
Net income		95,475
Unrealized net holding losses on securities available for sale arising during the period, net of reclassification adjustment for net gains included in net income	(14,800)	
Unrealized losses on derivative instruments used in cash flow hedging relationships	(1,204)	
Total comprehensive income		
Cash dividends declared		(39,982)
Stock options exercised		
Treasury shares purchased		
Balance, end of period (Unaudited)	$ 9,484	$ 5,027
THREE MONTHS ENDED MARCH 31, 2003:		
BALANCE, BEGINNING OF PERIOD	$ 62,300	$118,471
COMPREHENSIVE INCOME:		
NET INCOME		91,730
UNREALIZED NET HOLDING LOSSES ON SECURITIES AVAILABLE FOR SALE ARISING DURING THE PERIOD, NET OF RECLASSIFICATION ADJUSTMENT FOR NET GAINS INCLUDED IN NET INCOME	(5,798)	
UNREALIZED LOSSES ON DERIVATIVE INSTRUMENTS USED IN CASH FLOW HEDGING RELATIONSHIPS	(1,872)	
TOTAL COMPREHENSIVE INCOME		
CASH DIVIDENDS DECLARED		(37,001)
STOCK OPTIONS EXERCISED		
TREASURY SHARES PURCHASED		
OTHER		
BALANCE, END OF PERIOD (UNAUDITED)	$ 54,630	$173,200

See notes to unaudited consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS - RESTATED
(UNAUDITED)

(in thousands)	THREE MONTHS EN 2003
OPERATING ACTIVITIES	
Net Income	$ 91,730
Adjustments to reconcile net income to net cash provided by operating activities	
Provision for loan and lease losses	36,844
Depreciation on operating lease assets	98,101
Other depreciation and amortization	21,671
Deferred income tax expense	27,038
(Increase) decrease in trading account securities	(22,474)
Decrease in mortgages held for sale	14,741
Gains on sales of securities available for sale	(1,198)
Gains on sales and securitizations of loans	(12,819)
Gain on sale of Florida banking operations	--
Restructuring (releases) charges	(1,000)
Other, net	(102,958)
NET CASH PROVIDED BY OPERATING ACTIVITIES	149,676
INVESTING ACTIVITIES	
Decrease (increase) in interest bearing deposits in banks	1,183
Proceeds from:	
Maturities and calls of investment securities	640
Maturities and calls of securities available for sale	608,832
Sales of securities available for sale	218,001
Purchases of securities available for sale	(995,909)
Proceeds from sales/securitizations of loans	680,564
Net loan and lease originations, excluding sales	(1,142,863)
Net decrease (increase) in operating lease assets	151,108
Proceeds from sale of premises and equipment	3,669
Purchases of premises and equipment	(10,198)
Proceeds from sales of other real estate	1,924
Net cash paid related to sale of Florida banking operations	--
NET CASH USED FOR INVESTING ACTIVITIES	(483,049)
FINANCING ACTIVITIES	
Increase in total deposits	205,694
Decrease in short-term borrowings	(391,888)
Proceeds from issuance of medium-term notes	635,000
Payment of medium-term notes	(205,000)

Proceeds from Federal Home Loan Bank advances	250,000
Maturity of Federal Home Loan Bank advances	(10,000)
Maturity of long-term debt	(150,000)
Dividends paid on common stock	(28,042)
Repurchases of common stock	(81,061)
Net proceeds from issuance of common stock	145
NET CASH PROVIDED BY FINANCING ACTIVITIES	224,848
CHANGE IN CASH AND CASH EQUIVALENTS	(108,525)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,018,763
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 910,238
Supplemental disclosures:	
Income taxes paid	$ 42,897
Interest paid	122,174
Non-cash activities	
Mortgage loans securitized	108,917
Common stock dividends accrued not paid	37,001

See notes to unaudited consolidated financial statements.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS - RESTATED

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 second amended 2002 Annual Report on Form 10-K/A, filed on November 14, 2003, (Amended Form 10-K/A or Amendment No. 2) which include descriptions of significant accounting policies, as updated by the information contained in this report, should be read in conjunction with these interim financial statements.

Certain amounts in the prior year's financial statements have been reclassified to conform to the 2003 presentation.

NOTE 2 - NEW ACCOUNTING PRONOUNCEMENTS

In November 2002, the Financial Accounting Standards Board (FASB) issued Interpretation No. 45 (FIN 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, which for Huntington apply generally to its standby letters of credit. FIN 45 requires 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 this Interpretation were adopted prospectively January 1, 2003. The impact of adopting FIN 45 was not material.

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 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, 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 January 2003, the FASB issued Interpretation No. 46 (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 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 beginning after June 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.

Huntington is reviewing the implications of FIN 46 and is considering the adoption methods permitted. Management believes that the most significant impact of adoption will be the consolidation of one of the securitization trusts formed in 2000. The consolidation of that securitization trust will involve the recognition of the trust's net assets, which, at March 31, 2003, included $1,011 million of indirect automobile loans, $110 million of cash, and $1,000 million of secured debt obligations with an interest rate based on commercial paper rates. Adoption will also eliminate the retained interest in the securitization

trust and its servicing asset related to the loans in the trust, with carrying values at March 31, 2003 of $154 million and $12 million, respectively. The impact to Huntington's equity and results of operations will depend on the method of transition adopted under this new interpretation. Huntington will adopt this new standard no later than the end of the third quarter of 2003.

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.

NOTE 3 - RESTATED RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Huntington has voluntarily corrected and restated its earnings in this amendment to its Quarterly Report on Form 10-Q (the Amendment) to correct for timing errors in the recognition of certain revenues and expenses. Specifically, this amendment includes the following corrections:

- Huntington previously did not defer loan and lease origination fees and certain expenses, but rather recognized the net amount in the period of origination. This restatement applies, on a retroactive basis, deferral accounting for loan and lease origination fees and costs.

- Huntington previously amortized the loan referral fees paid to automobile dealers (dealer premium) on a straight-line basis. As a result of this restatement, Huntington is now amortizing these fees to interest income using methods that closely approximate the results under the interest method.

- Huntington previously deferred sales commissions paid to employees for the origination of deposits and amortized these payments to interest expense over the expected life of the deposit. In this restatement, Huntington is recognizing the expense on these sales commissions when the deposits were originated and commissions were earned.

- Huntington offers its customers the ability to forego the payment of origination fees at inception of a mortgage loan in exchange for a higher interest rate over the life of the loan. Huntington had previously recorded origination fees on such loans held for investment at inception. A loan premium was recognized and amortized as a reduction of interest income on mortgage loans held for investment. The impact of the restatement reversed the loan premiums that were recognized as mortgage banking income and increased the interest income recognized on mortgage loans held for investment.

- Prior to 2002, Huntington recognized, in the year incurred, the expenses or gains for pension settlements, which are actuarially determined expenses or gains related to lump-sum benefit payments paid to individuals who voluntarily or involuntarily retire earlier than their

expected retirement date or to individuals who voluntarily or involuntarily separate from Huntington. The expense for 2002 for pension settlements was deferred to be recognized over a subsequent eight year period. As part of the restatement, Huntington recognized this expense consistent with years prior to 2002.

- Huntington previously recorded revenue from the sale of a contingent automobile debt cancellation product by allocating a fixed portion of the proceeds from each sale to revenue and reserves. The impact of the restatement increased the amount of the reserve to cover claim losses on the products purchased by customers.

- Huntington previously recorded tax consulting expenses as a component of income tax expense. The impact of the restatement reclassified those expenses to professional services and had no impact on net income.

- In 1998, Huntington entered into a sale-leaseback transaction. Huntington recognized gains in 1998 and 1999 as a reduction in occupancy expense above the amounts that should have been recognized under a normal amortization schedule. The restatement corrects this timing error.

- In 1998, Huntington marked to market the ineffective portion of an interest rate swap associated with a fixed rate subordinated debt offering initiated in 1992. The swap was subsequently sold in 2000. The restatement marks to market the ineffective portion of the swap for all periods prior to 1998 and then annually through 2000.

- In 2001, Huntington negotiated a reduction in expenses on Bank Owned Life Insurance which resulted in an increase in the cash surrender value of the policies at year end 2001, but did not recognize the resulting income until 2002. The restatement corrects this timing error.

The Amendment also provides additional disclosures about the release of reserves and about certain items of non-interest expense in the first quarter of 2003.

The results of this restatement are reflected in the consolidated financial statements and these notes for all current and prior periods reported in this Form 10-Q/A. The changes to the above mentioned revenues and expenses resulted in a nominal impact on both the 2003 and 2002 first quarter earnings of $0.01 per share. The following tables reflect the previously reported amounts and the restated results by financial statement line in Huntington's balance sheets at March 31, 2003, December 31, 2002, and March 31, 2002, and income statements for the three months ended March 31, 2003 and 2002:

	AT MARCH 31, 2003 (UNAUDITED)		AT DECEMBER 31, 2002		A
(in thousands of dollars)	PREVIOUSLY REPORTED	RESTATED	PREVIOUSLY REPORTED	RESTATED	

BALANCE SHEET:				
Total loans and leases	$18,956,724	$18,896,499	$18,645,189	$18,587,403
Net loans and leases	18,619,707	18,559,482	18,308,541	18,250,755
Operating lease assets	1,999,524	1,951,316	2,252,445	2,200,525
Bank Owned Life Insurance	895,780	895,780	886,214	886,214
Accrued income and other assets	650,250	726,209	537,775	620,355
Total Assets	27,898,588	27,871,253	27,557,251	27,530,125
Accrued expenses and other liabilities	1,134,778	1,207,189	1,062,868	1,136,444
Total Liabilities	25,642,796	25,715,207	25,266,756	25,340,332
Retained earnings	271,004	173,200	219,173	118,471
Total Shareholders' Equity	2,255,792	2,156,046	2,290,495	2,189,793
Total Liabilities and Shareholders' Equity	$27,898,588	$27,871,253	$27,557,251	$27,530,125

	THREE MONTHS ENDE		
	MARCH 31, 2003		
(in thousands of dollars)	PREVIOUSLY REPORTED	RESTATED	PREV REP
INCOME STATEMENT:			
Interest and fee income on loans and leases	$282,956	$270,979	$28
Total Interest Income	331,991	320,014	33
Interest expense on deposits	80,817	79,710	10
Total Interest Expense	119,362	118,255	15
Net Interest Income	212,629	201,759	18
Net Interest Income After Provision for Loan and Lease Losses	175,785	164,915	14
Operating lease income	133,755	138,193	17
Service charges on deposit accounts	39,592	39,869	3
Mortgage banking income	14,890	11,125	1
Bank Owned Life Insurance income	11,137	11,137	1
Gain on sale of Florida operations	--	--	17
Other non-interest income	26,237	20,401	1
Total Non-Interest Income	267,555	272,924	47
Personnel costs	121,743	113,089	11
Net occupancy expense	16,815	16,609	1
Professional services expense	6,331	9,285	
Other non-interest expense	18,009	16,909	2
Total Non-Interest Expense	322,485	315,479	40
Income Before Income Taxes	120,855	122,360	21
Income taxes	32,023	30,630	12
Net Income	$ 88,832	$ 91,730	$ 9
Earnings per share:			
Basic	$ 0.38	$ 0.39	$
Diluted	$ 0.38	$ 0.39	$

NOTE 4 - SECURITIES AVAILABLE FOR SALE

Securities available for sale at March 31, 2003 and December 31, 2002 were as follows:

