

HUNTINGTON BANCSHARES INC/MD  
Form 10-Q  
July 31, 2017  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q  
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
QUARTERLY PERIOD ENDED June 30, 2017  
Commission File Number 1-34073  
Huntington Bancshares Incorporated

Maryland 31-0724920  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)  
41 South High Street, Columbus, Ohio 43287

Registrant's telephone number, including area code (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  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Non-accelerated filer   
(Do not check if a smaller  
reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
 Yes  No

There were 1,090,016,469 shares of Registrant's common stock (\$0.01 par value) outstanding on June 30, 2017.

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Glossary of Acronyms and Terms

The following listing provides a comprehensive reference of common acronyms and terms used throughout the document:

ABS	Asset-Backed Securities
ACL	Allowance for Credit Losses
AFS	Available-for-Sale
ALCO	Asset-Liability Management Committee
ALLL	Allowance for Loan and Lease Losses
ANPR	Advance Notice of Proposed Rulemaking
ASC	Accounting Standards Codification
ATM	Automated Teller Machine
AULC	Allowance for Unfunded Loan Commitments
Basel III	Refers to the final rule issued by the FRB and OCC and published in the Federal Register on October 11, 2013
BHC	Bank Holding Companies
BHC Act	Bank Holding Company Act of 1956
C&I	Commercial and Industrial
Camco Financial	Camco Financial Corp.
CCAR	Comprehensive Capital Analysis and Review
CDO	Collateralized Debt Obligations
CDs	Certificate of Deposit
CET1	Common equity tier 1 on a transitional Basel III basis
CFPB	Bureau of Consumer Financial Protection
CISA	Cybersecurity Information Sharing Act
CMO	Collateralized Mortgage Obligations
CRA	Community Reinvestment Act

CRE	Commercial Real Estate
CREVF	Commercial Real Estate and Vehicle Finance
DIF	Deposit Insurance Fund
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EFT	Electronic Fund Transfer
EPS	Earnings Per Share
EVE	Economic Value of Equity
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FDICIA	Federal Deposit Insurance Corporation Improvement Act of 1991
FHA	Federal Housing Administration
FHC	Financial Holding Company
FHLB	Federal Home Loan Bank

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FICO	Fair Isaac Corporation
FirstMerit	FirstMerit Corporation
FRB	Federal Reserve Bank
FTE	Fully-Taxable Equivalent
FTP	Funds Transfer Pricing
GAAP	Generally Accepted Accounting Principles in the United States of America
HAA	Huntington Asset Advisors, Inc.
HASI	Huntington Asset Services, Inc.
HQLA	High Quality Liquid Asset
HTM	Held-to-Maturity
IRS	Internal Revenue Service
LCR	Liquidity Coverage Ratio
LGD	Loss-Given-Default
LIBOR	London Interbank Offered Rate
LIHTC	Low Income Housing Tax Credit
LTV	Loan to Value
Macquarie	Macquarie Equipment Finance, Inc. (U.S. operations)
MBS	Mortgage-Backed Securities
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MSA	Metropolitan Statistical Area
MSR	Mortgage Servicing Rights
NAICS	North American Industry Classification System
NALs	Nonaccrual Loans
NCO	Net Charge-off

NII	Net Interest Income
NIM	Net Interest Margin
NPAs	Nonperforming Assets
N.R.	Not relevant. Denominator of calculation is a gain in the current period compared with a loss in the prior period, or vice-versa
OCC	Office of the Comptroller of the Currency
OCI	Other Comprehensive Income (Loss)
OCR	Optimal Customer Relationship
OLEM	Other Loans Especially Mentioned
OREO	Other Real Estate Owned
OTTI	Other-Than-Temporary Impairment
PD	Probability-Of-Default
Plan	Huntington Bancshares Retirement Plan
RBHPCG	Regional Banking and The Huntington Private Client Group
REIT	Real Estate Investment Trust

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ROC	Risk Oversight Committee
RWA	Risk-Weighted Assets
SAD	Special Assets Division
SBA	Small Business Administration
SEC	Securities and Exchange Commission
SERP	Supplemental Executive Retirement Plan
SRIP	Supplemental Retirement Income Plan
TCE	Tangible Common Equity
TDR	Troubled Debt Restructured Loan
U.S. Treasury	U.S. Department of the Treasury
UCS	Uniform Classification System
Unified	Unified Financial Securities, Inc.
UPB	Unpaid Principal Balance
USDA	U.S. Department of Agriculture
VIE	Variable Interest Entity
XBRL	eXtensible Business Reporting Language

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PART I. FINANCIAL INFORMATION

When we refer to “we”, “our”, and “us”, and “the Company” in this report, we mean Huntington Bancshares Incorporated and our consolidated subsidiaries, unless the context indicates that we refer only to the parent company, Huntington Bancshares Incorporated. When we refer to the “Bank” in this report, we mean our only bank subsidiary, The Huntington National Bank, and its subsidiaries.

Item 2: Management’s Discussion and Analysis of Financial Condition and Results of Operations

INTRODUCTION

We are a multi-state diversified regional bank holding company organized under Maryland law in 1966 and headquartered in Columbus, Ohio. Through the Bank, we have over 150 years of servicing the financial needs of our customers. Through our subsidiaries, we provide full-service commercial and consumer banking services, mortgage banking services, automobile financing, recreational vehicle and marine financing, equipment leasing, investment management, trust services, brokerage services, insurance programs, and other financial products and services. Our 996 branches and private client group offices are located in Ohio, Illinois, Indiana, Kentucky, Michigan, Pennsylvania, West Virginia, and Wisconsin. Select financial services and other activities are also conducted in various other states. International banking services are available through the headquarters office in Columbus, Ohio. Our foreign banking activities, in total or with any individual country, are not significant.

This MD&A provides information we believe necessary for understanding our financial condition, changes in financial condition, results of operations, and cash flows. The MD&A included in our 2016 Form 10-K should be read in conjunction with this MD&A as this discussion provides only material updates to the 2016 Form 10-K. This MD&A should also be read in conjunction with the Unaudited Condensed Consolidated Financial Statements, Notes to Unaudited Condensed Consolidated Financial Statements, and other information contained in this report.



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### EXECUTIVE OVERVIEW

#### Summary of 2017 Second Quarter Results Compared to 2016 Second Quarter

For the quarter, we reported net income of \$272 million, or \$0.23 per common share, compared with \$175 million, or \$0.19 per common share, in the year-ago quarter (see Table 1). Reported net income was impacted by FirstMerit acquisition-related net expenses totaling \$50 million pre-tax, or \$0.03 per common share.

