



## **Supplemental Data for Earnings Conference Call**

**July 24, 2008**

# *List of Participants*

- Peter Raskind; Chairman, President & CEO
- Jeff Kelly; Vice Chairman & CFO
- Dale Roskom; Chief Risk Officer
- Rob Rowe; Chief Credit Officer
- Dan Frate; Vice Chairman & Head of Retail Banking
- Tom Richlovsky; Treasurer & Principal Accounting Officer
- Jill Hennessey; Manager of Investor Relations

# 2Q08 Quarterly Highlights

- Loss of \$1,756 million, EPS of (\$2.45)
  - Significantly affected by after-tax goodwill writedown of \$1.1 billion, supplemental reserve of \$478 million, and an additional \$215 million reserve for potential mortgage repurchase obligations
  - Goodwill non-cash writedown: no impact on tangible equity, regulatory capital or liquidity
  - Pre-tax, pre-provision operating earnings of \$610 million up 19% from first quarter
- Substantially strengthened balance sheet and strong liquidity
  - National City is the best capitalized of all major US banks and by far the best in its peer group with a Tier 1 ratio of 11.1%, total capital ratio of 14.9%, and tangible equity to tangible assets ratio of 8.9%
  - On balance sheet liquidity remains strong with ample short-term liquidity
- Actively managing liquidating portfolios, which are isolated, contained, and performing in line with projections
- Core banking franchise is healthy
  - Credit trending satisfactorily, with low loss and charge-off rates
  - Retail shows steady household, deposit and account growth
  - Commercial Banking remains strong, continues disciplined lending
- Enhanced leadership team intensely focused on managing risk, cutting expenses, and improving profitability

# Pre-tax, Pre-provision Operating Earnings

(\$ in millions)	2Q08	1Q08	2Q07	YTD08	YTD07
Consolidated net (loss) / income	(\$1,756)	(\$171)	\$347	(\$1,927)	\$666
Income tax (benefit) expense	(667)	(35)	175	(702)	309
Provision for loan losses	1,592	1,393	145	2,985	267
Goodwill impairment	1,080	0	0	1,080	0
Provision for recourse losses	215	38	33	253	49
Visa related gains	0	(772)	0	(772)	0
MSR hedging losses / (gains)	146	59	(10)	205	39
<b>Pre-tax, pre provision operating earnings</b>	<b>\$610</b>	<b>\$512</b>	<b>\$690</b>	<b>\$1,122</b>	<b>\$1,330</b>

# *Credit and Capital*

## ■ **Credit**

- Core Retail and C&I are performing well; loss rates remain low
- Strong commercial franchise continues disciplined lending activity
- Commercial Real Estate continues to perform within expectations
- Liquidating portfolios are isolated and contained, and are performing within expectations
- 2008 charge-off estimate is modestly higher than previously estimated
  - Range increased to \$2.5 - \$2.9 billion from \$2.0 - \$2.4 billion

## ■ **Capital**

- National City is the best capitalized among large US banks, by far the best in peer group
- Significantly exceeds requirements indicated by current trajectory of portfolio performance, stressed loss expectations and peak loss experience during prior credit cycles

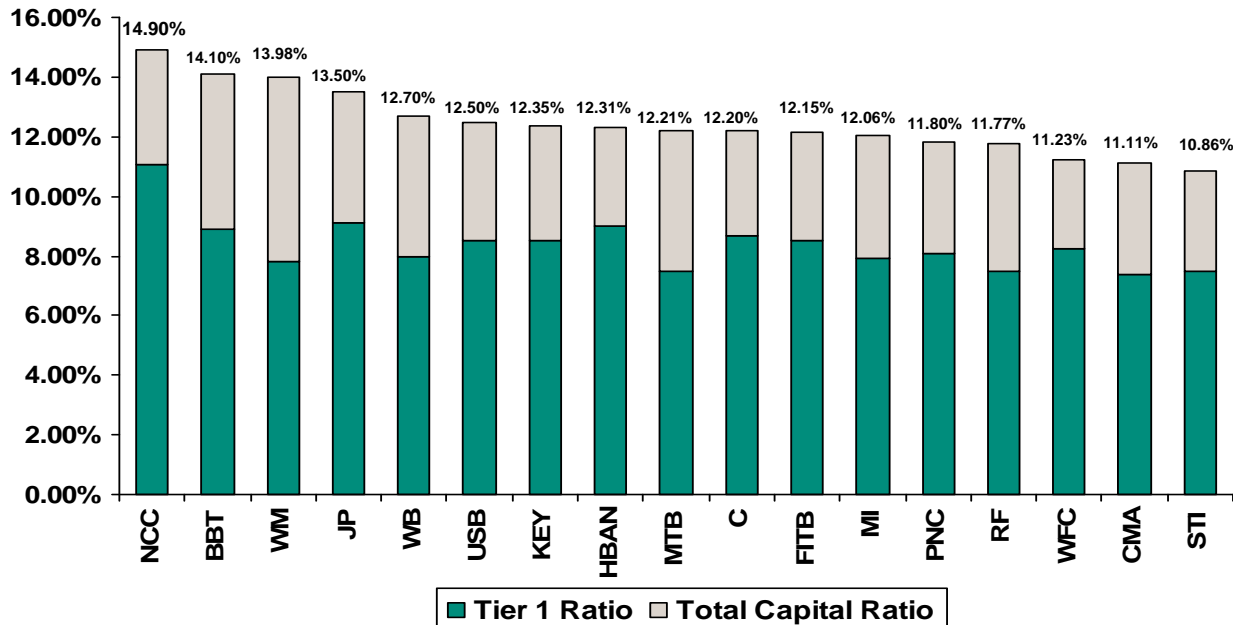
# National City Operates from a Strong Capital Position

## Recent capital initiatives

- \$7 billion capital raise in 2Q08
  - Closed and funded
- Dividend cut: ~\$1b annual capital enhancement
- Visa stake: ~\$1b in unrealized value
  - No book value or capital credit given
- Tier 1 capital: Q208: 11.1%; Q108: 6.7%