	MARCH 31, 2003		DECEMBER 31, 2002	
(in thousands of dollars)	Amortized Cost	Fair Value	Amortized Cost	Fair V
U.S. Treasury				
Under 1 year	$ 325	$ 333	$ --	$
1-5 years	12,584	13,150	13,434	14
6-10 years	44,304	45,494	4,704	5
Over 10 years	412	477	412	
Total	57,625	59,454	18,550	19
Federal agencies				
Mortgage-backed securities				
1-5 years	30,431	31,646	48,618	50
6-10 years	371,063	378,645	356,082	363
Over 10 years	1,715,212	1,739,662	1,350,737	1,385
Total	2,116,706	2,149,953	1,755,437	1,799
Other agencies				
Under 1 year	102,118	105,140	34,923	35
1-5 years	426,449	447,026	743,609	768
6-10 years	3,929	4,470	3,755	4
Total	532,496	556,636	782,287	808
Total U.S. Treasury and Federal Agencies	2,706,827	2,766,043	2,556,274	2,627
Other				
Under 1 year	6,668	6,706	7,133	7
1-5 years	61,932	62,745	62,939	63
6-10 years	58,471	59,922	49,581	51
Over 10 years	574,979	575,789	451,108	449
Retained interest in securitizations	147,821	163,310	146,160	159
Marketable equity securities	44,679	45,745	42,846	43
Total	894,550	914,217	759,767	775
TOTAL SECURITIES AVAILABLE FOR SALE	$3,601,377	$3,680,260	$3,316,041	$3,403

Note 5 - OPERATING LEASE ASSETS

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

(in thousands of dollars)	MARCH 31, 2003	DECEMBER 31, 2002	MARCH 31, 2002
Cost of automobiles under operating leases	$ 3,007,188	$ 3,260,897	$ 3,967,280
Deferred lease origination fees and costs	(48,208)	(51,920)	(64,952)
Accumulated depreciation	(1,007,664)	(1,008,452)	(957,086)
OPERATING LEASE ASSETS, NET	$ 1,951,316	$ 2,200,525	$ 2,945,242

Depreciation expense related to leased automobiles was $98.1 million and $118.9 million for the three months ended March 31, 2003 and 2002, respectively.

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NOTE 6 - COMPREHENSIVE INCOME

The change in the components of Huntington's Other Comprehensive Income in each of the three months ended March 31 were as follows:

(in thousands of dollars)	THREE MONTH MARCH 2003
Minimum pension liability:	
Unrealized net loss	$ --
Related tax benefit	--
Net	--
Unrealized holding losses on securities available for sale arising during the period:	
Unrealized net losses	(7,247)
Related tax benefit	2,228
Net	(5,019)
Unrealized holding losses on derivatives used in cash flow hedging relationships arising during the period:	
Unrealized net losses	(2,880)
Related tax benefit	1,008
Net	(1,872)

Less: Reclassification adjustment for net gains from sales of securities available for sale realized during the period:	
Realized net gains	1,198
Related tax expense	(419)
Net	779
TOTAL OTHER COMPREHENSIVE INCOME	$ (7,670)

Activity in Accumulated Other Comprehensive Income for the three months ended March 31, 2003 and 2002 was as follows:

(in thousands of dollars)	MINIMUM PENSION LIABILITY	UNREALIZED GAINS (LOSSES) ON SECURITIES AVAILABLE FOR SALE	UNREALIZED GAINS (LOSSES) ON DERIVATIVE INSTRUMENTS USED IN CASH FLOW HEDGING RELATIONSHIPS
Balance, December 31, 2001	$ --	$ 29,469	$ (3,981)
Period change	--	(14,800)	(1,204)
Balance, March 31, 2002	$ --	$ 14,669	$ (5,185)
Balance, December 31, 2002	$ (195)	$ 56,856	$ 5,639
Current-period change	--	(5,798)	(1,872)
Balance, March 31, 2003	$ (195)	$ 51,058	$ 3,767

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NOTE 7 - 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 months ended March 31 is as follows:

(in thousands, except per share amounts)	THREE MONTHS ENDED MARCH 31, 2003	2002
NET INCOME	$ 91,730	$ 95,475

Average common shares outstanding	231,355	250,749
Dilutive effect of common stock equivalents	1,450	1,204
DILUTED AVERAGE COMMON SHARES OUTSTANDING	232,805	251,953
EARNINGS PER SHARE		
Basic	$ 0.39	$ 0.38
Diluted	$ 0.39	$ 0.38

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 7.6 million and 5.6 million stock options were outstanding at March 31, 2003 and 2002, respectively, 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. The weighted average exercise price for these options was $22.21 per share and $23.34 per share at the end of the same respective periods.

At March 31, 2003, a total of 530,826 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 8 - STOCK-BASED COMPENSATION

Huntington's stock-based compensation plans are accounted for based on the intrinsic value method promulgated by 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. This Statement 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 is 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 each of the quarters presented:

	THREE MONTHS ENDED MARCH 31,	
	2003	200
STOCK OPTIONS OUTSTANDING AT PERIOD END (IN THOUSANDS)	17,637	13
ASSUMPTIONS		
Risk-free interest rate	4.15%	
Expected dividend yield	3.34%	
Expected volatility of Huntington's common stock	33.8%	
PRO FORMA RESULTS (IN MILLIONS OF DOLLARS)		
Net income, as reported	$ 91.7	$
Less pro forma expense, net of tax, related to options granted	3.0	
PRO FORMA NET INCOME	$ 88.7	$
NET INCOME PER COMMON SHARE:		
Basic, as reported	$ 0.39	$
Basic, pro forma	0.38	
Diluted, as reported	0.39	
Diluted, pro forma	0.38	

NOTE 9 - 2002 RESTRUCTURING CHARGES

During the first quarter of 2002, Huntington recorded pre-tax restructuring charges of $56.2 million related to the implementation of strategic initiatives announced July 2001. These charges included expenses of $32.7 million related to the sale of the Florida operations, $8.0 million for asset impairment, $4.3 million for the exit of certain e-commerce activities, $1.8 million related to facilities, and $9.4 million for other costs. These charges amounted to $36.5 million, or $0.14 per share, on an after-tax basis and are reflected in Non-interest expense in the accompanying unaudited consolidated financial statements. During the first quarter 2003, Huntington released $1.0 million of restructuring reserves through a credit to the restructuring charge line of Non-interest expense in the accompanying unaudited consolidated financial statements.

As of March 31, 2003, Huntington had reserves for restructuring of $14.7 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 - 2002 SALE OF FLORIDA BANKING AND INSURANCE OPERATIONS

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 $0.24 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.

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

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 exclude the 2002 gain from the sale of the Florida operations, the historical Florida banking and insurance operating results, and the 2002 restructuring charges. See Note 9 to the unaudited consolidated financial statements for further discussions regarding the 2002 restructuring charges and Note 10 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. This segment's 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 in six operating

regions within the five states of Ohio, Michigan, Indiana, West Virginia, and Kentucky through Huntington's traditional banking network, Direct Bank--Huntington's customer service center, and Web Bank at www.huntington.com. Regional Banking also represents middle-market and large commercial banking relationships which use a variety of banking products and services including, but not limited to, commercial and commercial real estate loans, international trade, and cash management.

DEALER SALES: 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.

PRIVATE FINANCIAL GROUP: 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.

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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 including the net impact of derivatives used to hedge interest rate sensitivity. Furthermore, this segment's results include the net impact of administering Huntington's investment securities portfolio as part of overall liquidity management. 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 first quarter 2003 and 2002 operating results by line of business.

INCOME STATEMENTS (in thousands of dollars)	Regional Banking	Dealer Sales	PFG
2003			
Net interest income	$ 144,153	$ 15,621	$ 9,518
Provision for loan and lease losses	23,541	11,385	1,912
Non-Interest income	71,596	158,410	27,210
Non-Interest expense	138,040	133,218	26,616
Income taxes	18,959	10,300	2,870
Net income, as reported	35,209	19,128	5,330
Restructuring releases, net of taxes	--	--	--
Operating earnings	$ 35,209	$ 19,128	$ 5,330

2002			
Net interest income	$ 153,508	$ (6,862)	$ 7,818
Provision for loan and lease losses	27,813	9,610	1,587
Non-Interest income	73,574	181,190	31,112
Non-Interest expense	141,774	161,336	25,010
Income taxes	20,164	565	4,316
Net income, as reported	37,331	2,817	8,017
Florida operating results, net of tax	762	794	320
Gain on sale of Florida operations, net of tax	--	--	--
Restructuring charges, net of tax	--	--	--
Operating earnings	$ 36,569	$ 2,023	$ 7,697

PERIOD-END BALANCE SHEET DATA	TOTAL ASSETS AT MARCH 31,		TOTAL DEPOSITS AT MA
(in millions of dollars)	2003	2002	2003
Regional Banking	$14,268	$12,984	$15,403
Dealer Sales	6,887	6,494	67
PFG	1,267	964	959
Treasury / Other	5,449	4,253	1,260
Total	$27,871	$24,695	$17,689

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - RESTATED

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 discount 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 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 does not 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

Huntington has voluntarily corrected and restated its earnings in this amendment to its Quarterly Report on Form 10-Q (the Amendment) to correct for timing errors in the recognition of certain revenues and expenses. Specifically, this amendment includes the following corrections:

- Huntington previously did not defer loan and lease origination fees and certain expenses, but rather recognized the net amount in the period of origination. This restatement applies, on a retroactive basis, deferral accounting for loan and lease origination fees and costs.

- Huntington previously amortized the loan referral fees paid to automobile dealers (dealer premium) on a straight-line basis. As a result of this restatement, Huntington is now amortizing these fees to interest income using methods that closely approximate the results under the interest method.

- Huntington previously deferred sales commissions paid to employees for the origination of deposits and amortized these payments to interest expense over the expected life of the deposit. In this restatement, Huntington is recognizing the expense on these sales commissions when the deposits were originated and commissions were earned.

- Huntington offers its customers the ability to forego the payment of origination fees at inception of a mortgage loan in exchange for a higher interest rate over the life of the loan. Huntington had previously recorded origination fees on such loans held for investment at inception. A loan premium was recognized and amortized as a reduction of interest income on mortgage loans held for investment. The impact of the restatement reversed the loan premiums that were recognized as mortgage banking income and increased the interest income recognized on mortgage loans held for investment.

- Prior to 2002, Huntington recognized, in the year incurred, the expenses or gains for pension settlements, which are actuarially determined expenses or gains related to lump-sum benefit payments paid to individuals who voluntarily or involuntarily retire earlier than their expected retirement date or to individuals who voluntarily or involuntarily separate from Huntington. The expense for 2002 for pension settlements was deferred to be recognized over a subsequent eight year period. As part of the restatement, Huntington recognized this expense consistent with years prior to 2002.

- Huntington previously recorded revenue from the sale of a contingent automobile debt cancellation product by allocating a fixed portion of the proceeds from each sale to revenue and reserves. The impact of the restatement increases the amount of the reserve to cover claim losses on the products purchased by the customers.

- Huntington previously recorded tax consulting expenses as a component of income tax expense. The impact of the restatement reclassified those expenses to professional services and had no impact on net income.

- In 1998, Huntington entered into a sale-leaseback transaction. Huntington recognized gains in 1998 and 1999 as a reduction in occupancy expense above the amounts that should have been recognized under a normal amortization schedule. The restatement corrects this timing error.

- In 1998, Huntington marked to market the ineffective portion of an interest rate swap associated with a fixed rate subordinated debt offering initiated in 1992. The swap was subsequently sold in 2000. The restatement marks to market the ineffective portion of the swap for all periods prior to 1998 and then annually through 2000.

- In 2001, Huntington negotiated a reduction in expenses on Bank Owned Life Insurance which resulted in an increase in the cash surrender value of the policies at year end 2001, but did not recognize the resulting income until 2002. The restatement corrects this timing error.