Fully-taxable equivalent net interest income was \$757 million, up \$241 million, or 47%. The results reflected the benefit from a \$23.9 billion, or 35%, increase in average earning assets and a 25 basis point improvement in the net interest margin to 3.31%. Average earning asset growth included a \$15.4 billion, or 30%, increase in average loans and leases, and an \$8.5 billion, or 56%, increase in average securities, both of which were impacted by the FirstMerit acquisition. The net interest margin expansion reflected a 34 basis point increase in earning asset yields, including an approximate 15 basis point impact of purchase accounting, and a 2 basis point increase in the benefit from noninterest-bearing funds, partially offset by an 11 basis point increase in funding costs.

The provision for credit losses was \$25 million consistent with the year-ago quarter. NCOs increased \$19 million to \$36 million, primarily as a result of Consumer charge-offs on the acquired FirstMerit portfolio. NCOs represented an annualized 0.21% of average loans and leases, which remains below our long-term target of 35 to 55 basis points. Noninterest income was \$325 million, up \$54 million, or 20%. The increase was primarily a result of the FirstMerit acquisition. In addition, card and payment processing income increased due to higher credit and debit card related income and underlying customer growth. Also, service charges on deposit accounts increased reflecting continued new customer acquisition.

Noninterest expense was \$694 million, up \$171 million, or 33%, primarily reflecting the impact of the FirstMerit acquisition. Personnel costs increased primarily reflecting an increase in average full-time equivalent employees and an increase in acquisition-related personnel expense. Further, deposit and other insurance expense increased, as a result of the larger assessment base as well as the FDIC Large Institution Surcharge implemented during the 2016 third quarter.

The tangible common equity to tangible assets ratio was 7.41%, down 55 basis points from a year-ago. The CET1 risk-based capital ratio was 9.88% at June 30, 2017, compared to 9.80% a year ago. The regulatory tier 1 risk-based capital ratio was 11.24% compared to 11.37% at June 30, 2016. Capital ratios were impacted by the goodwill created and the issuance of common stock as part of the FirstMerit acquisition. The regulatory Tier 1 risk-based and total risk-based capital ratios benefited from the issuance of Class C preferred equity during the 2016 third quarter in exchange for FirstMerit preferred equity in conjunction with the acquisition. The total risk-based capital ratio was impacted by the repurchase of trust preferred securities during the 2016 third quarter and fourth quarter. In addition, certain trust preferred securities were acquired in the FirstMerit acquisition and subsequently were redeemed. There were no common shares repurchased over the past five quarters.

#### Business Overview

##### General

Our general business objectives are: (1) grow net interest income and fee income, (2) deliver positive operating leverage, (3) increase primary customer relationships across all business segments, (4) continue to strengthen risk management and (5) maintain capital and liquidity positions consistent with our risk appetite.

##### Economy

We expect ongoing consumer and business confidence to translate into private sector investment fueling continued economic momentum. We are seeing solid manufacturing and infrastructure growth in the Midwest. Businesses are adding jobs and investing more, and our pipelines have remained steady.

### DISCUSSION OF RESULTS OF OPERATIONS

This section provides a review of financial performance from a consolidated perspective. It also includes a “Significant Items” section that summarizes key issues important for a complete understanding of performance trends. Key Unaudited Condensed Consolidated Balance Sheet and Unaudited Condensed Statement of Income trends are discussed. All earnings per share data are reported on a diluted basis. For additional insight on financial performance, please read this section in conjunction with the “Business Segment Discussion.”



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Table 1 - Selected Quarterly Income Statement Data (1)

(dollar amounts in thousands, except per share amounts)

	Three Months Ended						
	June 30,	March 31,	December	September	June 30,		
	2017	2017	31, 2016	30, 2016	2016		
Interest income	\$846,424	\$820,360	\$814,858	\$694,346	\$565,658		
Interest expense	101,912	90,385	79,877	68,956	59,777		
Net interest income	744,512	729,975	734,981	625,390	505,881		
Provision for credit losses	24,978	67,638	74,906	63,805	24,509		
Net interest income after provision for credit losses	719,534	662,337	660,075	561,585	481,372		
Service charges on deposit accounts	87,582	83,420	91,577	86,847	75,613		
Cards and payment processing income	52,485	47,169	49,113	44,320	39,184		
Mortgage banking income	32,268	31,692	37,520	40,603	31,591		
Trust and investment management services	32,232	33,869	34,016	28,923	22,497		
Insurance income	15,843	15,264	16,486	15,865	15,947		
Brokerage income	16,294	15,758	17,014	14,719	14,599		
Capital markets fees	16,836	14,200	18,730	14,750	13,037		
Bank owned life insurance income	15,322	17,542	17,067	14,452	12,536		
Gain on sale of loans	12,002	12,822	24,987	7,506	9,265		
Securities gains (losses)	135	(8	)	(1,771	)	1,031	656
Other Income	44,219	40,735	29,598	33,399	36,187		
Total noninterest income	325,218	312,463	334,337	302,415	271,112		
Personnel costs	391,997	382,000	359,755	405,024	298,949		
Outside data processing and other services	75,169	87,202	88,695	91,133	63,037		
Equipment	42,924	46,700	59,666	40,792	31,805		
Net occupancy	52,613	67,700	49,450	41,460	30,704		
Professional services	18,190	18,295	23,165	47,075	21,488		
Marketing	18,843	13,923	21,478	14,438	14,773		
Deposit and other insurance expense	20,418	20,099	15,772	14,940	12,187		
Amortization of intangibles	14,242	14,355	14,099	9,046	3,600		
Other expense	59,968	57,148	49,417	48,339	47,118		
Total noninterest expense	694,364	707,422	681,497	712,247	523,661		
Income before income taxes	350,388	267,378	312,915	151,753	228,823		
Provision for income taxes	78,647	59,284	73,952	24,749	54,283		
Net income	271,741	208,094	238,963	127,004	174,540		
Dividends on preferred shares	18,889	18,878	18,865	18,537	19,874		
Net income applicable to common shares	\$252,852	\$189,216	\$220,098	\$108,467	\$154,666		
Average common shares—basic	1,088,934	1,086,374	1,085,253	938,578	798,167		
Average common shares—diluted	1,108,527	1,108,617	1,104,358	952,081	810,371		
Net income per common share—basic	\$0.23	\$0.17	\$0.20	\$0.12	\$0.19		
Net income per common share—diluted	0.23	0.17	0.20	0.11	0.19		
Cash dividends declared per common share	0.08	0.08	0.08	0.07	0.07		
Return on average total assets	1.09	% 0.84	% 0.95	% 0.58	% 0.96	%	
Return on average common shareholders' equity	10.6	8.2	9.4	5.4	9.6		
Return on average tangible common shareholders' equity (2)	14.4	11.3	12.9	7.0	11.0		
Net interest margin (3)	3.31	3.30	3.25	3.18	3.06		