## Positive effects from capital raise

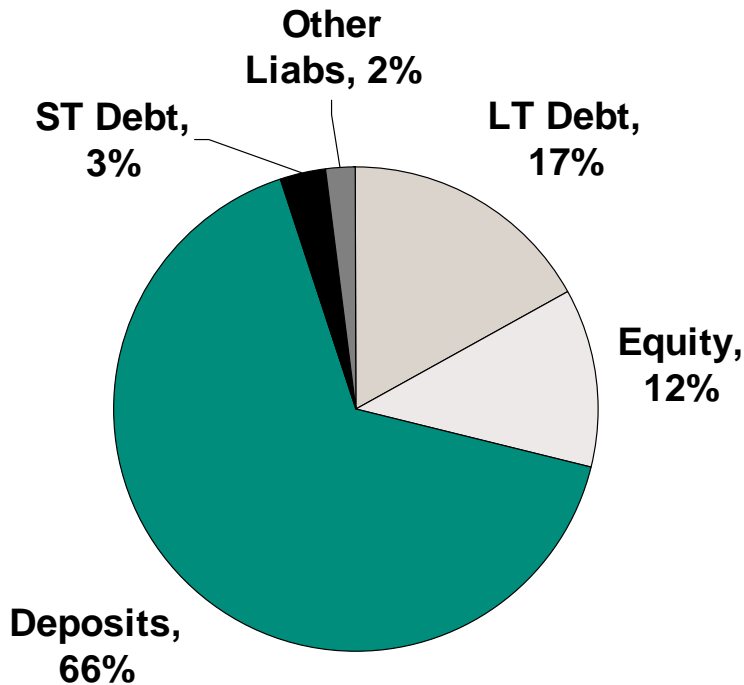
- Continued core deposit growth
- Stabilized counterparty relationships
- Substantial excess liquidity
- Rating agencies confirmation of debt ratings



# Strong Funding Position

## Solid Funding Base

95% funded by Deposits, LTD and Equity

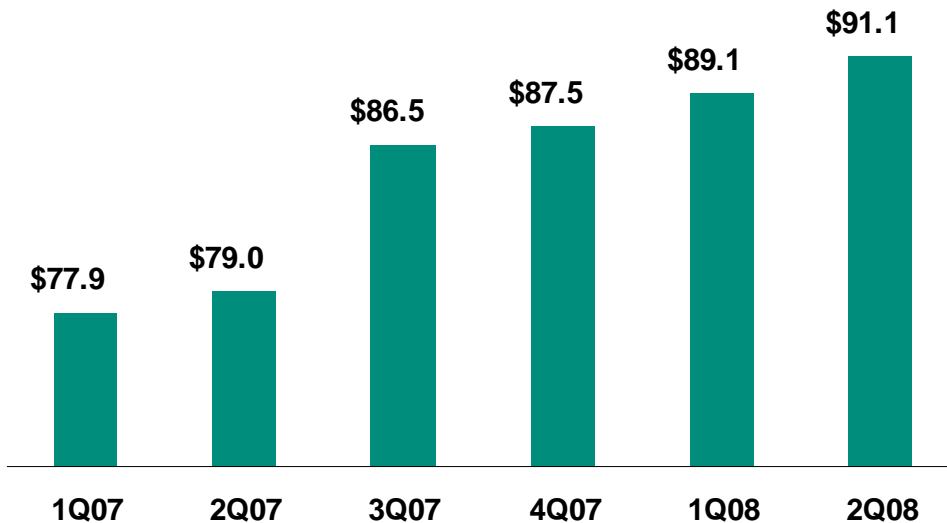


Total \$154 billion

- Proactively managing liquidity, capital and funding for challenging environment
- Retail franchise provides significant and growing deposit funding
- Long term funding plan includes contingencies for highly stressed scenarios
- Ample holding company liquidity

# Solid Deposit Growth Trend

## Core Deposit Growth



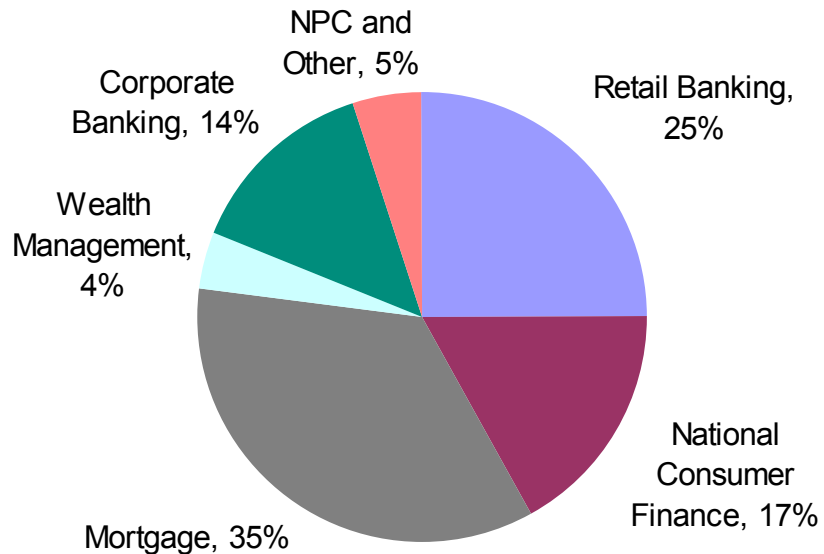
- 2Q08 Deposit growth
  - YoY core deposit growth of 15%
  - Slight mix shift to longer term CDs
- Industry-leading products and services driving household retention and expansion
  - “Points,” the most comprehensive banking rewards program in the industry
  - “Work Perks,” National City’s bank-at-work program
  - Checking product line waives ATM fees
- 4 million households served through more than 1400 branches
- Commercial bank focus on broadening credit only relationships



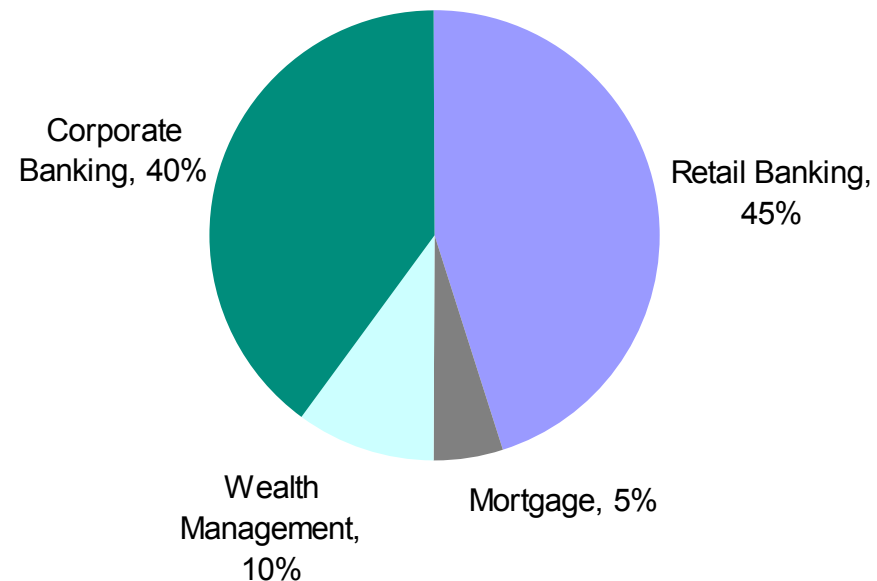
# Focus on Core Franchise

Revenue Composition

2003



2008 and beyond



## Exited Businesses

- National Home Equity
- Nonprime Mortgage
- Wholesale and Correspondent Mortgage
- Individual Construction
- Indirect Auto, RV, and Marine