Further information regarding the impact of these restatements to Huntington's results of operations and financial condition can be found in Note 3 to the consolidated financial statements. The Amendment also provides additional disclosures about the release of reserves established in 1998 and 2001 and about certain items of non-interest expense in the first quarter of 2003.

CRITICAL ACCOUNTING POLICIES

Note 1 to the consolidated financial statements included in Huntington's Amendment No. 2 to its Form 10-K/A filed on November 14, 2003, lists significant accounting policies used in the development and presentation of its financial statements. These significant accounting policies, as well as this 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 the organization, 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 Amendment No. 2 to its Form 10-K/A.

SPECIAL PURPOSE ENTITIES (SPES)

Huntington established two securitization trusts, or SPEs, in 2000. These two trusts had total assets of approximately $1.1 billion at March 31, 2003. In the securitization transactions, indirect automobile loans that Huntington originated were sold to these trusts. As of March 31, 2003, GAAP did not require these trusts to be consolidated in Huntington's financial statements. As such, the loans and the debt within the trusts are not included on Huntington's balance sheets at March 31. See Note 10 to the consolidated financial statements in Huntington's Amendment No. 2 to its Form 10-K/A for more information regarding securitized loans.

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In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46 (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 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 beginning after June 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.

Huntington is reviewing the implications of FIN 46 and is considering the adoption methods permitted. Management believes that the most significant impact of adoption will be the consolidation of one of the securitization trusts formed in 2000. The consolidation of that securitization trust will involve the recognition of the trust's net assets, which, at March 31, 2003, included $1,011 million of indirect automobile loans, $110 million of cash, and $1,000 million of secured debt obligations with an interest rate based on commercial paper rates. Adoption will also eliminate the retained interest in that securitization trust and its servicing asset related to the loans in the trust, with carrying values at March 31, 2003 of $154 million and $12 million, respectively. The impact to Huntington's equity and results of operations will depend on the method of transition adopted under this new interpretation. Huntington will adopt this new standard at the beginning of the third quarter of 2003.

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 uses 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 Amendment No. 2 to its Form 10-K/A filed on November 14, 2003. 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 its financial condition, results of operations, and cash flows.

SUMMARY DISCUSSION OF RESULTS

Huntington's first quarter 2003 earnings were $91.7 million, or $0.39 per common share, down $3.7 million, or 4%, from earnings of $95.5 million, or $0.38 per common share, in the 2002 first quarter, and up $22.5 million, or 32%, from earnings of $69.3 million, or $0.29 per common share, in the 2002 fourth quarter.

The decrease in earnings compared to the year-ago quarter was a result of the sale of Huntington's Florida banking and insurance operations and related charges which occurred in the 2002 first quarter, as discussed in more detail below. Excluding the impact of these items, Huntington's first quarter 2003 earnings were up $18.5 million ($23.7 million pre-tax), or 25%, from earnings in the first quarter 2002 of $72.6 million ($97.7 million pre-tax). Earnings per common share increased from $0.29 in 2002 to $0.39 per share in 2003. The primary drivers of this $23.7 million increase in pre-tax earnings from the year-ago quarter were a $33.5 million, or 20%, increase in fully taxable equivalent net interest income and a $10.6 million, or 3%, decrease in non-interest expense, partially offset by a $3.0 million, or 9%, increase in the provision for loan and lease losses and a $16.5 million, or 6%, decrease in non-interest income.

In July 2001, Huntington announced significant strategic initiatives, primarily the plan to sell its Florida banking and insurance operations, the implementation of which had a material impact on Huntington's performance results. The sale of the Florida banking operations, completed on February 15, 2002, included 143 banking offices and 456 ATMs with approximately $2.8 billion in loans and leases and other tangible assets and $4.8 billion in deposits and

other liabilities. The 2002 first quarter's results included a $182.5 million pre-tax gain ($61.4 million after tax, or $0.24 per common share) from the sale of the Florida banking operations, a $3.2 million pre-tax loss ($2.1 million after tax loss, or $0.01 loss per common share) from the Florida banking operations through the mid-February sale, as well as $56.2 million pre-tax ($36.5 million after tax, or $0.14 per common share) in restructuring charges. The sale of the J. Rolfe Davis Insurance Agency, Inc., Huntington's Florida-based insurance operations, was completed on July 2, 2002. The year-ago quarter included the following pre-tax items associated with these businesses: fully taxable equivalent net interest income of $9.7 million, a provision for loan losses of $5.2 million, non-interest income of $10.6 million, excluding the $182.5 million sale gain, and non-interest expense of $18.3 million excluding $56.2 million in restructuring charges. These items plus the gain and restructuring charges, resulted in pre-tax income of $123.1 million, or $22.8 million after tax, or $0.09 per share.

A reconciliation of the differences in Huntington's income statements and balance sheets between the 2002 first quarter on a GAAP basis and as adjusted to exclude the impact of the sale of the Florida banking and insurance operations and related charges, referred to as an "operating basis", is presented in Tables 18 and 19 on pages 42 and 43 of this report, respectively.

Net interest income on a fully taxable equivalent basis increased $22.9 million, or 13%, from the year-ago quarter, reflecting a 10% increase in average earning assets and a 10 basis point, or an effective 3%, increase in the fully taxable equivalent net interest margin to 3.63% from 3.53%. Excluding the impact of the sale of Huntington's Florida banking operations, net interest income on a fully taxable equivalent basis increased $33.5 million, or 20%, reflecting an 18% increase in average earning assets, and a 5 basis point, or an effective 1%, increase in the net interest margin to 3.63% from 3.58%.

Non-interest income decreased $209.6 million, or 43%, from the first quarter 2002, reflecting primarily the $182.5 million gain on the sale of the Florida banking operations in the year-ago quarter. Non-interest income decreased $16.5 million, or 6%, from the year-ago quarter excluding from the year-ago quarter the gain from the sale of the Florida banking operations and Florida banking and insurance operating results. This decrease reflected declines in operating lease and mortgage banking income, partially offset by increases in service charges on deposit accounts, brokerage and insurance fees, other service charges and fees, and other income, which included a $10.3 million gain from the sale of $556 million of automobile loans late in the 2003 first quarter.

The provision for loan and lease losses declined $2.2 million, or 6%, reflecting the sale of the Florida banking operations in the year-ago first quarter. Adjusting the year-ago first quarter to exclude the impact of this sale, the provision for loan and lease losses increased $3.0 million, or 9%, reflecting primarily loan and lease growth exclusive of Florida.

Non-interest expense declined $86.1 million, or 21%, as the year-ago quarter included $56.2 million of restructuring charges, and was down $28.9 million, or 8%, excluding the impact of these charges. These decreases were primarily driven by a $29.2 million, or 21%, decrease in operating lease expense. Other items contributing to the decline in expenses were outside data processing and other services, down $1.9 million, or 10%, and other expense, down $4.0 million, or 19%. The only expense that was up appreciably was personnel costs, which increased $5.1 million, or 5%. Excluding from the year-ago quarter the impact of the sale of Huntington's Florida banking and insurance operations in addition to the restructuring charges, non-interest expense was down $10.6 million, or 3%. The primary driver of this decrease was the decline in operating lease expense, partially offset by a $15.0 million, or 15%, increase in personnel costs, and to a lesser degree, increases in net

occupancy, professional services, and equipment.

First quarter 2003 return on average equity (ROE) was 17.2%, slightly higher than 16.8% in the year-ago quarter, and the return on average assets (ROA) of 1.36% was down from 1.46% a year earlier. The efficiency ratio for the first quarter 2003 was 66.5%. Excluding the impact of the sale of Florida banking and insurance operations and related items, ROE in the year-ago quarter was 12.8%, with ROA and the efficiency ratio at 1.19% and 71.2%, respectively.

TABLE 1 - SELECTED QUARTERLY INCOME STATEMENT DATA (1)

	2003	2002		
(in thousands, except per share amounts)	FIRST	Fourth	Third	Sec
Total Interest Income	$ 320,014	$ 329,340	$ 324,177	$ 31
Total Interest Expense	118,255	130,161	132,912	13
NET INTEREST INCOME	201,759	199,179	191,265	18
Provision for loan and lease losses	36,844	51,236	54,304	4
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND LEASE LOSSES	164,915	147,943	136,961	13
Operating lease income	138,193	149,259	160,164	17
Service charges on deposit accounts	39,869	41,435	37,706	3
Brokerage and insurance income	15,497	13,941	13,664	1
Trust services	14,911	15,306	14,997	1
Mortgage banking	11,125	5,530	2,594	
Bank Owned Life Insurance income	11,137	10,722	10,723	1
Other service charges and fees	10,338	10,890	10,837	1
Gain on sale of automobile loans	10,255	--	--	
Securities gains	1,198	2,339	1,140	
Gain on sale of Florida operations	--	--	--	
Merchant Services gain	--	--	--	
Other	20,401	22,433	46,777	1
TOTAL NON-INTEREST INCOME	272,924	271,855	298,602	28
Operating lease expense	111,588	120,747	125,743	13
Personnel costs	113,089	110,231	100,662	9
Net occupancy	16,609	13,370	14,676	1
Outside data processing and other services	16,579	17,209	15,128	1
Equipment	16,412	17,337	17,378	1
Professional services	9,285	9,111	9,680	
Marketing	6,626	6,186	7,491	
Telecommunications	5,701	5,714	5,609	
Printing and supplies	3,681	3,999	3,679	
Restructuring (releases) charges	(1,000)	(7,211)	--	
Other	16,909	32,616	19,450	2
TOTAL NON-INTEREST EXPENSE	315,479	329,309	319,496	32

INCOME BEFORE INCOME TAXES	122,360	90,489	116,067	9
Income taxes	30,630	21,226	28,052	2
NET INCOME	$ 91,730	$ 69,263	$ 88,015	$ 7
PER COMMON SHARE				
Net Income - Diluted	$ 0.39	$ 0.29	$ 0.36	$
Cash Dividends Declared	$ 0.16	$ 0.16	$ 0.16	$
RETURN ON:				
Average total assets	1.36%	1.02%	1.35%	
Average total shareholders' equity	17.2%	12.7%	15.8%	
Net interest margin	3.63%	3.62%	3.69%	
Efficiency ratio (2)	66.5%	71.5%	68.6%	
Effective tax rate	25.0%	23.5%	24.2%	
REVENUE - FULLY TAXABLE EQUIVALENT (FTE)				
Net Interest Income	$ 201,759	$ 199,179	$ 191,265	$ 18
Tax Equivalent Adjustment (3)	2,096	1,869	1,096	
Net Interest Income	203,855	201,048	192,361	18
Non-Interest Income	272,924	271,855	298,602	28
TOTAL REVENUE	$ 476,779	$ 472,903	$ 490,963	$ 47
TOTAL REVENUE EXCLUDING SECURITIES GAINS	$ 475,581	$ 470,564	$ 489,823	$ 46

(1) See note 3 to the unaudited consolidated financial statements for further information regarding the restatement.

(2) Excludes gain on sale of Florida operations, Merchant Services gain, and securities gains from revenue, and restructuring charges and amortization of intangible assets from expenses.

(3) Represents the tax-exempt portion of net interest income increased by an amount equivalent to taxes that would have been paid if this income had been taxed at a 35% statutory tax rate.