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Efficiency ratio (4)	62.9	65.7	61.6	75.0	66.1
Effective tax rate	22.4	22.2	23.6	16.3	23.7
Revenue—FTE					
Net interest income	\$744,512	\$729,975	\$734,981	\$625,390	\$505,881
FTE adjustment	12,069	12,058	12,560	10,598	10,091
Net interest income (3)	756,581	742,033	747,541	635,988	515,972
Noninterest income	325,218	312,463	334,337	302,415	271,112
Total revenue (3)	\$1,081,799	\$1,054,496	\$1,081,878	\$938,403	\$787,084

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(dollar amounts in thousands, except per share amounts)

	Six Months Ended June		Change	
	2017	2016	Amount	Percent
Interest income	\$1,666,784	\$1,122,909	\$543,875	48 %
Interest expense	192,297	113,962	78,335	69
Net interest income	1,474,487	1,008,947	465,540	46
Provision for credit losses	92,616	52,091	40,525	78
Net interest income after provision for credit losses	1,381,871	956,856	425,015	44
Service charges on deposit accounts	171,002	145,875	25,127	17
Cards and payment processing income	99,654	75,631	24,023	32
Mortgage banking income	63,960	50,134	13,826	28
Trust and investment management services	66,101	45,335	20,766	46
Insurance income	31,107	32,172	(1,065)	(3)
Brokerage income	32,052	30,101	1,951	6
Capital markets fees	31,036	26,047	4,989	19
Bank owned life insurance income	32,864	26,049	6,815	26
Gain on sale of loans	24,824	14,660	10,164	69
Securities gains	127	656	(529)	(81)
Other income	84,954	66,319	18,635	28
Total noninterest income	637,681	512,979	124,702	24
Personnel costs	773,997	584,346	189,651	32
Outside data processing and other services	162,371	124,915	37,456	30
Equipment	89,624	64,381	25,243	39
Net occupancy	120,313	62,180	58,133	93
Professional services	36,485	35,026	1,459	4
Marketing	32,766	27,041	5,725	21
Deposit and other insurance expense	40,517	23,395	17,122	73
Amortization of intangibles	28,597	7,312	21,285	291
Other expense	117,116	86,145	30,971	36
Total noninterest expense	1,401,786	1,014,741	387,045	38
Income before income taxes	617,766	455,094	162,672	36
Provision for income taxes	137,931	109,240	28,691	26
Net income	479,835	345,854	133,981	39
Dividends declared on preferred shares	37,767	27,872	9,895	36
Net income applicable to common shares	\$442,068	\$317,982	\$124,086	39 %
Average common shares—basic	1,087,654	796,961	290,693	36 %
Average common shares—diluted	1,108,572	809,360	299,212	37
Net income per common share—basic	\$0.41	\$0.40	\$0.01	3
Net income per common share—diluted	0.40	0.39	0.01	3
Cash dividends declared per common share	0.16	0.14	0.02	14
Revenue—FTE				
Net interest income	\$1,474,487	\$1,008,947	\$465,540	46 %
FTE adjustment	24,127	19,250	4,877	25
Net interest income (3)	1,498,614	1,028,197	470,417	46
Noninterest income	637,681	512,979	124,702	24
Total revenue (3)	\$2,136,295	\$1,541,176	\$595,119	39 %

- (1) Comparisons for presented periods are impacted by a number of factors. Refer to the “Significant Items” for additional discussion regarding these key factors.  
Net income excluding expense for amortization of intangibles for the period divided by average tangible common
- (2) shareholders’ equity. Average tangible common shareholders’ equity equals average total common shareholders’ equity less average intangible assets and goodwill. Expense for amortization of intangibles and average intangible assets are net of deferred tax liability, and calculated assuming a 35% tax rate.
- (3) On a fully-taxable equivalent (FTE) basis assuming a 35% tax rate.
- (4) Noninterest expense less amortization of intangibles and goodwill impairment divided by the sum of FTE net interest income and noninterest income excluding securities gains.

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## Significant Items

Earnings comparisons are impacted by the Significant Items summarized below:

Mergers and Acquisitions. Significant events relating to mergers and acquisitions, and the impacts of those events on our reported results, are as follows:

During the 2017 second quarter, \$50 million of noninterest expense was recorded related to the acquisition of FirstMerit. This resulted in a negative impact of \$0.03 per common share.

During the 2017 first quarter, \$73 million of noninterest expense and \$2 million of noninterest income was recorded related to the acquisition of FirstMerit. This resulted in a negative impact of \$0.04 per common share.

During the 2016 second quarter, \$21 million of noninterest expense was recorded related to the then pending acquisition of FirstMerit. This resulted in a negative impact of \$0.02 per common share.

The following table reflects the earnings impact of the above-mentioned Significant Items for periods affected:

Table 3 - Significant Items Influencing Earnings Performance Comparison  
(dollar amounts in thousands, except per share amounts)

	Three Months Ended					
	June 30, 2017		March 31, 2017		June 30, 2016	
	Amount	EPS (1)	Amount	EPS (1)	Amount	EPS (1)
Net income	\$271,741		\$208,094		\$174,540	
Earnings per share, after-tax		\$0.23		\$0.17		\$0.19
Significant Items—favorable (unfavorable) impact	Earnings	EPS (1)	Earnings	EPS (1)	Earnings	EPS (1)
Mergers and acquisitions, net expenses	\$(50,243 )		\$(71,145 )		\$(20,789 )	
Tax impact	17,585		24,901		7,213	
Mergers and acquisitions, after-tax	\$(32,658 )	\$(0.03)	\$(46,244 )	\$(0.04)	\$(13,576 )	\$(0.02)

(1)Based upon the quarterly average outstanding diluted common shares.

	Six Months Ended			
	June 30, 2017		June 30, 2016	
	After-tax	EPS (1)	After-tax	EPS (1)
Net income	\$479,835		\$345,854	
Earnings per share, after-tax		\$0.40		\$0.39
Significant Items—favorable (unfavorable) impact	Earnings	EPS (1)	Earnings	EPS (1)
Mergers and acquisitions, net expenses	\$(121,388)		\$(27,195 )	
Tax impact	42,486		9,219	
Mergers and acquisitions, after-tax	\$(78,902 )	\$(0.07)	\$(17,976 )	\$(0.03)

(1)Based upon the year to date average outstanding diluted common shares.