## ***Credit Performance***

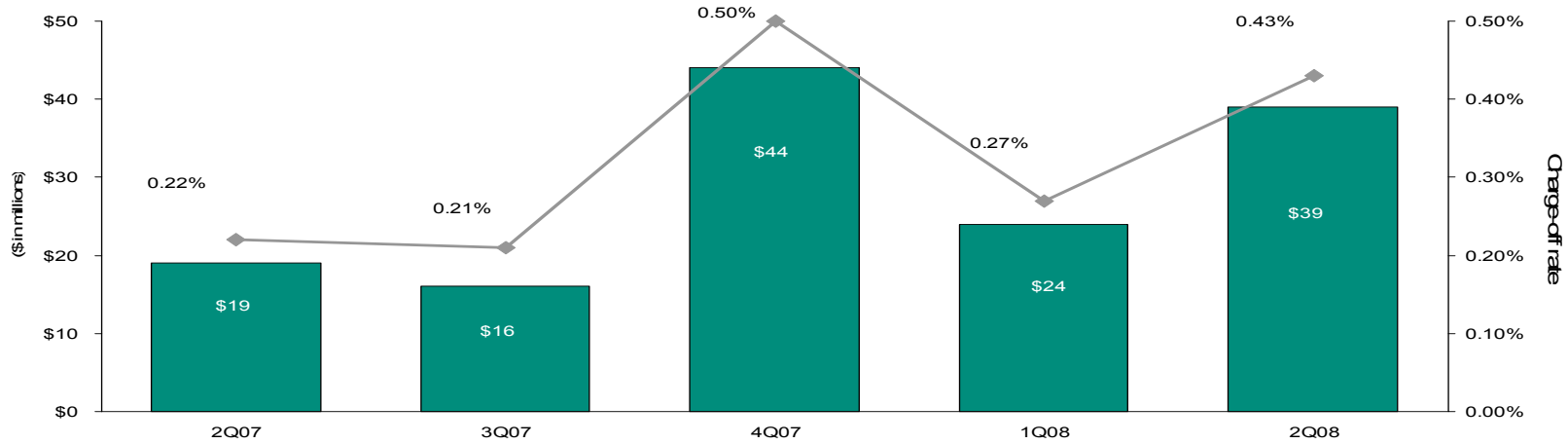
# Review of 2Q-08 Credit by Portfolio

\$ in millions	Ending Balance	Net Charge-Offs		Provision		Ending ALLL	
		\$	%	\$	%	\$	%
Commercial & Industrial	\$36,276	\$39	0.43%	\$35	0.39%	\$499	1.38%
CRE (including construction)	23,972	61	1.03%	238	3.99%	509	2.12%
Direct Home Equity	15,855	29	0.74%	53	1.34%	131	0.83%
First Mortgage	11,764	32	1.11%	107	3.66%	200	1.70%
Other Consumer	8,104	62	3.08%	157	7.79%	311	3.84%
<b>Total Core*</b>	<b>\$95,971</b>	<b>\$223</b>	<b>0.93%</b>	<b>\$590</b>	<b>2.47%</b>	<b>\$1,650</b>	<b>1.72%</b>
<b>National Home Equity</b>							
Orig for Portfolio	\$4,278	\$23	2.10%	\$52	4.89%	\$126	2.95%
Orig for Sale	6,022	127	8.23%	368	24.58%	711	11.81%
<b>Total National Home Equity</b>	<b>10,300</b>	<b>150</b>	<b>5.69%</b>	<b>420</b>	<b>16.40%</b>	<b>837</b>	<b>8.13%</b>
Nonprime	4,806	144	11.53%	338	28.29%	543	11.30%
Construction to Perm	2,343	223	36.43%	244	41.88%	404	17.24%
<b>Total Liquidating*</b>	<b>\$17,449</b>	<b>\$517</b>	<b>11.49%</b>	<b>\$1,002</b>	<b>23.10%</b>	<b>\$1,784</b>	<b>10.22%</b>
<b>Total</b>	<b>\$113,420</b>	<b>\$740</b>	<b>2.61%</b>	<b>\$1,592</b>	<b>5.65%</b>	<b>\$3,434</b>	<b>3.03%</b>

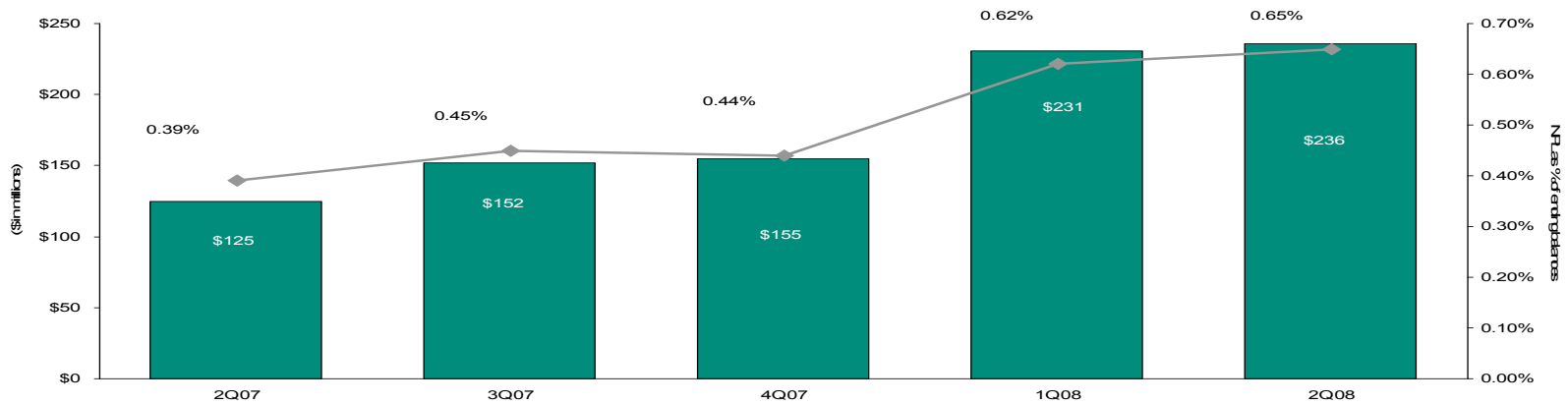
\*Marine/RV portfolio which is in runoff is included in Core for purposes of this presentation 11

