

UNITED STATES OF AMERICA  
BEFORE THE  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D.C.

BANKING COMMISSIONER  
OF THE  
TEXAS DEPARTMENT OF BANKING  
AUSTIN, TEXAS

Written Agreement by and among

HUNTINGTON BANCSHARES, INC.  
Huntington, Texas

FEDERAL RESERVE BANK OF DALLAS  
Dallas, Texas

and

BANKING COMMISSIONER OF THE  
TEXAS DEPARTMENT OF BANKING  
Austin, Texas

Docket No. 11-110-WA/RB-HC

Commissioner Order 2011-031

WHEREAS, Huntington Bancshares, Inc., Huntington, Texas (“Bancshares”), a registered bank holding company, owns and controls Huntington Bank, Huntington, Texas (“Bank”), a state-chartered, nonmember bank, and various nonbank subsidiaries;

WHEREAS, it is the common goal of Bancshares, the Federal Reserve Bank of Dallas (the “Reserve Bank”), and the Banking Commissioner (the “Commissioner”) of the Texas Department of Banking (the “Department”) to maintain the financial soundness of the Bancshares so that Bancshares may serve as a source of strength to the Bank;

WHEREAS, Bancshares, the Reserve Bank, and the Commissioner have mutually agreed to enter into this Written Agreement (the “Agreement”); and

WHEREAS, on October 17, 2011, the board of directors of Bancshares, at a duly constituted meeting, adopted a resolution authorizing and directing Elvin Lowery to enter into this Agreement on behalf of Bancshares, and consenting to compliance with each and every provision of this Agreement by Bancshares and its institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. §§ 1813(u) and 1818(b)(3)).

NOW, THEREFORE, Bancshares, the Reserve Bank, and the Commissioner agree as follows:

**Source of Strength**

1. The board of directors of Bancshares shall take appropriate steps to fully utilize Bancshares’ financial and managerial resources, pursuant to section 38A of the FDI Act (12 U.S.C. § 1831o-1) and section 225.4(a) of Regulation Y of the Board of Governors of the Federal Reserve System (the “Board of Governors”) (12 C.F.R. § 225.4 (a)), to ensure that the Bank complies with the Consent Order issued jointly by the Federal Deposit Insurance Corporation and the Commissioner on April 4, 2011, and any other supervisory action taken by the Bank’s federal or state regulator.

**Dividends, Distributions, and Other Payments**

2. (a) Bancshares shall not declare or pay any dividends without the prior written approval of the Reserve Bank, the Director of the Division of Banking Supervision and Regulation (the “Director”) of the Board of Governors, and the Commissioner.

(b) Bancshares shall not, directly or indirectly, take dividends or any other form of payment representing a reduction in capital from the Bank without the prior written approval of the Reserve Bank and the Commissioner.

(c) Bancshares and its nonbank subsidiaries shall not make any distributions of interest, principal, or other sums on subordinated debentures or trust preferred securities without the prior written approval of the Reserve Bank, the Director, and the Commissioner.

(d) Bancshares shall not make any payment of interest, principal, or other sums on debt owed to insiders without the prior written approval of the Reserve Bank, the Director, and the Commissioner. For the purposes of the Agreement, “insider” shall include any of Bancshares’ current or former executive officers, directors, shareholders, members of their immediate families, related interests thereof, or persons acting on their behalf. For purposes of this Agreement, “immediate family” shall be defined as set forth in section 225.41(b)(3) of Regulation Y of the Board of Governors (12 C.F.R. § 225.41(b)(3)).

(e) All requests for prior approval shall be received by the Reserve Bank and the Commissioner at least 30 days prior to the proposed dividend declaration date, proposed distribution on subordinated debentures, and required notice of deferral on trust preferred securities. All requests shall contain, at a minimum, current and projected information on Bancshares’ capital, earnings, and cash flow; the Bank’s capital, asset quality, earnings, and allowance for loan and lease losses; and identification of the sources of funds for the proposed payment or distribution. For requests to declare or pay dividends, Bancshares must also demonstrate that the requested declaration or payment of dividends is consistent with the Board of Governors’ Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies, dated November 14, 1985 (Federal Reserve Regulatory Service, 4-877 at page 4-323).