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## Net Interest Income / Average Balance Sheet

The following tables detail the change in our average balance sheet and the net interest margin:

Table 4 - Consolidated Average Balance Sheet and Net Interest Margin Analysis

(dollar amounts in millions)

	Average Balances					Change		
	Three Months Ended		December 31, 2016	September 30, 2016	June 30, 2016	2Q17 vs. 2Q16		
	June 30, 2017	March 31, 2017				Amount	Percent	
<b>Assets:</b>								
Interest-bearing deposits in banks	\$102	\$100	\$110	\$95	\$99	\$3	4	%
Loans held for sale	525	415	2,507	695	571	(46)	(8)	)
<b>Securities:</b>								
<b>Available-for-sale and other securities:</b>								
Taxable	13,135	12,801	13,734	9,785	6,904	6,231	90	
Tax-exempt	3,104	3,049	3,136	2,854	2,510	594	24	
Total available-for-sale and other securities	16,239	15,850	16,870	12,639	9,414	6,825	72	
Trading account securities	91	137	139	49	41	50	121	
Held-to-maturity securities—taxable	7,427	7,656	5,432	5,487	5,806	1,621	28	
Total securities	23,756	23,643	22,441	18,175	15,261	8,495	56	
<b>Loans and leases: (1)</b>								
<b>Commercial:</b>								
Commercial and industrial	27,992	27,922	27,727	24,957	21,344	6,648	31	
<b>Commercial real estate:</b>								
Construction	1,130	1,314	1,413	1,132	881	249	28	
Commercial	5,940	6,039	5,805	5,227	4,345	1,595	37	
Commercial real estate	7,070	7,353	7,218	6,359	5,226	1,844	35	
Total commercial	35,062	35,276	34,945	31,316	26,570	8,492	32	
<b>Consumer:</b>								
Automobile	11,324	11,063	10,866	11,402	10,146	1,178	12	
Home equity	9,958	10,072	10,101	9,260	8,416	1,542	18	
Residential mortgage	7,979	7,777	7,690	7,012	6,187	1,792	29	
RV and marine finance	2,039	1,874	1,844	915	—	N.R.	N.R.	
Other consumer	983	919	959	817	613	370	60	
Total consumer	32,283	31,705	31,460	29,406	25,362	6,921	27	
Total loans and leases	67,345	66,981	66,405	60,722	51,932	15,413	30	
Allowance for loan and lease losses	(672)	(636)	(614)	(623)	(616)	(56)	9	
Net loans and leases	66,673	66,345	65,791	60,099	51,316	15,357	30	
Total earning assets	91,728	91,139	91,463	79,687	67,863	23,865	35	
Cash and due from banks	1,287	2,011	1,538	1,325	1,001	286	29	
Intangible assets	2,373	2,387	2,421	1,547	726	1,647	227	
All other assets	5,405	5,442	5,559	4,962	4,149	1,256	30	
Total assets	\$100,121	\$100,343	\$100,367	\$86,898	\$73,123	\$26,998	37	%
<b>Liabilities and Shareholders' Equity:</b>								
<b>Deposits:</b>								
Demand deposits—noninterest-bearing	\$21,599	\$21,730	\$23,250	\$20,033	\$16,507	\$5,092	31	%
Demand deposits—interest-bearing	17,445	16,805	15,294	12,362	8,445	9,000	107	
Total demand deposits	39,044	38,535	38,544	32,395	24,952	14,092	56	



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Money market deposits	19,212	18,653	18,618	18,453	19,534	(322 )	(2 )
Savings and other domestic deposits	11,889	11,970	12,272	8,889	5,402	6,487	120
Core certificates of deposit	2,146	2,342	2,636	2,285	2,007	139	7
Total core deposits	72,291	71,500	72,070	62,022	51,895	20,396	39
Other domestic time deposits of \$250,000 or more	479	470	391	382	402	77	19
Brokered deposits and negotiable CDs	3,783	3,969	4,273	3,904	2,909	874	30
Deposits in foreign offices	—	—	152	194	208	(208 )	—
Total deposits	76,553	75,939	76,886	66,502	55,414	21,139	38
Short-term borrowings	2,687	3,792	2,628	1,306	1,032	1,655	160
Long-term debt	8,730	8,529	8,594	8,488	7,899	831	11
Total interest-bearing liabilities	66,371	66,530	64,858	56,263	47,838	18,533	39
All other liabilities	1,557	1,661	1,833	1,608	1,416	141	10
Shareholders' equity	10,594	10,422	10,426	8,994	7,362	3,232	44
Total liabilities and shareholders' equity	\$ 100,121	\$ 100,343	\$ 100,367	\$ 86,898	\$ 73,123	\$ 26,998	37 %

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Table 4 - Consolidated Average Balance Sheet and Net Interest Margin Analysis (Continued)

	Average Yield Rates (2)				
	Three Months Ended				
	June	March	December	September	June
	30,	31,	31,	30,	30,
	2017	2017	2016	2016	2016
Fully-taxable equivalent basis (3)					
Assets:					
Interest-bearing deposits in banks	1.53 %	1.09 %	0.64 %	0.64 %	0.25 %
Loans held for sale	3.73	3.82	2.95	3.53	3.89
Securities:					
Available-for-sale and other securities:					
Taxable	2.38	2.38	2.43	2.35	2.37
Tax-exempt	3.71	3.77	3.60	3.01	3.38
Total available-for-sale and other securities	2.64	2.65	2.65	2.50	2.64
Trading account securities	0.25	0.11	0.18	0.58	0.98
Held-to-maturity securities—taxable	2.38	2.36	2.43	2.41	2.44
Total securities	2.55	2.54	2.58	2.47	2.56
Loans and leases: (1)					
Commercial:					
Commercial and industrial	4.04	3.98	3.83	3.68	3.49
Commercial real estate:					
Construction	4.26	3.95	3.65	3.76	3.70
Commercial	3.97	3.69	3.54	3.54	3.35
Commercial real estate	4.02	3.74	3.56	3.58	3.41
Total commercial	4.04	3.93	3.78	3.66	3.47
Consumer:					
Automobile	3.55	3.55	3.57	3.37	3.15
Home equity	4.61	4.45	4.24	4.21	4.17
Residential mortgage	3.66	3.63	3.58	3.61	3.65
RV and marine finance	5.57	5.63	5.64	5.70	—
Other consumer	11.47	12.05	10.91	10.93	10.28
Total consumer	4.27	4.23	4.13	3.97	3.79
Total loans and leases	4.15	4.07	3.95	3.81	3.63
Total earning assets	3.75	3.70	3.60	3.52	3.41
Liabilities:					
Deposits:					
Demand deposits—noninterest-bearing	—	—	—	—	—
Demand deposits—interest-bearing	0.20	0.15	0.11	0.11	0.09
Total demand deposits	0.09	0.07	0.04	0.04	0.03
Money market deposits	0.31	0.26	0.24	0.24	0.24
Savings and other domestic deposits	0.21	0.22	0.25	0.21	0.11
Core certificates of deposit	0.56	0.39	0.29	0.43	0.79
Total core deposits	0.26	0.22	0.20	0.20	0.22
Other domestic time deposits of \$250,000 or more	0.49	0.45	0.39	0.40	0.40
Brokered deposits and negotiable CDs	0.95	0.72	0.48	0.44	0.40
Deposits in foreign offices	—	—	0.13	0.13	0.13
Total deposits	0.31	0.26	0.23	0.22	0.23
Short-term borrowings	0.78	0.63	0.36	0.29	0.36

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Long-term debt	2.49	2.33	2.19	1.97	1.85
Total interest-bearing liabilities	0.61	0.54	0.48	0.49	0.50
Net interest rate spread	3.14	3.16	3.12	3.03	2.91
Impact of noninterest-bearing funds on margin	0.17	0.14	0.13	0.15	0.15
Net interest margin	3.31	% 3.30	% 3.25	% 3.18	% 3.06

(1) For purposes of this analysis, NALs are reflected in the average balances of loans.