# Commercial and Industrial Loan Credit Quality

## Charge-offs



## Non performing loans



# Commercial Real Estate: \$24.0 Billion Portfolio

(\$ in millions)

## Michigan

	Total Balance	NPAs	1H08 NCOs
Residential Development	\$265	\$53	\$8
Non-Residential Development	437	13	1
Income Producing	839	14	0
Owner-Occupied	915	16	4

## Florida<sup>(1)</sup>

	Total Balance	NPAs	1H08 NCOs
Residential Development	\$990	\$185	\$29
Non-Residential Development	357	15	3
Income Producing	656	54	1
Owner-Occupied	182	17	5

## National<sup>(2)</sup>

	Total Balance	NPAs	1H08 NCOs
Residential Development	\$901	\$73	\$10
Non-Residential Development	1,278	26	(1)
Income Producing	346	22	0
Owner-Occupied	860	2	0

## Rest of Footprint

	Total Balance	NPAs	1H08 NCOs
Residential Development	\$1,541	\$153	\$11
Non-Residential Development	3,009	108	(4)
Income Producing	4,195	51	4
Owner-Occupied	7,202	118	15

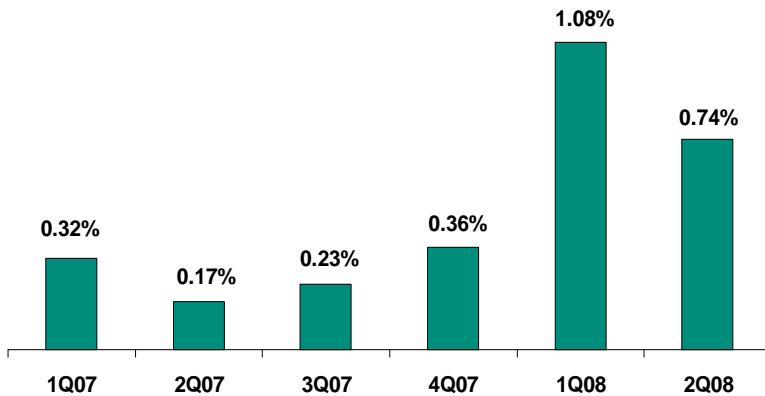
(1) Florida represents acquisitions of Harbor Florida Bankshares and Fidelity Bankshares in 2006 and 2007, respectively, and IRE National Florida portfolio.

(2) IRE National portfolio excluding IRE National Florida

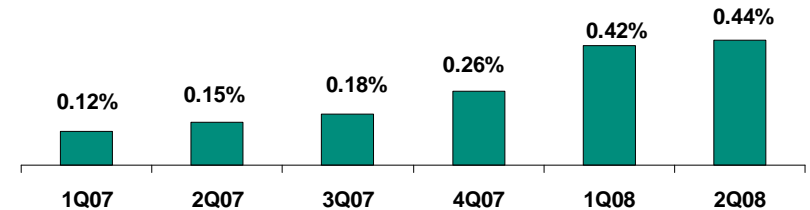
# Direct Home Equity Review: \$15.9 Billion Portfolio

- 2Q08 charge-offs of \$29 million versus \$42 million in 1Q08
- 90+ delinquency increased slightly
- CLTVs for new underwritings lowered
- Direct home equity borrowers have long and extensive relationships with the Bank

## NCOs / Average Loans



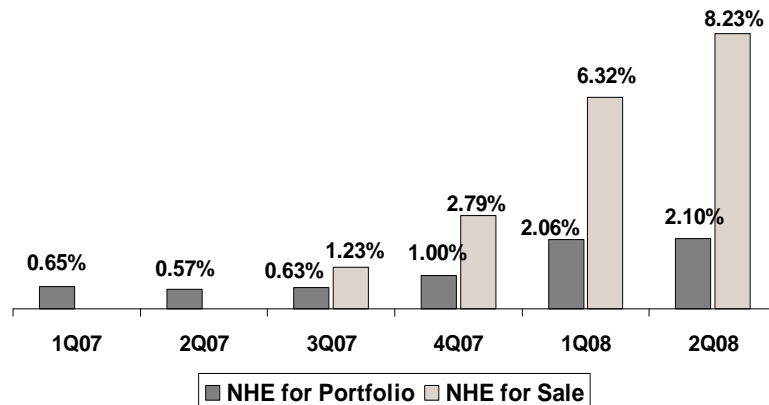
## 90+ Past Due & NPL / Loans



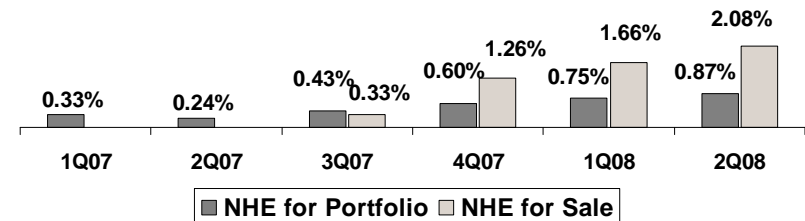
# National Home Equity: \$10.3 Billion Portfolio

- Closed business in August 2007
- Actively managing portfolio
  - Unfunded lines reduced over \$2B in 1H08
  - Reviewing potential disposition opportunities, to the extent such strategies make economic sense
- Significantly improved visibility around portfolio and loss estimates
- Portfolio balance down QoQ by \$485 million; FICO scores remain stable
- \$22 million increase in 90+ past due and NPLs
- Most of the increase in delinquencies attributable to 2007 vintage

## NCOs / Average Loans



## 90+ Past Due & NPL / Loans



# Nonprime Mortgage: \$4.8 Billion Liquidating Portfolio

## Summary Description

	1 <sup>st</sup> Lien	2 <sup>nd</sup> Lien
Outstanding	\$3.7bn	\$1.1bn
FICO	611	627
CLTV	92%	99%