RESULTS OF OPERATIONS

NET INTEREST INCOME

2003 First Quarter versus 2002 First Quarter

Net interest income on a fully-taxable equivalent basis was $203.9 million in the 2003 first quarter, up $23.8 million, or 13%, from the year-ago quarter reflecting 10% growth in average earning assets, primarily loans and leases, and a 10 basis point, or an effective 3%, increase in the fully taxable equivalent net interest margin to 3.63% from 3.53%. Excluding the impact of the sold Florida banking operations in the year-ago quarter, net interest income on a fully taxable equivalent basis was up $33.5 million, or 20%, driven by a $3.5 billion, or 18%, increase in average earning assets, and a 5 basis point, or an effective 1%, increase in the net interest margin to 3.63% from 3.58%. (See Tables 18 and 19 on pages 42 and 43). The increase in the net interest margin,

excluding the impact of the Florida operations, reflected the positive impact of the lower rate environment between the two periods, and a higher percentage of wholesale funding. However, the margin declined in each of the previous two quarters as it became increasingly difficult to lower funding costs commensurate with the decline on earning asset yields.

Average loans and leases in the 2003 first quarter were $18.9 billion, up $1.6 billion, or 9%, from the year-ago quarter reflecting $2.9 billion, or 18%, growth in average non-Florida-related loans and leases, partially offset by the $1.4 billion in average loans and leases sold with the Florida banking operations in the year-ago quarter. The $2.9 billion growth in average loans and leases excluding the sold Florida loans and leases reflected a $2.6 billion, or 38%, increase in consumer loans and $0.3 billion, or 9%, increase in commercial real estate loans. This growth in consumer loans came from residential mortgages (up 72%) and home equity loans (up 16%) reflecting the increased demand due to the low interest rate environment, and automobile loans and direct financing leases (up 56%). Direct financing leases averaged $1.0 billion in the 2003 first quarter, up $0.9 billion from the year-ago quarter. Prior to May 2002, automobile leases were reflected as operating leases. Average commercial loans, excluding sold Florida loans from the year-ago quarter, were essentially unchanged reflecting a combination of factors including continued weakness in the economy, as well as planned reductions in shared national credits and the sale of certain commercial loans in the 2002 fourth quarter.

During the recent quarter, Huntington sold $556 million of auto loans as part of a plan to reduce exposure to the automobile financing business. This sale had no material impact on average loan and lease balances, however, as the transaction occurred late in the quarter.

Average core deposits were $15.0 billion in the 2003 first quarter, down $1.3 billion, or 8%, from the year-ago quarter, as a result of the $2.3 billion in average core deposits sold with the Florida banking operations in the year-ago quarter, partially offset by growth of $0.9 billion, or 7%, in non-Florida-related core deposits. The $0.9 billion increase in average non-Florida-related core deposits reflected very strong growth in average interest bearing demand deposits, which increased $1.2 billion, or 28%, from the year-ago quarter, as retail certificates of deposit (CDs) declined $0.4 billion, or 10%, reflecting planned reductions in these higher cost deposits.

TABLE 2 - CONSOLIDATED QUARTERLY AVERAGE BALANCE SHEETS AND NET INTEREST MARGIN ANALYSIS
(in millions)

	AVERAGE BALANCES		
	2003		
Fully Tax Equivalent Basis (1)	FIRST	Fourth	Third
ASSETS			
Interest bearing deposits in banks	$ 37	$ 34	$ 3
Trading account securities	12	9	
Federal funds sold and securities purchased under resale agreements	57	83	7

Mortgages held for sale	459	467	26
Securities:			
Taxable	3,014	3,029	2,95
Tax exempt	274	234	10
Total Securities	3,288	3,263	3,06
Loans and Leases: (2)			
Commercial	5,623	5,555	5,50
Real Estate			
Construction	1,187	1,070	1,24
Commercial	2,565	2,601	2,31
Consumer			
Automobile loans and leases	4,085	3,699	3,22
Home equity	3,238	3,166	3,06
Residential mortgage	1,832	1,694	1,48
Other loans	389	399	40
Total Consumer	9,544	8,958	8,17
Total loans and leases	18,919	18,184	17,24
Allowance for loan and lease losses	349	386	36
Net loans and leases	18,570	17,798	16,87
Total earning assets	22,772	22,040	20,68
Operating lease assets	2,076	2,328	2,59
Cash and due from banks	740	717	76
Intangible assets	218	225	20
All other assets	1,967	1,944	1,90
TOTAL ASSETS	$ 27,424	$ 26,868	$ 25,78
LIABILITIES AND SHAREHOLDERS' EQUITY			
Core deposits			
Non-interest bearing deposits	$ 2,958	$ 2,956	$ 2,86
Interest bearing demand deposits	5,597	5,305	5,26
Savings deposits	2,771	2,746	2,76
Other domestic time deposits	3,645	4,007	4,16
Total core deposits	14,971	15,014	15,07
Domestic time deposits of $100,000 or more	769	734	77
Brokered time deposits and negotiable CDs	1,155	1,057	90
Foreign time deposits	514	410	37
Total deposits	17,409	17,215	17,12
Short-term borrowings	1,947	2,115	1,79
Federal Home Loan Bank advances	1,216	848	22
Subordinated notes and other long-term debt, including preferred capital securities	3,570	3,380	3,28
Total interest bearing liabilities	21,184	20,602	19,55
All other liabilities	1,116	1,147	1,14
Shareholders' equity	2,166	2,163	2,21
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 27,424	$ 26,868	$ 25,78

Fully Tax Equivalent Basis (1)	AVERAGE RATES (		
	2003	2002	
	FIRST	Fourth	Third
ASSETS			
Interest bearing deposits in banks	1.61 %	1.93 %	2.06 %
Trading account securities	4.63	3.37	4.95
Federal funds sold and securities purchased under resale agreements	2.14	1.83	1.40
Mortgages held for sale	5.56	5.84	6.57
Securities:			
Taxable	5.17	5.53	6.01
Tax exempt	7.22	7.15	7.52
Total Securities	5.34	5.64	6.07
Loans and Leases: (2)			
Commercial	5.40	5.59	5.69
Real Estate			
Construction	4.06	4.15	4.60
Commercial	5.60	5.79	6.17
Consumer			
Automobile loans and leases	7.40	7.83	8.50
Home equity	5.17	5.64	5.83
Residential mortgage	5.95	6.06	6.27
Other loans	6.60	7.21	7.66
Total Consumer	6.33	6.69	7.05
Total loans and leases	5.82	6.08	6.32
Total earning assets	5.72 %	5.99 %	6.26 %
Operating lease assets			
Cash and due from banks			
Intangible assets			
All other assets			
TOTAL ASSETS			
LIABILITIES AND SHAREHOLDERS' EQUITY			
Core deposits			
Non-interest bearing deposits			
Interest bearing demand deposits	1.47 %	1.56 %	1.76 %
Savings deposits	1.80	1.67	1.75
Other domestic time deposits	3.17	3.65	3.78

Total core deposits	2.28	2.51	2.65
Domestic time deposits of $100,000 or more	2.76	2.64	3.27
Brokered time deposits and negotiable CDs	1.98	2.25	2.37
Foreign time deposits	1.06	1.29	1.43
Total deposits	2.24	2.46	2.63
Short-term borrowings	1.16	1.40	1.44
Federal Home Loan Bank advances	1.84	1.99	2.02
Subordinated notes and other long-term debt, including preferred capital securities	3.12	3.52	3.70
Total interest bearing liabilities	2.26 %	2.51 %	2.70 %
Net interest rate spread	3.46 %	3.48 %	3.56 %
Impact of non-interest bearing funds on margin	0.17	0.14	0.13
NET INTEREST MARGIN	3.63 %	3.62 %	3.69 %

(1) Fully tax equivalent yields are calculated assuming a 35% tax rate. See Table 1 for tax equivalent adjustments.

(2) Individual loan components include applicable fees.

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

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2003 First Quarter versus 2002 Fourth Quarter

Fully-taxable equivalent net interest income increased $2.8 million from the fourth quarter reflecting growth in earning assets, primarily loans and leases, partially offset by a lower net interest margin and the negative impact of two less days in the quarter. The net interest margin increased slightly to 3.63% from 3.62% driven by a number of factors including growth in lower rate, but higher quality, auto loans and leases, and heavy prepayments of higher rate mortgages, partially offset by the maturity of $675 million in high-rate retail CDs. Average earning assets increased $0.7 billion, or 13% annualized, related to growth in average loans and leases, as other earning assets were basically unchanged.

Average loans and leases increased 16% on an annualized basis from the fourth quarter reflecting a 26% annualized growth in consumer loans. Average residential mortgages grew 33% annualized, reflecting continued strong demand for residential mortgages, and average home equity loans and lines of credit were up 9% annualized. Average automobile loans and leases increased at a 42% annualized rate reflecting two factors. First, good underlying growth in automobile loans, and second, the rapid build up of automobile direct financing lease balances as new leases originated since April 2002 are recorded as direct financing leases. Total average commercial and commercial real estate loans increased 6% annualized, reflecting a 5% annualized increase in average commercial loans, and a 9% annualized increase in average commercial real estate

loans.

With interest rates at low absolute levels, retail CDs represent a relatively expensive source of funds. As such, other more attractive funding sources were emphasized during the 2003 first quarter, which resulted in average retail CD balances declining $368 million, as $675 million of high-rate CDs matured during the quarter. Total average core deposits, excluding retail CDs, increased $327 million, or 11%, annualized.

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 portfolio. Taken into consideration are such factors as current period net charge-offs that are charged against the ALLL, current period loan and lease growth and any related estimate of likely losses associated with that growth based on historical experience, the current economic outlook and the anticipated impact on credit quality of existing loans and leases, and other factors.

The provision expense in the first quarter of 2003 was $36.8 million, down $2.2 million, or 6%, from the year-ago quarter, reflecting the sale of the Florida banking operations in the year-ago quarter. Excluding the impact of the loans sold with the Florida banking operations, the provision expense was up $3.0 million, or 9%, reflecting loan and lease growth partially offset by reduced net charge-offs. (See Tables 18 and 19 on pages 42 and 43)

The provision for loan and lease losses in the first quarter 2003 was down $14.4 million from the fourth quarter 2002, reflecting lower loan growth in the first quarter 2003 than the fourth quarter of 2002, and reduced provision expense for direct financing leases. The current quarter's $36.8 million provision expense exceeded net charge-offs by $4.0 million, or 12%. The allowance for loan and lease losses at March 31, 2003 as a percent of period-end loans and leases was 1.78%, down from 1.81% at the end of last year, and from 2.10% at the end of the year-ago first quarter. The allowance for loan and lease losses as a percent of non-performing assets (NPAs) decreased to 239% at March 31, 2003 from 246% at the end of the 2002 fourth quarter, but was significantly higher than the 151% level at the end of the year-ago quarter. (See Credit Risk section for discussion of the ALLL, NPAs, and net charge-offs).

NON-INTEREST INCOME

2003 First Quarter versus 2002 First Quarter

Non-interest income was $272.9 million in the 2003 first quarter, down $209.6 million, or 43%, from the year-ago quarter, which included a $182.5 million gain from the sale of the Florida banking operations. Excluding the gain from the year-ago quarter, as well as $10.6 million of non-interest income associated with the sold Florida banking and insurance operations, 2003 first quarter non-interest income was down $16.5 million, or 6%. See Tables 18 and 19 on pages 42 and 43. Table 3 reflects non-interest income detail for the three months ended March 31, 2003 and 2002:

TABLE 3 - NON-INTEREST INCOME

(in thousands of dollars)	THREE MONTHS ENDED MARCH 31,

	2003	2002	% CHANGE
Operating lease income	$138,193	$176,034	(21.5) %
Service charges on deposit accounts	39,869	38,815	2.7
Brokerage and insurance income	15,497	17,605	(12.0)
Trust services	14,911	15,501	(3.8)
Bank Owned Life Insurance income	11,137	10,956	1.7
Mortgage banking	11,125	16,074	(30.8)
Other service charges and fees	10,338	10,632	(2.8)
Gains on sales of automobile loans	10,255	--	N.M.
Securities gains	1,198	457	N.M.
Gain on sale of Florida operations	--	182,470	N.M.
Other	20,401	13,989	45.8
TOTAL NON-INTEREST INCOME	$272,924	$482,533	(43.4) %

Excluding the impact of the year-ago quarter's gain on sale of the Florida operations, non-interest income was down $27.1 million. This reflected a $37.8 million, or 21%, decrease in operating lease income (see Operating Lease discussion below), offset by a $10.3 million gain from the sale of $556 million of automobile loans in the current quarter.