(2) Loan and lease and deposit average rates include impact of applicable derivatives, non-deferrable fees, and amortized fees.

(3) FTE yields are calculated assuming a 35% tax rate.

N.R. - Not relevant.

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2017 Second Quarter versus 2016 Second Quarter

FTE net interest income for the 2017 second quarter increased \$241 million, or 47%, from the 2016 second quarter. This reflected the benefit from the \$23.9 billion, or 35%, increase in average earning assets coupled with a 25 basis point improvement in the FTE net interest margin to 3.31%. The NIM expansion reflected a 34 basis point increase related to the mix and yield of earning assets and a 2 basis point increase in the benefit from noninterest-bearing funds, partially offset by an 11 basis point increase in funding costs. FTE net interest income during the 2017 second quarter included \$34 million, or approximately 15 basis points, of purchase accounting impact.

Average earning assets for the 2017 second quarter increased \$23.9 billion, or 35%, from the year-ago quarter, primarily reflecting the impact of the FirstMerit acquisition. Average earning asset growth included a \$15.4 billion, or 30%, increase in average loans and leases and an \$8.5 billion, or 56%, increase in average securities. Average securities included \$2.9 billion of direct purchase municipal instruments in our commercial banking segment compared to \$2.3 billion in the year-ago quarter. Average residential mortgage loans increased \$1.8 billion, or 29%, as we continue to see increased demand for residential mortgage loans across our footprint.

Average total deposits for the 2017 second quarter increased \$21.1 billion, or 38%, from the year-ago quarter, while average total core deposits increased \$20.4 billion, or 39%. Average total interest-bearing liabilities increased \$18.5 billion, or 39%, from the year-ago quarter. These increases primarily reflect the impact of the FirstMerit acquisition. Average demand deposits increased \$14.1 billion, or 56%, comprised of a \$9.9 billion, or 62%, increase in average commercial demand deposits and a \$4.2 billion, or 46%, increase in average consumer demand deposits. Average long-term borrowings increased \$0.8 billion, or 11%, reflecting the issuance of \$2.0 billion and maturity of \$1.6 billion of senior debt over the past five quarters.

2017 Second Quarter versus 2017 First Quarter

Compared to the 2017 first quarter, FTE net interest income increased \$15 million, or 2%. The increase in the NIM reflected a 5 basis point increase in earning asset yields and a 3 basis point increase in the benefit from noninterest-bearing funds, partially offset by a 7 basis point increase in the cost of interest-bearing liabilities. The purchase accounting impact on the net interest margin was approximately 15 basis points in the 2017 second quarter compared to approximately 16 basis points in the prior quarter.

Average earning assets increased \$0.6 billion, or less than 1% from the 2017 first quarter. Average loans and leases increased \$0.4 billion, or less than 1%, primarily reflecting growth in residential mortgage, automobile, and RV and marine loans partially offset by a decline in average commercial real estate loans. Total commercial lending was impacted by anticipated FirstMerit-related runoff and lower utilization.

Average total core deposits increased \$0.8 billion, or 1%, primarily reflecting a \$0.6 billion, or 3%, increase in money market deposits and a \$0.5 billion, or 1%, increase in average demand deposits. Average total debt decreased \$0.9 billion, or 7%, driven by a \$1.1 billion, or 29%, decrease in short-term borrowings, reflecting the maintenance of excess liquidity surrounding the branch conversion during the 2017 first quarter.

Table of ContentsTable 5 - Consolidated YTD Average Balance Sheets and Net Interest Margin Analysis  
(dollar amounts in millions)

	YTD Average Balances				YTD Average Rates (2)			
	Six Months Ended June 30,		Change		Six Months Ended June 30,			
Fully-taxable equivalent basis (1)	2017	2016	Amount	Percent	2017	2016		
Assets:								
Interest-bearing deposits in banks	\$ 101	\$ 98	\$ 3	3 %	1.31	0.23	%	%
Loans held for sale	470	502	(32)	(6)	3.76	3.93		
Securities:								
Available-for-sale and other securities:								
Taxable	12,969	6,768	6,201	92	2.38	2.38		
Tax-exempt	3,076	2,434	642	26	3.74	3.39		
Total available-for-sale and other securities	16,045	9,202	6,843	74	2.64	2.65		
Trading account securities	114	40	74	185	0.17	0.75		
Held-to-maturity securities—taxable	7,541	5,930	1,611	27	2.37	2.44		
Total securities	23,700	15,172	8,528	56	2.55	2.56		
Loans and leases: (3)								
Commercial:								
Commercial and industrial	27,957	20,996	6,961	33	4.01	3.51		
Commercial real estate:								
Construction	1,221	902	319	35	4.09	3.60		
Commercial	5,990	4,314	1,676	39	3.83	3.47		
Commercial real estate	7,211	5,216	1,995	38	3.88	3.49		
Total commercial	35,168	26,212	8,956	34	3.98	3.50		
Consumer:								
Automobile	11,194	9,938	1,256	13	3.55	3.16		
Home equity	9,994	8,429	1,565	19	4.54	4.18		
Residential mortgage	7,879	6,102	1,777	29	3.65	3.67		
RV and marine finance	1,957	—	1,957	N.R.	5.60	—		
Other consumer	972	594	378	64	11.49	10.16		
Total consumer	31,996	25,063	6,933	28	4.25	3.80		
Total loans and leases	67,164	51,275	15,889	31	4.11	3.65		
Allowance for loan and lease losses	(654)	(610)	(44)	7				
Net loans and leases	66,510	50,665	15,845	31				
Total earning assets	91,435	67,047	24,388	36	3.73	3.43	%	%
Cash and due from banks	1,647	1,007	640	64				
Intangible assets	2,380	728	1,652	227				
All other assets	5,424	4,187	1,237	30				
Total assets	\$ 100,232	\$ 72,359	\$ 27,873	39 %				
Liabilities and Shareholders' Equity:								
Deposits:								
Demand deposits—noninterest-bearing	\$ 21,664	\$ 16,421	\$ 5,243	32 %	—	—	%	%
Demand deposits—interest-bearing	17,127	8,111	9,016	111	0.18	0.09		
Total demand deposits	38,791	24,532	14,259	58	0.08	0.03		
Money market deposits	18,934	19,608	(674)	(3)	0.29	0.24		
Savings and other domestic deposits	11,930	5,354	6,576	123	0.21	0.12		
Core certificates of deposit	2,243	2,136	107	5	0.47	0.81		