	2Q08	1Q08	4Q07	3Q07	2Q07
<b>Net Charge-offs</b>					
First Lien	\$35	\$29	\$8	\$6	\$6
% First Lien	3.73%	2.86%	0.69%	0.48%	0.43%
Second Lien	\$109	\$111	\$31	\$17	\$19
% Second Lien	34.62%	34.55%	7.64%	3.64%	3.65%
<b>90 Days+ Past Due and NPL</b>					
First Lien	\$671	\$699	\$696	\$635	\$547
% First Lien	18.49%	18.01%	15.06%	11.92%	10.10%
Second Lien	\$167	\$249	\$231	\$185	\$147
% Second Lien	14.19%	17.02%	13.69%	9.26%	7.47%

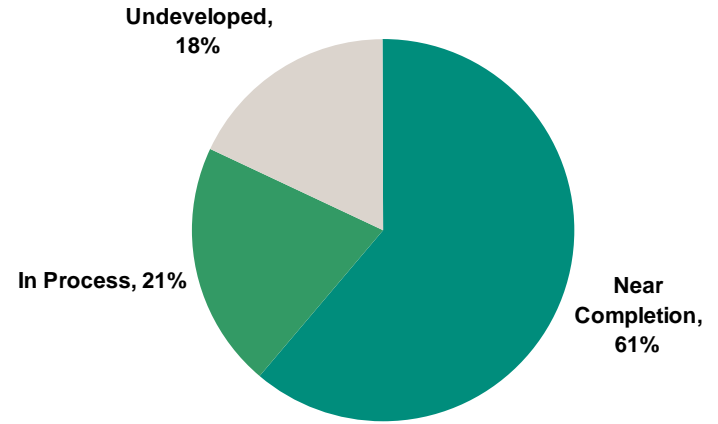


# National City Mortgage - Residential Construction: \$2.3B Liquidating Portfolio

## Summary Description

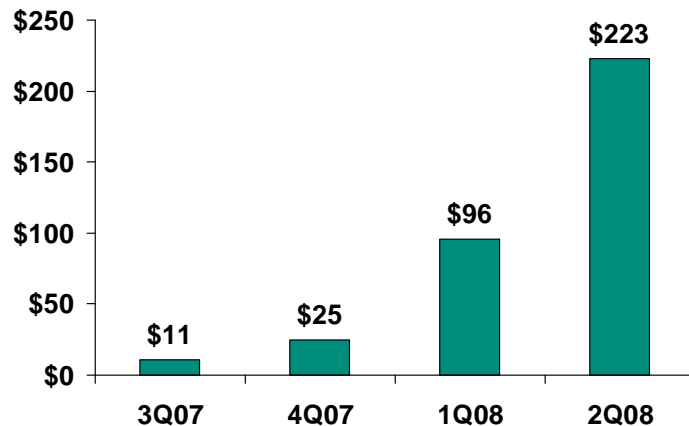
- Impact of housing price depreciation on borrower behavior and loss content
- Expanded range of work-out tactics
- Remaining loss of \$450 million - \$525 million

## Loan Breakdown



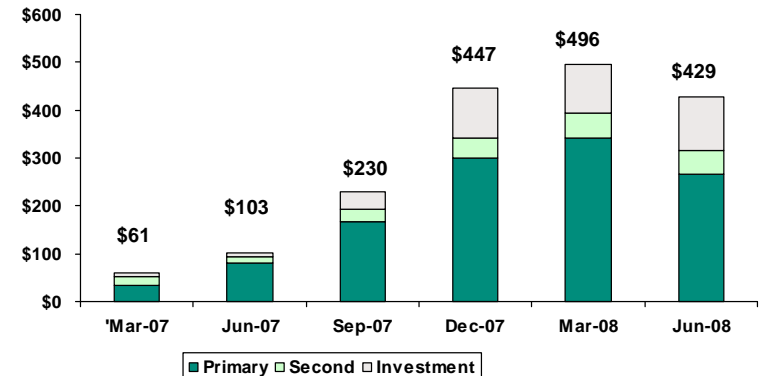
## Net Charge-offs

(\$ in millions)



## 90+ Past Due & NPL

(\$ in millions)



# Liquidating Portfolio - Loss Expectations

(\$ in millions) As of 6/30/08	Current Pool Balance	Net Remaining Expected Charge-offs
<b>National Home Equity</b>	<b>\$10,300</b>	<b>\$2,000 - \$2,300</b>
<b>Non Prime Mortgage (1)</b>		
First Liens	<b>\$3,720</b>	<b>\$315</b>
Second Liens	<b>1,086</b>	<b>440</b>
<b>Total Non Prime Mortgage</b>	<b>\$4,806</b>	<b>\$755</b>
<b>Construction - Perm Portfolio</b>	<b>\$2,343</b>	<b>\$450 - \$525</b>

(1) Includes expected mortgage insurance recoveries

# *Investor Takeaways*

- More than sufficient capital to ride out turbulent credit markets
- Liquidating portfolios are isolated and contained, performing in line with expectations
- Core retail, commercial and wealth management franchises showing solid performance; well-positioned for continued profitability as the credit cycle turns.
- Strengthened leadership team intensely focused on managing risk, cutting expenses, and improving profitability

**National City<sup>®</sup>**

***Appendix***

# Credit Performance: Non Performing Assets

(\$ in millions)	2Q08		1Q08	
	Balance (\$)	% Loans	Balance (\$)	% Loans
<b>Core Portfolios</b>				
Commercial and Industrial	\$236	0.65%	\$231	0.62%
Commercial Construction	\$626	7.13%	\$387	4.26%
Commercial Real Estate	\$296	1.95%	\$255	1.73%
Branch Home Equity	\$28	0.18%	\$24	0.15%
1st Mortgage	\$647	5.39%	\$498	4.03%
Other Consumer	\$0	0.00%	\$0	0.00%
Total Core Portfolio	\$1,833	1.90%	\$1,395	1.43%
<b>Liquidating Portfolios</b>				
National Home Equity	\$163	1.58%	\$140	1.30%
Non-Prime 1st Lien	\$539	13.86%	\$447	10.79%
Non-Prime 2nd Lien	\$163	13.85%	\$249	17.02%
Construction-Perm	\$420	17.93%	\$496	18.56%
Total Liquidating Portfolio	\$1,285	7.25%	\$1,332	6.99%
<b>Total Loan Portfolio</b>	<b>\$3,118</b>	<b>1.90%</b>	<b>\$2,727</b>	<b>1.43%</b>
<b>Held for Sale</b>	<b>\$8</b>		<b>\$5</b>	
<b>Other</b>			<b>\$20</b>	
<b>Total</b>	<b>\$3,126</b>	<b>2.74%</b>	<b>\$2,752</b>	<b>2.37%</b>