Other income was $20.4 million in the current quarter, up $6.4 million, or 46%, due to increases in a number of activities including trading, investment banking, and merchant services. Service charges on deposit accounts were up $1.1 million, or 3%, reflecting a $4.4 million, or 25%, increase in consumer service charges, primarily due to higher NSF and overdraft-related fees, and a $0.9 million, or 5%, increase in commercial service charges, substantially offset by the $4.2 million decline associated with the sold Florida banking and insurance operations. Other service charges and fees declined $0.3 million, or 3%, from the year-ago quarter, reflecting a $1.2 million, or 13%, increase related to higher transaction-based product fees, more than offset by the $1.5 million decrease associated with the sold Florida banking and insurance operations.

Brokerage and insurance income was $15.5 million in the 2003 first quarter. This was down $2.1 million, or 12%, reflecting a $4.2 million decline associated with the sold Florida banking and insurance operations, partially offset by a $2.1 million, or 16%, increase related to growth in non-Florida related annuity income (up 34%).

Mortgage banking income was $11.1 million in the first quarter. This was down $4.9 million, or 31%, reflecting a combination of factors related to the lower level of interest rates in the current quarter versus a year ago. Loan originations were up 50% from the year-ago quarter, which increased origination fee income. However, this benefit was more than offset by the negative impact lower interest rates had on accelerating the amortization of mortgage servicing rights (MSRs), as well as the absence of gains on sale of MSRs in the year-ago quarter. The sale of the Florida banking operations had no material effect on mortgage banking year-over-year comparisons.

2003 First Quarter versus 2002 Fourth Quarter

Non-interest income was up $1.1 million from the fourth quarter, which included a $11.1 million decline in operating lease income. (See Operating Lease Assets on page 28 for further discussion). Reflecting seasonal factors, service charges on deposits declined $1.6 million, or 4%. Trust services income declined $0.4 million, or 3%, reflecting lower account balances driven by weak capital markets. Other service charges and fees declined $0.6 million, or 5%, due to the seasonal decline in transaction-based product fees. Other income declined $2.0 million, or 9%, which included a decrease in letter of credit fees of $2.3

million, or 11%, related to the adoption of FASB Interpretation No. 45. Mortgage banking income increased $5.6 million, or 101%, as the fourth quarter 2002 results included an impairment charge of $6.2 million on mortgage servicing rights. The current quarter had no such impairment. Brokerage and insurance income increased $1.6 million, or 11%, driven by record annuity sales and growth in insurance products. The current quarter included a gain on the sale of $556 million of automobile loans that amounted to $10.3 million.

NON-INTEREST EXPENSE

2003 First Quarter versus 2002 First Quarter

Non-interest expense in the 2003 first quarter was $315.5 million, down $86.1 million, or 21%, from the year-ago quarter, which included $56.2 million of restructuring charges. Excluding restructuring charges, as well as $18.3 million of non-interest expenses associated with the sold Florida banking and insurance operations as reflected in Table 18, first quarter non-interest expense in 2003 was down $10.6 million, or 3%, from the year-ago quarter. See Tables 18 and 19 on pages 42 and 43. Table 4 reflects non-interest expense detail for the three months ended March 31, 2003 and 2002:

TABLE 4 - NON-INTEREST EXPENSE

(in thousands of dollars)	THREE MONTHS ENDED MARCH 31,		
	2003	2002	% CHANGE
Personnel costs	$ 113,089	$ 108,029	4.7 %
Operating lease expense	111,588	140,785	(20.7)
Net occupancy	16,609	16,989	(2.2)
Outside data processing and other services	16,579	18,439	(10.1)
Equipment	16,412	16,949	(3.2)
Professional services	9,285	6,430	44.4
Marketing	6,626	7,003	(5.4)
Telecommunications	5,701	6,018	(5.3)
Printing and supplies	3,681	3,837	(4.1)
Restructuring (releases) charges	(1,000)	56,184	N.M.
Other	16,909	20,933	(19.2)
TOTAL NON-INTEREST EXPENSE	$ 315,479	$ 401,596	(21.4) %

The largest contributor to the year-over-year decrease in non-interest expense was lower operating lease expense, which decreased $29.2 million, or 21%. (See Operating Lease Assets - Table 5 on page 28 for further discussion). Net occupancy expense declined $0.4 million, or 2%, from a year ago, reflecting a $2.5 million decline associated with the sold Florida banking and insurance operations, partially offset by a $2.0 million, or 14%, increase related to higher snow removal costs in the current quarter. The other expense category declined $4.0 million, or 19%, from a year ago, due to a $2.7 million, or 13%, decline related to lower residual value insurance expense and a $2.2 million decline associated with the sold Florida banking and insurance operations, of which $1.2 million related to the elimination of goodwill.

Personnel costs, which totaled $113.1 million in the 2003 first quarter, were up $5.1 million, or 5%, from the year-ago quarter, and reflected a $15.0 million, or 15%, increase in non-Florida related expenses, partially offset by a $10.0 million decline associated with the sold Florida banking and insurance operations. The $15.0 million increase reflected a combination of factors including increased pension and health insurance expense, higher staffing in regional banking and the credit work out areas, as well as higher production-related compensation supporting higher levels of mortgage origination production. Full-time equivalent staff at the end of March 2003 was 8,134 compared with 8,342 at the end of the first quarter last year. This decline in staff reflected planned staff reductions, primarily Florida-related operations support staff located outside the state of Florida which were not part of the sold banking operations. Professional services were up $2.9 million, or 44%, reflecting a $1.1 million, or 21%, increase due to higher legal and consulting fees mostly related to expanded loan workout activities, and tax consulting partially offset by a $0.2 million decline associated with the sold Florida banking and insurance operations.

2003 First Quarter versus 2002 Fourth Quarter

Non-interest expense was down $13.8 million, or 4%, from the fourth quarter driven primarily by lower operating lease expense, which was down $9.2 million, or 8% (see Operating Lease Assets - Table 5 on page 28 and the related discussion), and lower other expense, down $15.7 million. Personnel costs were up $2.9 million, or 3%, reflecting a combination of factors including the annual FICA reset, higher pension costs, higher performance-based compensation, and transition expenses related to a reduction in headcount. Net occupancy expenses were up $3.2 million, reflecting higher real estate taxes and snow removal costs. Restructuring releases were down $6.2 million.

The efficiency ratio was 66.5% in the 2003 first quarter, down slightly from 71.7% in the year-ago quarter excluding the impact of the sold Florida banking and insurance operations, and from 71.5% in the 2002 fourth quarter.

OPERATING LEASE ASSETS

Operating lease assets represent automobile leases originated prior to May 2002 and is a portfolio that will run-off over time as all automobile lease originations since then have been recorded as direct finance leases in the automobile loan and lease category. As a result, the income and expenses associated with this portfolio will also decline over time. Average operating lease assets in the 2003 first quarter were $2.1 billion, down 30% from the year-ago quarter and 11% from the 2002 fourth quarter.

Operating lease income, which totaled $138.2 million in the 2003 first quarter, is the largest non-interest income category and represented 51% of non-interest income. This was down $37.8 million, or 21%, from the year-ago quarter and $11.1 million, or 7%, from the fourth quarter, reflecting declines in average operating leases of 30% and 11%, respectively. Since April 2002, new automobile leases originated by Huntington are accounted for as direct financing leases, whereas automobile leases prior to that date were accounted for as operating leases. Thus, the operating lease asset balances continue to decline through both depreciation expense and lease termination. However, rental income is only impacted by lease terminations, which decline at a slower rate than the underlying operating lease balance. Fees and recoveries from early terminations also declined 22% and 39%, respectively, from the year-ago quarter.

Operating lease expense totaled $111.6 million, down $29.2 million, or 21%, from the year ago quarter and down $9.2 million, or 8%, from the 2002

fourth quarter. These declines also reflect the fact that this portfolio will decrease over time as no new operating leases are being recorded. Losses on early terminations declined $4.2 million, or 26%, from the year-ago quarter, and $2.0 million from the 2002 fourth quarter.

Losses on operating lease assets consist of residual losses at termination and losses on early terminations. Residual losses arise if the ultimate value / sales proceeds from the automobile are less then 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 5 details operating lease assets performance for the three months ended March 31, 2003 and 2002:

TABLE 5 - OPERATING LEASE ASSETS PERFORMANCE

	THREE MONTHS ENDED MARCH 31,		
	2003	2002	% CHANGE
BALANCE SHEET (IN MILLIONS)			
Average operating lease assets outstanding	$ 2,076	$ 2,976	(30.2) %
INCOME STATEMENT (IN THOUSANDS)			
Net rental income	$130,274	$165,041	(21.1) %
Fees	5,633	7,261	(22.4)
Recoveries - early terminations	2,286	3,732	(38.7)
TOTAL OPERATING LEASE INCOME	138,193	176,034	(21.5)
Depreciation and residual losses at termination	99,283	124,244	(20.1)
Losses - early terminations	12,305	16,541	(25.6)
TOTAL OPERATING LEASE EXPENSE	111,588	140,785	(20.7)
NET EARNINGS CONTRIBUTION	$ 26,605	$ 35,249	(24.5) %
Earnings ratios (1)			
Net rental income	25.10%	22.18%	
Depreciation	19.13%	16.70%	

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

INCOME TAXES

Income taxes in the 2003 first quarter was $30.6 million and represented an effective tax rate on income before taxes of 25.0%. This was down $94.7 million from the year-ago quarter, particularly due to the fact that the year-ago quarter included the tax-related impacts associated with the gain on the sale of the Florida banking operations, restructuring charges, and taxes on the operating results of the sold Florida banking and insurance operations. Excluding these impacts from the year-ago quarter, 2003 first quarter taxes were up $5.3 million, or 21%, with the year-ago quarter representing an effective tax rate of 25.6%. The effective tax rate in the 2002 fourth quarter was 22.5% on this same basis. Each quarter, taxes for the full year are re-estimated and year-to-date tax accrual adjustments made. A number of factors, such as year-to-date adjustments, can result in fluctuations in quarterly effective tax rates.

CREDIT RISK

Huntington's exposure to credit risk is managed through the use of consistent underwriting standards that emphasize "in-market" lending while avoiding highly leveraged transactions as well as 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 increased its emphasis on its commercial lending to customers with existing or potential relationships within Huntington's primary markets. As a result, outstanding shared national credits were $994 million at March 31, 2003, up slightly from $979 million at the same period-end last year, but down from a peak of $1.5 billion at June 30, 2001.

In the first quarter of 2003, Huntington revised and implemented its internal risk grading system for commercial and commercial real estate credits. Huntington migrated from a single grading, to a dual risk grading system that separately measures the probability of default and loss in event of default and provides Huntington with more specificity in the risk assessment process.