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Total core deposits	71,898	51,630	20,268	39	0.24	0.22
Other domestic time deposits of \$250,000 or more	474	429	45	10	0.47	0.40
Brokered deposits and negotiable CDs	3,876	2,903	973	34	0.83	0.39
Deposits in foreign offices	—	236	(236)	—	—	0.13
Total deposits	76,248	55,198	21,050	38	0.28	0.24
Short-term borrowings	3,236	1,089	2,147	197	0.69	0.33
Long-term debt	8,630	7,549	1,081	14	2.41	1.77
Total interest-bearing liabilities	66,450	47,415	19,035	40	0.58	0.48
All other liabilities	1,609	1,465	144	10		
Shareholders' equity	10,509	7,058	3,451	49		
Total liabilities and shareholders' equity	\$100,232	\$72,359	\$27,873	39	%	
Net interest rate spread					3.15	2.94
Impact of noninterest-bearing funds on margin					0.16	0.14
Net interest margin					3.31	% 3.08 %

(1) FTE yields are calculated assuming a 35% tax rate.

(2) Loan, lease, and deposit average rates include the impact of applicable derivatives, non-deferrable fees, and amortized deferred fees.

(3) For purposes of this analysis, nonaccrual loans are reflected in the average balances of loans.

N.R.—Not relevant.

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## 2017 First Six Months versus 2016 First Six Months

FTE net interest income for the first six-month period of 2017 increased \$470 million, or 46%. This reflected the benefit of a \$24.4 billion, or 36%, increase in average total earning assets coupled with a FTE net interest margin increased to 3.31% from 3.08%. Average securities increased \$8.5 billion, or 56%, primarily reflecting the acquisition of FirstMerit and an increase in direct purchase municipal instruments in our commercial banking segment. Average loans and leases increased \$15.9 billion, or 31%, primarily reflecting an increase in C&I lending, residential mortgage loans and RV and marine finance resulting from the acquisition of FirstMerit.

## Provision for Credit Losses

(This section should be read in conjunction with the Credit Risk section.)

The provision for credit losses is the expense necessary to maintain the ALLL and the AULC at levels appropriate to absorb our estimate of credit losses in the loan and lease portfolio and the portfolio of unfunded loan commitments and letters-of-credit.

The provision for credit losses for the 2017 second quarter was \$25 million, which remained relatively unchanged compared to the second quarter 2016. NCOs increased \$19 million to \$36 million compared with the same period in the prior year. Net charge-offs represented an annualized 0.21% of average loans and leases, which remains below our long-term target of 35 to 55 basis points.

On a year-to-date basis, provision for credit losses for the first six-month period of 2017 was \$93 million, an increase of \$41 million, or 78%, compared to year-ago period. The increase primarily relates to the FirstMerit acquisition as well as one large commercial recovery in the prior year period.

## Noninterest Income

The following table reflects noninterest income for each of the periods presented:

Table 6 - Noninterest Income

(dollar amounts in thousands)

	Three Months Ended			2Q17 vs. 2Q16		2Q17 vs. 1Q17	
	June 30, 2017	March 31, 2017	June 30, 2016	Change Amount	Percent	Change Amount	Percent
Service charges on deposit accounts	\$87,582	\$83,420	\$75,613	\$11,969	16 %	\$4,162	5 %
Cards and payment processing income	52,485	47,169	39,184	13,301	34	5,316	11
Mortgage banking income	32,268	31,692	31,591	677	2	576	2
Trust and investment management services	32,232	33,869	22,497	9,735	43	(1,637 )	(5 )
Insurance income	15,843	15,264	15,947	(104 )	(1 )	579	4
Brokerage income	16,294	15,758	14,599	1,695	12	536	3
Capital markets fees	16,836	14,200	13,037	3,799	29	2,636	19
Bank owned life insurance income	15,322	17,542	12,536	2,786	22	(2,220 )	(13 )
Gain on sale of loans	12,002	12,822	9,265	2,737	30	(820 )	(6 )
Securities gains (losses)	135	(8 )	656	(521 )	(79 )	143	(1,788)
Other Income	44,219	40,735	36,187	8,032	22	3,484	9
Total noninterest income	\$325,218	\$312,463	\$271,112	\$54,106	20 %	\$12,755	4 %

## 2017 Second Quarter versus 2016 Second Quarter

Noninterest income for the 2017 second quarter increased \$54 million, or 20%, from the year-ago quarter, primarily reflecting the impact of the FirstMerit acquisition. Card and payment processing income increased \$13 million, or 34%, due to higher credit and debit card related income and underlying customer growth. Service charges on deposit accounts increased \$12 million, or 16%, reflecting the benefit of the FirstMerit acquisition and continued new customer acquisition. Of the increase, \$6 million was attributable to consumer deposit accounts, and \$6 million was attributable to commercial deposit accounts.

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## 2017 Second Quarter versus 2017 First Quarter

Compared to the 2017 first quarter, total noninterest income increased \$13 million, or 4%. Card and payment processing income increased \$5 million, or 11%, reflecting seasonally higher credit and debit card related income and underlying customer growth.

Table 7 - Noninterest Income—2017 First Six Months vs. 2016 First Six Months  
(dollar amounts in thousands)

	Six Months Ended		Change	
	June 30, 2017	2016	Amount	Percent
Service charges on deposit accounts	\$171,002	\$145,875	\$25,127	17 %
Cards and payment processing income	99,654	75,631	24,023	32
Mortgage banking income	63,960	50,134	13,826	28
Trust and investment management services	66,101	45,335	20,766	46
Insurance income	31,107	32,172	(1,065)	(3)
Brokerage income	32,052	30,101	1,951	6
Capital markets fees	31,036	26,047	4,989	19
Bank owned life insurance income	32,864	26,049	6,815	26
Gain on sale of loans	24,824	14,660	10,164	69
Securities gains (losses)	127	656	(529)	(81)
Other Income	84,954	66,319	18,635	28
Total noninterest income	\$637,681	\$512,979	\$124,702	24 %

Noninterest income for the first six-month period of 2017 increased \$125 million, or 24%, from the year-ago period, primarily reflecting the impact of the FirstMerit acquisition. Service charges on deposit accounts increased \$25 million, or 17%, reflecting the benefit of the FirstMerit acquisition and continued new customer acquisition. Cards and payment processing income increased \$24 million, or 32%, due to higher credit and debit card related income and underlying customer growth. Trust and investment management services increased \$21 million, or 46%, primarily reflecting an increase in personal trust services reflecting the benefit of the FirstMerit acquisition.