# Credit Performance: 90+ days & NPL

(\$ in millions)	2Q08		1Q08	
	Balance (\$)	% Loans	Balance (\$)	% Loans
<b>Core Portfolios</b>				
Commercial and Industrial	\$264	0.73%	\$303	0.81%
Commercial Construction	\$670	7.63%	\$471	5.19%
Commercial Real Estate	\$396	2.61%	\$315	2.14%
Branch Home Equity	\$70	0.44%	\$66	0.42%
1st Mortgage	\$843	7.17%	\$750	6.16%
Other Consumer	\$67	0.83%	\$70	0.86%
Total Core Portfolio	\$2,310	2.41%	\$1,975	2.03%
<b>Liquidating Portfolios</b>				
National Home Equity	\$160	1.55%	\$138	1.28%
Non-Prime 1st Lien	\$671	18.49%	\$699	18.01%
Non-Prime 2nd Lien	\$167	14.19%	\$249	17.02%
Construction-Perm	\$429	18.31%	\$496	18.56%
Total Liquidating Portfolio	\$1,427	8.18%	\$1,582	8.41%
<b>Total Loan Portfolio</b>	<b>\$3,737</b>		<b>\$3,557</b>	
<b>Held for Sale</b>	<b>\$9</b>		<b>\$15</b>	
<b>Other</b>				
<b>Total</b>	<b>\$3,746</b>	<b>3.30%</b>	<b>\$3,572</b>	<b>3.08%</b>

# Credit Performance: Net Charge Offs

(\$ in millions)	2Q08		1Q08	
	Balance (\$)	% Avg. Loans	Balance (\$)	% Avg. Loans
<b>Core Portfolios</b>				
Commercial and Industrial	\$39	0.43%	\$24	0.27%
Commercial Construction	39	1.70%	19	0.83%
Commercial Real Estate	22	0.60%	7	0.19%
Branch Home Equity	31	0.79%	42	1.08%
1st Mortgage	29	1.00%	22	0.72%
Other Consumer	63	3.13%	65	3.02%
Total Core Portfolio	\$223	0.93%	\$179	0.75%
<b>Liquidating Portfolios</b>				
National Home Equity	\$150	1.42%	\$123	1.11%
Non-Prime 1st Lien	35	3.73%	29	2.86%
Non-Prime 2nd Lien	109	34.62%	111	34.55%
Construction-Perm	223	36.43%	96	13.44%
Total Liquidating Portfolio	\$517	11.51%	\$359	7.40%
<b>Total Loan Portfolio</b>	<b>\$740</b>	<b>2.61%</b>	<b>\$538</b>	<b>1.88%</b>

# Credit Performance: Allowance for Loan Losses

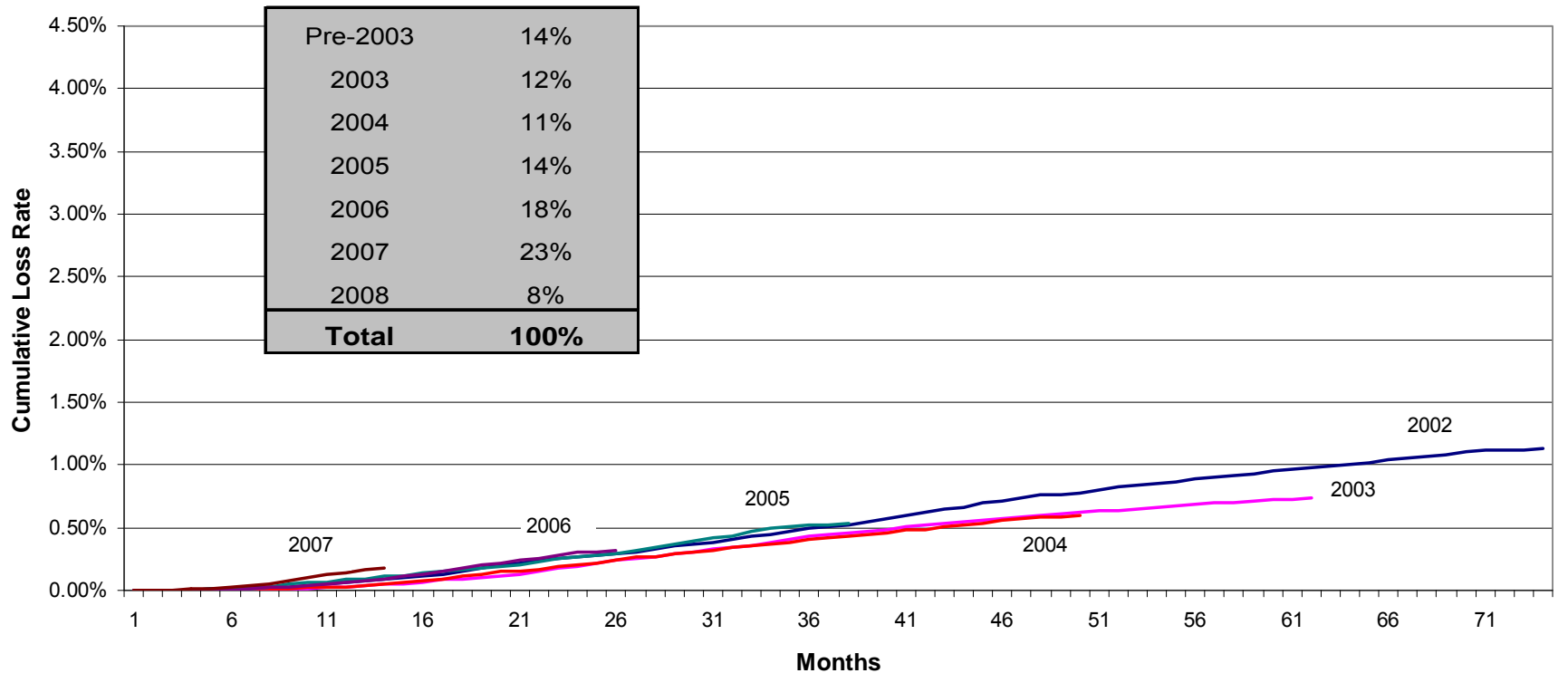
(\$ in millions)	2Q08		1Q08	
	Balance (\$)	% Loans	Balance (\$)	% Loans
<b>Core Portfolios</b>				
Commercial and Industrial	\$499	1.38%	\$503	1.35%
Commercial Construction	374	4.26%	255	2.81%
Commercial Real Estate	135	0.89%	77	0.53%
Branch Home Equity	131	0.83%	116	0.73%
1st Mortgage	200	1.69%	122	0.99%
Other Consumer	311	3.84%	209	2.58%
Total Core Portfolio	\$1,650	1.72%	\$1,282	1.32%
<b>Liquidating Portfolios</b>				
National Home Equity	\$837	10.20%	\$567	7.53%
Non-Prime 1st Lien	216	5.78%	72	1.76%
Non-Prime 2nd Lien	327	30.16%	278	21.70%
Construction-Perm	404	17.29%	383	14.33%
Total Liquidating Portfolio	\$1,784	10.22%	\$1,300	6.91%
<b>Total Loan Portfolio</b>	<b>\$3,434</b>	<b>3.03%</b>	<b>\$2,582</b>	<b>2.23%</b>