LOAN AND LEASE COMPOSITION

Table 6 shows the period-end loan portfolio by loan type and business segment:

TABLE 6 - LOAN AND LEASE COMPOSITION

(in millions of dollars)	MARCH 31, 2003		DECEMBER 31, 2002		MARCH 31
BY TYPE	BALANCE	%	BALANCE	%	BALANCE
Commercial	$ 5,749	30.4	$ 5,608	30.2	$ 5,684
Commercial real estate	3,777	20.0	3,729	20.0	3,487
Total Commercial and					

Commercial Real Estate	9,526	50.4	9,337	50.2	9,171
Consumer					
Automobile loans	2,738	14.5	3,042	16.4	2,535
Automobile direct financing leases	1,138	6.0	874	4.7	78
Home equity	3,285	17.4	3,198	17.2	2,827
Residential mortgage	1,825	9.7	1,740	9.4	1,227
Other loans	384	2.0	396	2.1	418
Total Consumer	9,370	49.6	9,250	49.8	7,085
TOTAL LOANS AND LEASES	$18,896	100.0	$18,587	100.0	$16,256
BY BUSINESS SEGMENT					
Regional Banking					
Central Ohio / West Virginia	$ 4,842	25.6	$ 4,829	26.0	$ 4,507
Northern Ohio	2,712	14.4	2,610	14.0	2,726
Southern Ohio / Kentucky	1,561	8.3	1,508	8.1	1,392
West Michigan	1,951	10.3	1,873	10.1	1,844
East Michigan	1,214	6.4	1,193	6.4	987
Indiana	692	3.7	683	3.7	691
Total Regional Banking	12,972	68.6	12,696	68.3	12,147
Dealer Sales	4,670	24.7	4,656	25.0	3,218
Private Financial Group	1,120	5.9	1,062	5.7	809
Treasury / Other	134	0.7	173	1.0	82
TOTAL LOANS AND LEASES	$18,896	100.0	$18,587	100.0	$16,256

NET CHARGE-OFFS

Net charge-offs in the first quarter of 2003 were $32.8 million and represented an annualized 0.69% of average loans and leases. In 2001, Huntington exited the sub-prime automobile and truck and equipment lending business and at that time established reserves to cover the inherent losses in these portfolios and against which future loan losses would be charged. Net charge-offs excluding these exited businesses were $31.2 million, down from $39.2 million, or an annualized 0.92% of average loans and leases, in the same quarter last year, and down significantly from $81.3 million, or an annualized 1.80% of average loans and leases, in the fourth quarter 2002. Huntington initiated two credit actions associated with commercial and commercial real estate loans in the fourth quarter 2002. The first was the sale of $47.2 million in non-performing assets with $21.4 million of related charge-offs. The second action was the full charge-off of a $29.9 million credit exposure to a single health care finance company. This credit was identified as a non-performing loan and subsequently charged-off, all within the fourth quarter of 2002. These credit actions had no earnings impact, as existing loss reserve levels were sufficient to absorb the combined $51.3 million in charge-offs. Table 7 reflects net charge-offs and annualized charge-offs as a percent of average loans and leases by type of loan:

TABLE 7 - NET LOAN AND LEASE CHARGE-OFFS

(in thousands)	2003 FIRST	2002 FOURTH	THIRD	SECOND
NET CHARGE-OFFS				
Commercial	$14,942	$59,725	$16,808	$21,468
Commercial real estate	546	7,536	4,085	2,037
Total commercial and commercial real estate	15,488	67,261	20,893	23,505
Consumer				
Automobile loans	9,268	8,778	6,869	5,733
Automobile direct financing leases	920	730	202	498
Home equity loans	4,053	3,526	2,934	3,096
Residential mortgage	145	72	123	555
Other loans	1,330	967	907	1,225
Total consumer	15,716	14,073	11,035	11,107
Total net charge-offs, excluding exited businesses	31,204	81,334	31,928	34,612
Net charge-offs related to exited businesses	1,632	1,824	1,857	2,385
TOTAL NET CHARGE-OFFS	$32,836	$83,158	$33,785	$36,997
ANNUALIZED NET CHARGE-OFFS AS A % OF AVERAGE LOANS AND LEASES				
Commercial	1.06%	4.30%	1.21%	1.53%
Commercial real estate	0.06	0.82	0.45	0.23
Total commercial and commercial real estate	0.66	2.92	0.91	1.04
Consumer				
Automobile loans	1.20	1.19	0.99	0.89
Automobile direct financing leases	0.33	0.38	0.17	1.21
Home equity loans & lines of credit	0.50	0.45	0.38	0.43
Residential mortgage	0.03	0.02	0.03	0.16
Other loans	1.39	0.98	0.91	1.22
Total consumer	0.66	0.63	0.54	0.61
Total net charge-offs, excluding exited businesses	0.66	1.80	0.74	0.84
ANNUALIZED NET CHARGE-OFFS AS A % OF AVERAGE LOANS AND LEASES	0.69%	1.83%	0.78%	0.90%

Economic activity has remained sluggish and the uncertainty about the future level of activity has increased recently. Nevertheless, and though net charge-offs are expected to be higher in the 2003 second quarter than the first

quarter's annualized 0.69% level of average loans, 2003 full-year net charge-offs are still expected to be in the 0.65%-0.75% range.

NON-PERFORMING ASSETS

Non-performing assets consist of loans and leases that are no longer accruing interest, loans and leases that 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 generally charged off as a credit loss. Commercial and commercial real estate loans are generally placed on non-accrual status 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, while highly secured, are placed on non-accrual status within 180 days past due as to principal and 210 days past due as to interest, regardless of security. 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 8 summarizes NPAs at the end of each of the recent five quarters in addition to 90 day past due information:

TABLE 8 - NON-PERFORMING ASSETS AND PAST DUE LOANS AND LEASES

	2003	2002		
(in thousands)	FIRST	FOURTH	THIRD	SE
Non-accrual loans and leases:				
Commercial	$ 94,754	$ 91,861	$147,392	$15
Commercial real estate	22,585	26,765	47,537	4
Residential mortgage	9,302	9,443	8,488	
Total Nonaccrual Loans and Leases	126,641	128,069	203,417	21
Renegotiated loans	--	--	37	
TOTAL NON-PERFORMING LOANS AND LEASES	126,641	128,069	203,454	21
Other real estate, net	14,084	8,654	10,675	1
TOTAL NON-PERFORMING ASSETS	$140,725	$136,723	$214,129	$22
Non-performing loans and leases as a % of total loans and leases	0.67%	0.69%	1.14%	
Non-performing assets as a % of total loans and leases and other real estate	0.74%	0.74%	1.20%	
ACCRUING LOANS AND LEASES PAST DUE 90 DAYS OR MORE	$ 57,241	$ 61,526	$ 57,337	$ 4

Total NPAs were $140.7 million at March 31, 2003, up slightly from $136.7 million at the end of 2002, but down significantly from $225.5 million at the end of the first quarter last year. The overall decrease in NPAs from a year ago was primarily due 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 0.74% at March 31, 2003 and December 31, 2002, compared with 1.39% a year ago.

Loans and leases past due ninety days or more and still accruing interest at the end of the first quarter of 2003 and 2002 were $58.2 million and $51.4 million, respectively. These past due loans and leases represented 0.30% and 0.32% of total loans and leases at the end of the first quarter of 2003 and 2002, respectively. At December 31, 2002, these loans and leases amounted to $61.5 million and represented 0.33% of total loans and leases. Table 9 reflects the change in NPAs for the recent five quarters:

TABLE 9 - NON-PERFORMING ASSET ACTIVITY

	2003	2002			
(in thousands)	FIRST	FOURTH	THIRD	SECOND	FIRS
BEGINNING OF PERIOD	$ 136,723	$ 214,129	$ 223,237	$ 225,530	$ 227,
New non-performing assets	48,359	65,506	47,275	73,002	74,
Returns to accruing status	(5,993)	(12,658)	(380)	(337)	(3,
Loan and lease losses	(17,954)	(72,767)	(25,480)	(28,297)	(26,
Payments	(15,440)	(28,500)	(26,308)	(44,303)	(37,
Sales	(4,970)	(28,987)	(4,215)	(2,358)	(8,
END OF PERIOD	$ 140,725	$ 136,723	$ 214,129	$ 223,237	$ 225,

The first quarter of 2003 was the first quarter that Huntington experienced an increase in its NPA's since the fourth quarter of 2001. Loans and leases entering nonaccrual status were $48.4 million during the recent quarter while returns to accruing status were $6.0 million. While the economy has continued to be weak and the uncertainty about the future level of economic activity has increased, management continues to expect NPAs to remain around current levels through the remainder of the year.

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ALLOWANCE FOR LOAN AND LEASE LOSSES

The ALLL was $337.0 million at March 31, 2003, down from $340.9 million at the end of the first quarter of 2002, but relatively unchanged from the $336.6 million at December 31, 2002. The ALLL represented 1.78% of total loans and leases at March 31, 2003, 1.81% at December 31, 2002, and 2.10% at the end of the first quarter last year. The period-end ALLL was 239% of NPAs at March 31, 2003, compared with 151% a year ago and 246% at December 31, 2002.

Table 10 reflects the activity in the ALLL for the recent five quarters. The $3.0 million allowance of sold loans in the 2003 first quarter related to the $556 million of automobile loans sold in that quarter, with the $22.3 million of ALLL sold in the year-ago quarter reflecting the $2.5 billion of

loans sold in connection with the sale of the Florida banking operations.

TABLE 10 - ALLOWANCE FOR LOAN AND LEASE LOSSES AND RELATED STATISTICS

	2003	2002		
(in thousands)	FIRST	FOURTH	THIRD	S
ALLOWANCE FOR LOAN AND LEASE LOSSES, BEGINNING OF PERIOD	$ 336,648	$ 371,033	$ 351,696	$ 3
Loan and lease losses	(40,265)	(93,890)	(43,748)	(
Recoveries	7,429	10,732	9,963	
Net loan and lease losses	(32,836)	(83,158)	(33,785)	(
Provision for loan and lease losses	36,844	51,236	54,304	
Allowance of (sold) purchased loans	(2,981)	--	1,264	
Allowance of securitized loans	(658)	(2,463)	(2,446)	
ALLOWANCE FOR LOAN AND LEASE LOSSES, END OF PERIOD	$ 337,017	$ 336,648	$ 371,033	$ 3
Allowance for loan and lease losses as a % of total loans and leases	1.78%	1.81%	2.08%	
Allowance for loan and lease losses as a % of non-performing loans and leases	266.1%	262.9%	182.4%	
Allowance for loan and lease losses as a % of non-performing assets	239.5%	246.2%	173.3%	

Huntington allocates the ALLL to each loan and lease category based on an expected loss ratio determined by continuous assessment of credit quality based on 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. On a periodic basis, management reevaluates these credit grades. 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 and non-accrual amounts, recent loan and lease loss experience, current economic conditions, and risk characteristics of various loan and lease categories. 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.

Unallocated reserves are based on levels of delinquencies in the accruing loan and lease portfolios, the level of non-performing loans and leases, and general economic conditions and volatility. Unallocated reserves were 3% at March 31, 2003. The revisions made by management to its internal risk grading system implemented in the first quarter of 2003 reduced the unallocated

portion of the ALLL by more thoroughly allocating the allowance to the various loan and lease categories, primarily commercial and commercial real estate loans.

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. Market value risk (referred to as Economic Value of Equity or EVE) is measured using a static balance sheet. The models used for these measurements take into account prepayment speeds on mortgage loans, mortgage-backed securities, and consumer installment loans, as well as cash flows of other loans and deposits. Balance sheet growth assumptions are also considered in the income simulation model. 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.

The baseline scenario for the income simulation, with which all others are compared, is based on market 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.

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. 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 overall low level of interest rates. At March 31, 2003, that scenario modeled net interest income by approximately 0.7% lower than the internal forecast of net interest income over the same time period using the current level of forward rates, which remained relatively unchanged from the negative impact to net interest income generated by the same 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.