## Noninterest Expense

(This section should be read in conjunction with Significant Items 1.)

The following table reflects noninterest expense for each of the periods presented:

Table 8 - Noninterest Expense  
(dollar amounts in thousands)

	Three Months Ended			2Q17 vs. 2Q16		2Q17 vs. 1Q17	
	June 30, 2017	March 31, 2017	June 30, 2016	Change Amount	Percent	Change Amount	Percent
Personnel costs	\$391,997	\$382,000	\$298,949	\$93,048	31 %	\$9,997	3 %
Outside data processing and other services	75,169	87,202	63,037	12,132	19	(12,033)	(14)
Equipment	42,924	46,700	31,805	11,119	35	(3,776)	(8)
Net occupancy	52,613	67,700	30,704	21,909	71	(15,087)	(22)
Professional services	18,190	18,295	21,488	(3,298)	(15)	(105)	(1)
Marketing	18,843	13,923	14,773	4,070	28	4,920	35
Deposit and other insurance expense	20,418	20,099	12,187	8,231	68	319	2
Amortization of intangibles	14,242	14,355	3,600	10,642	296	(113)	(1)
Other expense	59,968	57,148	47,118	12,850	27	2,820	5
Total noninterest expense	\$694,364	\$707,422	\$523,661	\$170,703	33 %	\$(13,058)	(2) %
Number of employees (average full-time equivalent)	16,103	16,331	12,363	3,740	30 %	(228)	(1) %





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## Impacts of Significant Items:

	Three Months Ended		
	June 30, 2017	March 31, 2017	June 30, 2016
(dollar amounts in thousands)			
Personnel costs	\$17,934	\$19,555	\$4,732
Outside data processing and other services	6,246	14,475	3,045
Equipment	3,994	5,763	3
Net occupancy	14,415	23,342	490
Professional services	3,804	4,218	10,709
Marketing	112	816	241
Other expense	3,738	5,126	1,569
Total noninterest expense adjustments	\$50,243	\$73,295	\$20,789

## Adjusted Noninterest Expense (See Non-GAAP Financial Measures in the Additional Disclosures section):

	Three Months Ended			2Q17 vs. 2Q16		2Q17 vs. 1Q17	
	June 30, 2017	March 31, 2017	June 30, 2016	Change Amount	Change Percent	Change Amount	Change Percent
(dollar amounts in thousands)							
Personnel costs	\$374,063	\$362,445	\$294,217	\$79,846	27 %	\$11,618	3 %
Outside data processing and other services	68,923	72,727	59,992	8,931	15	(3,804 )	(5 )
Equipment	38,930	40,937	31,802	7,128	22	(2,007 )	(5 )
Net occupancy	38,198	44,358	30,214	7,984	26	(6,160 )	(14 )
Professional services	14,386	14,077	10,779	3,607	33	309	2
Marketing	18,731	13,107	14,532	4,199	29	5,624	43
Deposit and other insurance expense	20,418	20,099	12,187	8,231	68	319	2
Amortization of intangibles	14,242	14,355	3,600	10,642	296	(113 )	(1 )
Other expense	56,230	52,022	45,549	10,681	23	4,208	8
Total adjusted noninterest expense (Non-GAAP)	\$644,121	\$634,127	\$502,872	\$141,249	28 %	\$9,994	2 %

## 2017 Second Quarter versus 2016 Second Quarter

Reported noninterest expense for the 2017 second quarter increased \$171 million, or 33%, from the year-ago quarter, primarily reflecting the impact of the FirstMerit acquisition, including Significant Items. Personnel costs increased \$93 million, or 31%, primarily reflecting a 30% increase in average full-time equivalent employees and a \$13 million net increase in acquisition-related personnel expense. Deposit and other insurance expense increased \$8 million, or 68%, reflecting the larger assessment base and the FDIC Large Institution Surcharge implemented during the 2016 third quarter.

## 2017 Second Quarter versus 2017 First Quarter

Reported noninterest expense decreased \$13 million, or 2%, from the 2017 first quarter, including a \$23 million net decrease in Significant Items. Net occupancy costs decreased \$15 million, or 22%, reflecting a \$9 million net decrease in acquisition-related expenses and the branch consolidations completed during the 2017 first quarter. Partially offsetting those decreases, personnel costs increased \$10 million, or 3%, reflecting the implementation of annual merit increases and grant of annual long-term equity incentive compensation, both in May, partially offset by a \$2 million net decrease in acquisition-related expenses.

Table of ContentsTable 9 - Noninterest Expense—2017 First Six Months vs. 2016 First Six Months  
(dollar amounts in thousands)

	Six Months Ended June 30,		Change	
	2017	2016	Amount	Percent
Personnel costs	\$773,997	\$584,346	\$189,651	32 %
Outside data processing and other services	162,371	124,915	37,456	30
Equipment	89,624	64,381	25,243	39
Net occupancy	120,313	62,180	58,133	93
Professional services	36,485	35,026	1,459	4
Marketing	32,766	27,041	5,725	21
Deposit and other insurance expense	40,517	23,395	17,122	73
Amortization of intangibles	28,597	7,312	21,285	291
Other expense	117,116	86,145	30,971	36
Total noninterest expense	\$1,401,786	\$1,014,741	\$387,045	38 %
Impacts of Significant Items:				

	Six Months Ended June 30,	
	2017	2016
Personnel costs	\$37,489	\$5,206
Outside data processing and other services	20,721	3,408
Equipment	9,757	3
Net occupancy	37,757	510
Professional services	8,022	14,997
Marketing	928	254
Other expense	8,864	2,817
Total noninterest expense adjustments	\$123,538	\$27,195

Adjusted Noninterest Expense (See Non-GAAP Financial Measures in Additional Disclosures section):

	Six Months Ended June 30,		Change	
	2017	2016	Amount	Percent
Personnel costs	\$736,508	\$579,140	\$157,368	27 %
Outside data processing and other services	141,650	121,507	20,143	17
Equipment	79,867	64,378	15,489	24
Net occupancy	82,556	61,670	20,886	34
Professional services	28,463	20,029	8,434	42
Marketing	31,838	26,787	5,051	19
Deposit and other insurance expense	40,517	23,395	17,122	73
Amortization of intangibles	28,597	7,312	21,285	291
Other expense	108,252	83,328	24,924	30
Total adjusted noninterest expense (Non-GAAP)	\$1,278,248	\$987,546	\$290,702	29 %

Reported noninterest expense increased \$387 million, or 38%, from the year-ago period, primarily reflecting the impact of the FirstMerit acquisition, including Significant Items. Personnel costs increased \$190 million, or 32%, primarily reflecting a 30% increase in the number of average full-time equivalent employees largely related to the addition of colleagues from FirstMerit and the in-store branch expansion. Net occupancy expense increased \$58 million, or 93%, primarily reflecting \$38 million of acquisition-related expense. Outside data processing and other services increased \$37 million, or 30%, primarily reflecting \$21 million of acquisition-related expense.