# Retail Home Equity Vintage Performance

RETAIL HOME EQUITY: CUMULATIVE LOSSES BY VINTAGE

— 2002 — 2003 — 2004 — 2005 — 2006 — 2007



# Residential Mortgage Portfolio

## Current Portfolio

- Total Portfolio: \$11.8 billion
- Includes loans from acquisitions, Private Client loans, CRA, warehouse transfers and repurchases
- 94% first lien position
- 97% performing status
- 88% owner occupied
- 87% LTV < 90%
- 67% vintage 2006 or earlier
- Weighted average FICO 713

## Actions

- Stated income and broker based origination eliminated in 2007
- Closed correspondent lending
- New senior business line management in place
- Quality assurance team created to reduce defect rates and repurchase volume
- File review on acquired bank portfolios to identify potentially saleable loans
- Reduced mortgage headcount

# Credit Card <sup>(1)</sup>

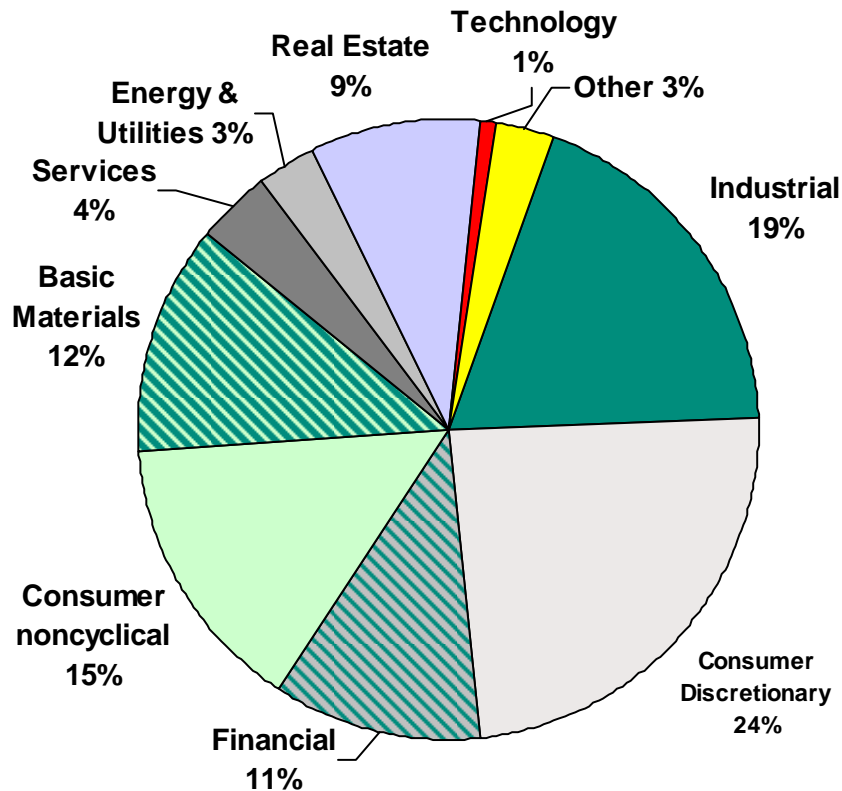
(\$ in millions)	2Q08	1Q08	2Q07
<b><u>Key Statistics</u></b>			
Average outstandings	\$3,297	\$3,225	\$2,693
EOP outstandings	3,400	3,252	2,725
Sales volume	2,085	1,916	1,924
Total new accounts opened	103,193	82,565	91,185
Net charge-off rate	5.93%	5.82%	3.93%
30-day delinquency rate	3.84%	4.31%	3.50%

- Q208 charge-off rate slightly higher than Q108 due to higher frequency of losses and higher average loss per incident
- 30 day delinquency rate declined 47 bps
- Average outstandings of \$3,297MM up 22% YoY
  - Higher due to growth in average account balance from line management programs and lower payment rate
- Merchandise sales volume of \$2,085MM up 8.4% YoY due to higher average ticket and improved activation rates
- Overall issuances are down, securitized cards being issued has increased

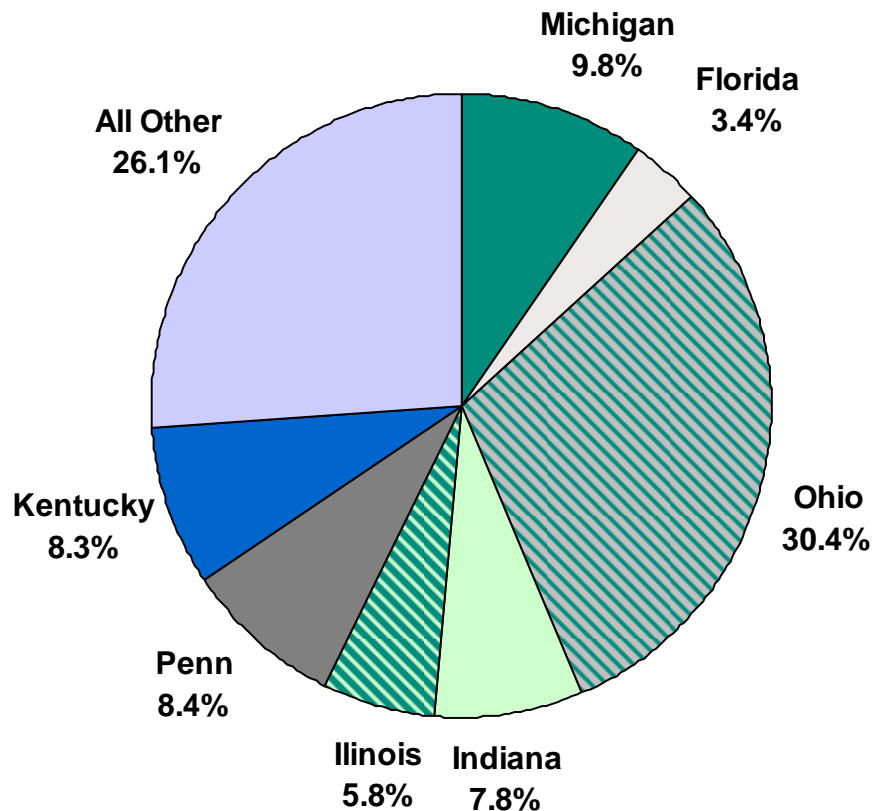
<sup>(1)</sup> All numbers represent the managed book of business