The net interest margin has been adversely impacted in recent months by: (1) fixed-rate consumer loan repayments being reinvested at lower market rates; (2) high repayments 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-yielding residential adjustable-rate mortgage loans retained on the balance sheet; (5) the lower yield on the higher quality automobile loan originations; and (6) the flattening of the yield curve. The net interest margin will continue to be adversely affected by these factors over the next few quarters.

The primary measurement for EVE risk assumes an immediate and parallel increase in rates of 200 basis points. At March 31, 2003, the model indicated that such an increase in rates would be expected to reduce the EVE by approximately 2.7% and compares with an estimated negative impact of approximately 3.8% at December 31, 2002.

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The model is 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

Effectively managing liquidity involves meeting the cash flow requirements of depositors and borrowers, as well as satisfying the operating cash needs of the organization to fund corporate expansion and other activities. ALCO establishes guidelines and regularly monitors the overall liquidity position of the business and ensures that various alternative strategies exist to cover unanticipated events. Furthermore, ALCO policies and/or guidelines ensure that wholesale funding sources are diversified in order to avoid concentration in any one market source. Management believes sufficient liquidity was available at the end of the recent quarter to meet estimated funding needs of the Bank and parent company.

Deposits are Huntington's primary source of funding, of which 87% were provided by the Regional Banking segment. Table 11 details the types and sources of deposits by business segment at March 31, 2003, and compares these balances by type and source to balances at December 31, 2002 and March 31, 2002:

TABLE 11 - DEPOSIT LIABILITIES

(in millions of dollars)	MARCH 31, 2003		DECEMBER 31, 2002	
BY TYPE	BALANCE	%	BALANCE	%
Demand deposits				
Non-interest bearing	$ 2,971	16.8	$ 3,074	17.6
Interest bearing	5,850	33.1	5,374	30.7
Savings deposits	2,981	16.9	2,851	16.3
Other domestic time deposits	3,523	19.9	3,956	22.6
Total Core Deposits	15,325	86.7	15,255	87.2
Domestic time deposits of $100,000 or more	798	4.5	732	4.2
Brokered and negotiable CDs	1,208	6.8	1,093	6.2
Foreign time deposits	358	2.0	419	2.4
TOTAL DEPOSITS	$17,689	100.0	$ 17,499	100.0
BY BUSINESS SEGMENT				
Regional Banking				
Central Ohio / West Virginia	$ 5,386	30.4	$ 5,361	30.6
Northern Ohio	3,536	20.0	3,602	20.6
Southern Ohio / Kentucky	1,337	7.6	1,365	7.8
West Michigan	2,513	14.2	2,402	13.7
East Michigan	2,008	11.4	1,962	11.2
Indiana	623	3.5	613	3.5
Total Regional Banking	15,403	87.1	15,305	87.4
Dealer Sales	67	0.4	59	0.3
Private Financial Group	959	5.4	924	5.3
Treasury / Other	1,260	7.1	1,211	7.0
TOTAL DEPOSITS	$17,689	100.0	$ 17,499	100.0

Core deposits, which 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, satisfy approximately 70% of Huntington's funding needs. Sources of wholesale funding include Federal funds purchased, securities sold under repurchase agreement, brokered CDs, and medium- and long-term debt. Wholesale funding activities are governed by the Bank's ALCO, which establishes policies and guidelines to diversify funding sources and avoid borrowing concentrations from any one market source.

Other sources of liquidity include the sale of investment securities, the sale or securitization of loans, collateralized borrowings such as Federal Home Loan Bank advances, and the issuance of common and preferred securities in the capital markets. Huntington also has available a $6.0 billion domestic bank note program through its bank subsidiary, Huntington National Bank, of which $5.1 billion was available at March 31, 2003. In addition, the Bank shares a $2.0 billion Euronote program with the parent company, of which $1.2 billion was available on March 31, 2003. Also, the parent company has $295 million availability under a $750 million medium term note program as of the same date.

CAPITAL

Capital is managed at each legal subsidiary based upon the respective risks and growth opportunities, as well as regulatory requirements. Huntington places significant emphasis on the maintenance of strong capital, 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 return to shareholders.

Shareholder's equity declined $34 million during the first quarter of 2003 from the end of 2002, and $201 million from March 31, 2002. The primary driver of these declines was the repurchase of common shares.

In February 2002, the Board of Directors authorized a share repurchase program for up to 22 million shares and canceled the previously existing authorization. Under this authorization a total of 19.4 million shares were repurchased: 19.2 million in 2002, including 1.5 million shares purchased in the year-ago quarter, and 0.2 million in the 2003 first quarter. In mid-January 2003, the Board of Directors authorized a new share repurchase program, canceling the 2.6 million shares remaining under the February 2002 authorization, and approved a new share repurchase authorization for up to 8 million shares. Under this authorization 4.1 million shares were repurchased in the 2003 first quarter, leaving 3.9 million shares remaining for repurchase.

The ratio of average equity to average assets in the first quarter of 2003 was 7.90% versus 8.71% last year. Tangible period-end equity to period-end assets, which excludes intangible assets, was 7.01% at the end of March 2003, down significantly from 8.77% a year earlier. The high year-ago tangible equity to asset ratio in the year-ago quarter reflected the capital generated from the sale of the Florida operations. The decline in the tangible equity to asset ratio from the year-ago quarter reflected the subsequent share repurchase program activity. Given the current asset mix and risk profile, management has a longer-term targeted tangible equity to asset ratio of 7.00%.

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. 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 12:

TABLE 12 - END OF PERIOD CAPITAL DATA

	2003	2002	
(in millions)	FIRST	FOURTH	THIRD
Total risk-adjusted assets	$ 27,437	$ 27,132	$ 26,226
Tier 1 risk-based capital ratio	8.13%	8.32%	8.82%
Total risk-based capital ratio	11.00%	11.22%	11.78%
Tier 1 leverage ratio	8.22%	8.48%	9.05%
Tangible equity / asset ratio	7.01%	7.22%	7.64%

As Huntington is supervised and regulated by the Federal Reserve, the Bank 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 established minimum levels.

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Table 13 details the cash dividends that were declared in the first quarter 2003 and four prior quarters along with common stock prices (based on NASDAQ intra-day and closing stock price quotes):

TABLE 13 - QUARTERLY STOCK SUMMARY

	2003	2002		
	First	Fourth	Third	S
High	$ 19.800	$ 19.980	$ 20.430	$
Low	17.780	16.160	16.000	
Close	18.590	18.710	18.190	
Average daily closing price	18.876	18.769	19.142	
Cash dividends declared	$ 0.16	$ 0.16	$ 0.16	$

LINES OF BUSINESS DISCUSSION

Below is a brief description of each line of business and a discussion of business segment results for the quarters ending March 31, 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 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.

See Operating Basis discussion on page 41, and Tables 18 and 19 for further discussion, as well as Note 11 beginning on page 16 for a reconciliation of line of business results on an operating basis, to a GAAP basis.

REGIONAL BANKING

Regional Banking provides products and services to retail, business banking, and commercial customers. This segment's 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 in six operating regions within the five states of Ohio, Michigan, Indiana, West Virginia, and Kentucky through Huntington's traditional banking network, Direct Bank--Huntington's customer service center, and Web Bank at www.huntington.com. Regional Banking also represents middle-market and large commercial banking relationships which use a variety of banking products and services including, but not limited to, commercial loans, international trade, and cash management.

TABLE 14 - REGIONAL BANKING

(in thousands of dollars)	2
Net interest income	$
Provision for loan and lease losses	
Non-interest income	
Non-interest expense	
Income before taxes	
Income taxes	
Operating earnings	$

Regional Banking operating earnings in the first quarter of 2003 were $35.2 million, compared with $36.7 million for the same quarter a year ago. Increased revenue resulting from balance sheet growth and fee-based revenue was more than offset by higher expenses.

Net interest income was up $5.1 million, or 4%. The improvement in 2003 net interest income was attributed to a 8% growth in loans and leases, and a 5% increase in deposits.

The average loan and lease balances increase of 8% in 2003 reflected an increase in consumer loans of 25%, which was partially offset by a 4% decline in commercial average balances. Average residential mortgage loans and home equity loans and lines of credit increased 65% and 16%, respectively, from the year-ago quarter, reflecting strong growth in the mortgage refinance business. Average total deposits were up $702 million in the current quarter, or 3%, from the 2002 first quarter.

The provision for loan and lease losses for the first quarter of 2003 increased $0.3 million, or 1%, over the same quarter last year. This increase reflected loan growth, which was partially offset by a decline in net charge-offs. Net charge-offs in the first quarter of 2003 were $20.4 million compared to $18.6 million for the prior year's first quarter.

Non-interest income for the recent three months was up $6.0 million, or 9%, from the first quarter of last year. Increased fee-based revenue was driven by deposit service charges, electronic banking, and partnership fee sharing revenue. These increases were partially offset by declines in mortgage banking income attributed to higher amortization of mortgage servicing rights, and lower standby letters of credit fee income. The decline in standby letters of credit was due to the adoption of FIN 45.

Non-interest expense for the 2003 first quarter increased $13.0 million, or 10%, from the 2002 first quarter. This increase was driven primarily by higher salaries and benefits, occupancy, and equipment expenses. Increased salaries and benefits reflect investment in the line's management team and increases in performance-based incentive compensation. Partially offsetting these increases were decreases in marketing and a 33% decline in operating losses.

Regional Banking contributed 45% of total revenues and 50% of operating earnings in the first quarter of 2003 and represented 51% of total assets and 87% of total deposits at March 31, 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.

TABLE 15 - DEALER SALES

(in thousands of dollars)	2
Net interest income	$
Provision for loan and lease losses	
Non-interest income	
Non-interest expense	
Income before taxes	
Income taxes	
Operating earnings	

Dealer Sales operating earnings were $19.1 million in the first quarter of 2003, compared to $2.0 million for the year-ago quarter. This increase was attributed to growth in the auto loan and lease portfolios.

Dealer Sales financial results are significantly impacted by accounting for automobile leases. Leases originated prior to May 2002 are accounted for as operating leases, and leases originated since April 2002 are accounted for as direct financing leases. Therefore, for automobile leases originated prior to May 2002, the related financial results are reported in non-interest income and non-interest expense, and there were no loan loss provisions. Net interest income was negative for the Dealer Sales line of business during these periods since the cost of funding these leases was included in interest expense while the related revenue was not shown in interest income. Since April 2002, revenue from new direct financing lease originations is reported in interest income and loan and lease loss provision is recorded in order to maintain the appropriate level of reserve for loan and lease losses. Non-interest income and non-interest expense will continue to trend lower in subsequent periods since new leases are not treated as operating leases, and will continue to run-off. As a result, non-

interest income and expense will continue to decline, while net interest income and provision for loan and lease losses will increase. Huntington expects net interest income for the Dealer Sales line of business to be positive in future periods.

Dealer Sales increased its loan and lease average outstandings from $3.2 billion in the first quarter of 2002 to $4.8 billion in the first quarter of 2003, reflecting higher loan and direct financing lease origination volume that totaled $1.0 billion in the 2003 first quarter compared with $0.5 billion for the same period a year ago. Over the same period, operating lease assets declined from $3.0 billion to $2.1 billion.

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. Beginning in the first quarter of 2003, Huntington estimated the level of the reserve on direct financing leases by discounting future expected losses from the portfolio. Estimates of the required reserve level prior to 2003 did not discount future expected losses. The valuation reserve on direct financing leases totaled $1.7 million and $1.4 million at March 31, 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 38% of total revenue and 3% of operating earnings and represented 25% of total assets at March 31, 2003.