### **Debt and Stock Redemption**

3. (a) Bancshares and any nonbank subsidiary shall not, directly or indirectly, incur, increase, or guarantee any debt without the prior written approval of the Reserve Bank and the Commissioner. All requests for prior written approval shall contain, but not be limited to, a statement regarding the purpose of the debt, the terms of the debt, and the planned source(s) for debt repayment, and an analysis of the cash flow resources available to meet such debt repayment.

(b) Bancshares shall not, directly or indirectly, purchase or redeem any shares of its stock without the prior written approval of the Reserve Bank and the Commissioner.

### **Cash Flow Projections**

4. Within 60 days of this Agreement, Bancshares shall submit to the Reserve Bank and the Commissioner a written statement of its planned sources and uses of cash for debt service, operating expenses, and other purposes (“Cash Flow Projection”) for 2012. Bancshares shall submit to the Reserve Bank a Cash Flow Projection for each calendar year subsequent to 2012 at least one month prior to the beginning of that calendar year.

### **Compliance with Laws and Regulations**

5. (a) In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, Bancshares shall comply with the notice provisions of section 32 of the FDI Act (12 U.S.C. § 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. §§ 225.71 *et seq.*), and Bancshares shall also provide notice to the Commissioner.

(b) Bancshares shall comply with the restrictions on indemnification and severance payments of section 18(k) of the FDI Act (12 U.S.C. § 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation's regulations (12 C.F.R. Part 359).

### **Progress Reports**

6. Within 30 days after the end of each calendar quarter following the date of this Agreement, Bancshares' board of directors shall submit to the Reserve Bank and the Commissioner written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement and the results thereof, and a parent company only balance sheet, income statement, and, as applicable, report of changes in stockholders' equity.

### **Communications**

7. All communications regarding this Agreement shall be sent to:

- (a) Mr. Earl Anderson  
Vice President  
Federal Reserve Bank of Dallas  
2200 North Pearl Street  
Dallas, Texas 75201
- (b) Mr. Charles Cooper  
Commissioner  
Texas Department of Banking  
2601 North Lamar Blvd.  
Austin, Texas 78705
- (c) Mr. Elvin Lowery  
Chairman of the Board  
Huntington Bancshares, Inc.  
208 Highway 69S  
Huntington, Texas 75949

8. Notwithstanding any provision of this Agreement, the Reserve Bank and the Commissioner may, in their sole discretion, grant written extensions of time to Bancshares to comply with any provision of this Agreement.

9. The provisions of this Agreement shall be binding upon Bancshares and its institution-affiliated parties, in their capacities as such, and their successors and assigns.

10. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank and the Commissioner.

11. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, the Department, or any other federal or state agency from taking any other action affecting Bancshares, the Bank, any nonbank subsidiary of Bancshares, or any of their current or former institution-affiliated parties and their successors and assigns.

12. The Commissioner having determined that the requirements for issuance of an order under Texas Finance Code § 35.002 have been met, this Agreement is deemed to be a consent order issued by the Commissioner under Texas Finance Code §§ 35.002, 201.009(a) and 202.005(a)(2). Without admitting or denying any charges of unsafe and unsound banking practices, or violations of Texas law, Bancshares consents to deeming this Agreement to be a consent order. Bancshares hereby waives all its rights regarding an order under Texas Finance Code §§ 35.002, 35.004, 35.009, and 201.009, including requirements for issuance and service of an order under Texas Finance Code § 35.002, its right to a hearing under Texas Finance Code § 35.004, all defenses, and review of such order by a state agency, commission, or state or federal court.

13. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818). This Agreement is enforceable by the Commissioner as a final, non-appealable, and immediately enforceable order pursuant to the provisions of Texas Finance Code § 35.009 and other provisions of Texas law.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 17<sup>th</sup> day of October, 2011.

HUNTINGTON BANCSHARES, INC.

FEDERAL RESERVE BANK OF  
DALLAS

By: /s/ Elvin Lowery  
Elvin Lowery  
Chairman of the Board

By: /s/ Earl Anderson  
Earl Anderson  
Vice President

BANKING COMMISSIONER OF THE  
TEXAS DEPARTMENT OF BANKING

/s/ Charles G. Cooper  
Charles G. Cooper  
Commissioner