# Commercial and Industrial Portfolio: \$36.3 billion

## Industry Type



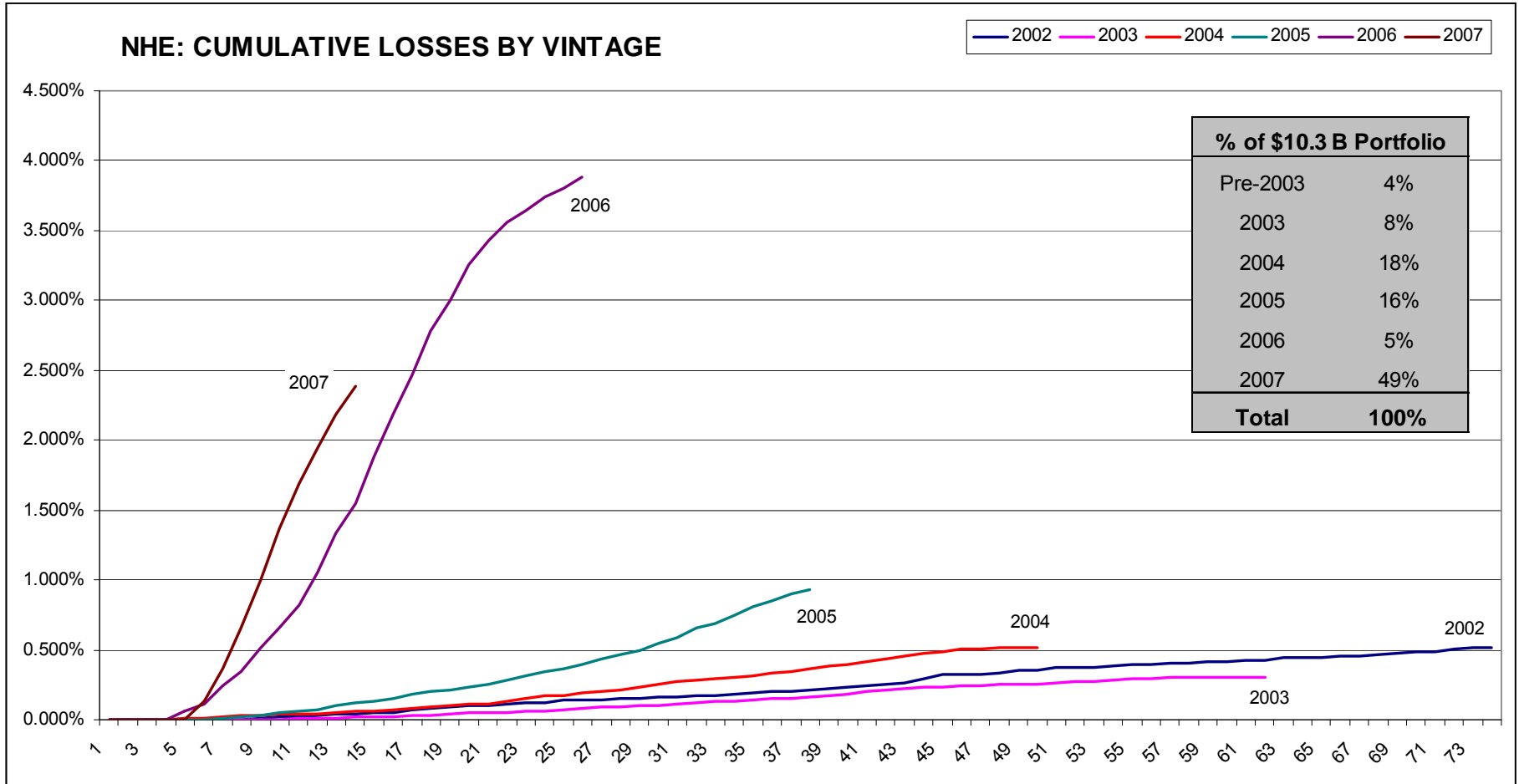
## Geographic Breakdown



# Liquidating Portfolio Overview

(\$ in millions)	2Q08	1Q08	4Q07	3Q07
NHE - Orig for portfolio <i>% of total loans</i>	\$4,278 3.8%	\$4,546 3.9%	4,855 4.2%	4,980 4.4%
NHE - Orig for sale <i>% of total loans</i>	\$6,022 5.3%	\$6,239 5.4%	\$6,352 5.5%	\$6,878 6.1%
Nonprime mortgage <i>% of total loans</i>	\$4,806 4.2%	\$5,345 4.6%	\$6,012 5.2%	\$6,648 5.9%
Construction-Perm <i>% of total loans</i>	\$2,343 2.1%	\$2,679 2.3%	\$3,070 2.6%	\$3,131 2.8%
Total liquidating portfolio <i>% of total loans</i>	\$17,449 15.4%	\$18,666 16.1%	\$20,068 17.3%	\$21,637 19.3%

# National Home Equity (Liquidating Portfolio)



# ***Nonprime Mortgage: \$4.8 Billion Liquidating Portfolio***

- Net charge-offs flat and delinquencies were down in second quarter
- 2<sup>nd</sup> liens (\$1.1B) remain area of elevated risk
- 95% of 2<sup>nd</sup> lien have mortgage insurance
- Modified \$266 million in loans in 2008
- More aggressive OREO strategy

**National City<sup>®</sup>**