PRIVATE FINANCIAL GROUP (PFG)

PFG 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. Revenue 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 16 - PRIVATE FINANCIAL GROUP

(in thousands of dollars)	2
Net interest income	$
Provision for loan and lease losses	
Non-interest income	
Non-interest expense	
Income before taxes	
Income taxes	
Operating earnings	

PFG operating earnings in the first quarter of 2003 were $5.3 million, which represented a 31% decline from the first quarter of 2002.

Net interest income increased $1.7 million, or 22%, from the year-ago

quarter as average loan balances increased 40%, to $1.1 billion, and average deposit balances increased 24% to $925 million. Most of the loan growth occurred in personal credit lines and residential real estate loans largely due to the favorable interest rate environment. Most of the deposit growth occurred in the personal management accounts, which resulted from a combination of new business and a customer shift in sweep options from the Huntington Funds money market funds to money market deposit accounts, and growth in the premier money market account due to favorable rate offerings. The significant growth in loans more than offset margin erosion from declining market interest rates.

Provision for loan losses was $1.9 million for the current quarter compared with $1.6 million for the same period a year ago. Net charge-offs were $0.5 million for the first three months of 2003 versus no net charge-offs for last year's first quarter.

Non-interest income decreased $2.8 million, or 9%, from the year-ago quarter. However, after revenue sharing, there was $0.9 million higher brokerage revenue and $0.3 million higher insurance revenue. Before revenue sharing, total brokerage revenue increased by $1.9 million, or 20%, as a result of record annuity sales of $174 million in the 2003 first quarter. The increase in insurance revenue resulted mainly from an increase in title insurance revenue reflective of increased customer mortgage loan refinancing. Trust revenue decreased $0.2 million, or 1%, reflecting revenue resulting from the Haberer acquisition in the year-ago second quarter, mostly offset by a 5% revenue decline due to reduced asset values reflective of the stock market decline.

Non-interest expense increased $2.4 million, or 10%, from the year-ago quarter primarily due to increased personnel expense of $3.4 million. The increased personnel expense included the impact of the 2002 second quarter Haberer acquisition and an increase in the number of private banking and investment sales associates, which helped produce higher loans and leases, deposits and annuity sales volume.

PFG contributed 8% of total revenues and 11% of operating earnings in the first quarter of 2003 and represented 5% of both total assets and total deposits at March 31, 2003.

TREASURY / OTHER

The Treasury / Other segment includes assets, liabilities, equity, revenue, and expense 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 including the net impact of derivatives used to hedge interest rate sensitivity. Furthermore, this segment's results include the net impact of administering Huntington's investment securities portfolio as part of overall liquidity management. Additionally, amortization expense of intangible assets and gains or losses not allocated to other business segments are also a component.

TABLE 17- TREASURY / OTHER

(in thousands of dollars)	
Net interest income	$
Provision for loan and lease losses	
Non-interest income	
Non-interest expense	
Income before taxes	
Income taxes	
Operating earnings	$

Treasury / Other's operating earnings were $31.4 million in the first quarter of 2003, up from last year's first quarter of $26.3 million. Net interest income rose $1.5 million largely due to offsetting items within Treasury. Declining interest rates caused a substantial decline in the cost of funds charged on loans and leases and investments, which was offset by a corresponding decline in the funding credit paid to deposit providers, most notably Regional Banking. A one-time transfer pricing charge was made to the indirect auto line of business for the early termination of funding related to the aforementioned March 2003 sale of automobile loans.

Non-interest income for 2003 first quarter was $15.7 million compared with $12.6 million for the same period last year. Non-interest expense for the current quarter increased $1.2 million from the 2002 first quarter.

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.

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OPERATING BASIS - 2002 FIRST QUARTER RECONCILIATION TO GAAP RESULTS

Results in the 2002 first quarter were impacted by a number of items related to Huntington's strategic initiatives announced in July 2001, primarily the plan to sell the Florida banking and insurance operations. The sale of the Florida banking operations, which included 143 banking offices, 456 ATMs and $2.5 billion in loans and other tangible assets and $4.8 billion in deposits and other liabilities, was completed on February 15, 2002. The year-ago quarter's results included a gain from the sale of the Florida banking operations, operating results from the Florida banking operations through its sale in mid-February, as well as restructuring charges. The sale of the J. Rolfe Davis Insurance Agency, Inc., Huntington's Florida-based insurance operations, was completed on July 2, 2002. As such, the year-ago quarter represented the last full quarter's worth of non-interest income and non-interest expense associated with this business. The financial impact on 2002 first quarter results included:

- Items related to the sold Florida banking operations

$182.5 million pre-tax gain ($61.4 million after tax, or $0.24 per common share) from the sale

$3.2 million pre-tax loss from operations ($2.1 million after tax loss, or $0.01 loss per common share)

$1.4 billion reduction in average loans in the quarter from the loans sold

$2.4 billion reduction in average deposits in the quarter from the deposits sold

- Items related to the sold Florida insurance operations

  $3.5 million pre-tax of non-interest income

  $2.6 million pre-tax of non-interest expense

- $56.2 million pre-tax ($36.5 million after tax, or $0.14 per common share) in restructuring charges

Since these items are associated with exited businesses and/or restructurings that have been completed and no longer contribute to current or future period financial performance, management believes that excluding their impact from the year-ago quarter provides a clearer picture of underlying performance and trends, as well as the progress made in improving financial performance. Financial performance in the year-ago quarter that excludes the impact of these items from GAAP results is referred to as performance on an "operating basis". It is on this operating basis that management evaluates performance and analyzes certain data, including Line of Business performance, for making strategic decisions and determining incentive compensation.

Please refer to Table 18 for a reconciliation of 2002 first quarter performance on a GAAP basis to an operating basis for selected income statement data and performance ratios, and to Table 19 for a similar reconciliation for selected average balance sheet items. Also, please refer to Huntington's Amendment No. 2 to its Form 10-K/A filed on November 14, 2003, for further detailed discussion of the impact of the 2001 strategic refocusing plan.

TABLE 18 - SELECTED 2002 FIRST QUARTER INCOME STATEMENT DATA - RECONCILIATION OF GAAP TO OPERATING BASIS - RESTATED

(in thousands, except per share amounts) THREE MONTHS ENDED MARCH

	GAAP BASIS	SOLD FLORIDA OPERATIONS & OTHER ITEMS (
Net Interest Income	$ 178,869	$ 9,724
Provision for loan and lease losses	39,010	5,186
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND LEASE LOSSES	139,859	4,538
Operating lease income	176,034	---
Service charges on deposit accounts	38,815	4,248
Brokerage and insurance income	17,605	4,205
Trust services	15,501	405
Mortgage banking	16,074	(79)
Bank Owned Life Insurance income	10,956	---
Other service charges and fees	10,632	1,514
Gain on sale of Florida operations	182,470	182,470
Securities gains	457	---
Other	13,989	340
TOTAL NON-INTEREST INCOME	482,533	193,103
Operating lease expense	140,785	---
Personnel costs	108,029	9,965
Net occupancy	16,989	2,468
Outside data processing and other services	18,439	1,342
Equipment	16,949	1,367
Marketing	7,003	(171)
Professional services	6,430	159
Telecommunications	6,018	736
Printing and supplies	3,837	318
Restructuring charges	56,184	56,184
Other	20,933	2,151
TOTAL NON-INTEREST EXPENSE	401,596	74,519
INCOME BEFORE INCOME TAXES	220,796	123,122
Income taxes	125,321	100,276
NET INCOME	$ 95,475	$ 22,846
NET INCOME PER COMMON SHARE - DILUTED	$0.38	$0.09
Return on average total assets	1.46 %	
Return on average total shareholders' equity	16.8	
Net interest margin (2)	3.53	
Efficiency ratio (3)	71.7	
Effective tax rate	56.8	
Net Interest Income	$ 178,869	$ 9,724
Tax Equivalent Adjustment (2)	1,169	---
Net Interest Income - FTE	180,038	9,724
Non-Interest Income	482,533	193,103
TOTAL REVENUE - FTE	$ 662,571	$ 202,827
TOTAL REVENUE - FTE EXCLUDING SECURITIES GAINS	$ 662,114	$ 202,827

(1) See "Operating Basis - 2002 First Quarter Reconciliation to GAAP Results" discussion on page 41 for details.

(2) Calculated assuming a 35% tax rate.

(3) Non-interest expense excluding restructuring charges, divided by fully taxable equivalent revenue less securities gains and significant non-operating gains.

TABLE 19 - SELECTED 2002 FIRST QUARTER AVERAGE BALANCE SHEET DATA - RECONCILIATION OF GAAP TO OPERATING BASIS - RESTATED

(in millions)	THREE MONTHS ENDED	
	GAAP BASIS	SOLD FLORIDA OPERATIONS & OTHER ITEMS (1
SELECTED ASSETS		
Interest bearing deposits in banks	$ 34	$ ---
Trading account securities	5	---
Federal funds sold and securities purchased under resale agreements	62	---
Mortgages held for sale	381	---
Securities:		
Taxable	2,713	---
Tax exempt	101	(1)
TOTAL SECURITIES	2,814	(1)
Loans and leases:		
Commercial	6,047	383
Real Estate		
Construction	1,290	49
Commercial	2,363	168
Total commercial real estate	3,653	217
Consumer		
Automobile loans and leases	2,792	170
Home equity	3,206	421
Residential mortgage	1,180	117
Other loans	483	57
Total Consumer	7,661	765

TOTAL LOANS AND LEASES	17,361	1,365
ALLOWANCE FOR LOAN AND LEASE LOSSES	371	11
Net loans and leases	16,990	1,354
TOTAL EARNING ASSETS	20,657	1,364
Operating lease assets	2,976	1,364
DEPOSITS		
Core deposits		
Non-interest bearing deposits	3,041	303
Interest bearing demand deposits	5,148	786
Savings deposits	3,097	267
Other domestic time deposits	5,015	918
TOTAL CORE DEPOSITS	16,301	2,274
Domestic time deposits of $100,000 or more	1,052	93
Brokered time deposits and negotiable CDs	302	---
Foreign time deposits	270	2
TOTAL DEPOSITS	$ 17,925	$ 2,369

(1) See "Operating Basis - 2002 First Quarter Reconciliation to GAAP Results" discussion on page 41 for details.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and qualitative disclosures for the current period are found beginning on page 29 of this report, which includes changes in market risk exposures from disclosures presented in Huntington's Amendment No. 2 to its Form 10-K/A.

ITEM 4. CONTROLS AND PROCEDURES

HBI's management, with the participation of its Chief Executive Officer (CEO) and Chief Financial Officer (CFO), has evaluated the effectiveness of HBI'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 on such evaluation, HBI's CEO and CFO have concluded that, as of the end of such period, HBI's disclosure controls and procedures are effective.

There have not been any changes in HBI'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, HBI'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.

10. Material contracts:

(a)* Amended and Restated Executive Deferred Compensation Plan for Huntington Bancshares Incorporated previously filed on Form 10-Q for March 31, 2003 and is incorporated herein by reference.

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 January 7, 2003, was filed under report item numbers 5 and 7, announcing credit actions taken in the fourth quarter of 2002. These included the sale of $47 million in non-performing loans with $21 million in incremental charge-offs and a $30 million charge-off, or 100% of the credit exposure associated with one customer in the health care finance business that was previously disclosed as a non-performing loan in November 2002.

2. A report on Form 8-K, dated January 16, 2003, was filed under report item numbers 5 and 7, concerning Huntington's results of operations for the fourth quarter and year ended December 31, 2002.

* Denotes management contract or compensatory plan or arrangement.

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)