#### Provision for Income Taxes

The provision for income taxes in the 2017 second quarter was \$79 million. This compared with a provision for income taxes of \$54 million in the 2016 second quarter and \$59 million in the 2017 first quarter. The provision for income taxes for the six month periods ended June 30, 2017 and June 30, 2016 was \$138 million and \$109 million, respectively. All periods included the benefits from tax-exempt income, tax-advantaged investments, general business credits, investments in qualified affordable housing projects, excess tax deductions for stock-based compensation, and capital losses. The net federal deferred tax asset was \$41 million and the net state deferred tax asset was \$37 million at June 30, 2017.

We file income tax returns with the IRS and various state, city, and foreign jurisdictions. Federal income tax audits have been completed for tax years through 2009. The IRS is currently examining our 2010 and 2011 consolidated federal income tax returns. Various state and other jurisdictions remain open to examination, including Ohio, Kentucky, Indiana, Michigan, Pennsylvania, West Virginia, Wisconsin, and Illinois.

#### RISK MANAGEMENT AND CAPITAL

We use a multi-faceted approach to risk governance. It begins with the board of directors defining our risk appetite as aggregate moderate-to-low. Risk awareness, identification and assessment, reporting, and active management are key elements in overall risk management. Controls include, among others, effective segregation of duties, access, authorization and reconciliation procedures, as well as staff education and a disciplined assessment process.

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We believe that our primary risk exposures are credit, market, liquidity, operational, and compliance oriented. More information on risk can be found in the Risk Factors section included in Item 1A of our 2016 Form 10-K and subsequent filings with the SEC. The MD&A included in our 2016 Form 10-K should be read in conjunction with this MD&A as this discussion provides only material updates to the Form 10-K. This MD&A should also be read in conjunction with the financial statements, notes and other information contained in this report. Our definition, philosophy, and approach to risk management have not materially changed from the discussion presented in the 2016 Form 10-K.

**Credit Risk**

Credit risk is the risk of financial loss if a counterparty is not able to meet the agreed upon terms of the financial obligation. The majority of our credit risk is associated with lending activities, as the acceptance and management of credit risk is central to profitable lending. We also have credit risk associated with our AFS and HTM securities portfolios (see Note 4 and Note 5 of the Notes to the Unaudited Condensed Consolidated Financial Statements). We engage with other financial counterparties for a variety of purposes including investing, asset and liability management, mortgage banking, and trading activities. While there is credit risk associated with derivative activity, we believe this exposure is minimal.

We continue to focus on the identification, monitoring, and managing of our credit risk. In addition to the traditional credit risk mitigation strategies of credit policies and processes, market risk management activities, and portfolio diversification, we use quantitative measurement capabilities utilizing external data sources, enhanced modeling technology, and internal stress testing processes. Our portfolio management resources demonstrate our commitment to maintaining an aggregate moderate-to-low risk profile. In our efforts to continue to identify risk mitigation techniques, we have focused on product design features, origination policies, and solutions for delinquent or stressed borrowers.

**Loan and Lease Credit Exposure Mix**

Refer to the “Loan and Lease Credit Exposure Mix” section of our 2016 Form 10-K for a brief description of each portfolio segment.

The table below provides the composition of our total loan and lease portfolio:

Table 10 - Loan and Lease Portfolio Composition

(dollar amounts in millions)

	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
<b>Ending Balances by Type:</b>					
<b>Commercial:</b>					
Commercial and industrial	\$27,969 41 %	\$28,176 42 %	\$28,059 42 %	\$27,668 42 %	\$21,372 41 %
<b>Commercial real estate:</b>					
Construction	1,145 2	1,107 2	1,446 2	1,414 2	856 2
Commercial	6,000 9	5,986 9	5,855 9	5,842 9	4,466 7
Commercial real estate	7,145 11	7,093 11	7,301 11	7,256 11	5,322 9
Total commercial	35,114 52	35,269 53	35,360 53	34,924 53	26,694 50
<b>Consumer:</b>					
Automobile	11,555 17	11,155 17	10,969 16	10,791 16	10,381 20
Home equity	9,966 15	9,974 15	10,106 15	10,120 15	8,447 17
Residential mortgage	8,237 12	7,829 12	7,725 12	7,665 12	6,377 12
RV and marine finance	2,178 3	1,935 2	1,846 3	1,840 3	— —
Other consumer	1,009 1	936 1	956 1	964 1	644 1
Total consumer	32,945 48	31,829 47	31,602 47	31,380 47	25,849 50
Total loans and leases	\$68,059 100 %	\$67,098 100 %	\$66,962 100 %	\$66,304 100 %	\$52,543 100 %

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The table below provides our total loan and lease portfolio segregated by industry type. The changes in the industry composition from December 31, 2016 are consistent with the portfolio growth metrics.

Table 11 - Loan and Lease Portfolio by Industry Type  
(dollar amounts in millions)

	June 30, 2017		March 31, 2017		December 31, 2016		September 30, 2016		June 30, 2016	
Commercial loans:										
Real estate and rental and leasing	\$7,588	12 %	\$7,482	12 %	\$7,545	11 %	\$7,513	12 %	\$5,345	10 %
Manufacturing	4,916	7	5,048	8	4,937	7	4,931	7	3,392	6
Retail trade (1)	4,805	7	4,902	7	4,758	7	4,588	7	3,884	7
Finance and insurance	3,051	4	2,844	4	2,010	3	2,289	3	1,682	3
Health care and social assistance	2,699	4	2,727	4	2,729	4	2,638	4	1,776	3
Wholesale trade	2,058	3	2,181	3	2,071	3	2,009	3	1,311	2
Professional, scientific, and technical services	1,660	2	1,240	2	1,264	2	1,228	2	839	2
Transportation and warehousing	1,284	2	1,382	2	1,366	2	1,357	2	1,244	2
Accommodation and food services	1,261	2	1,652	2	1,678	3	1,612	2	1,157	2
Construction	1,232	2	924	1	875	1	889	1	674	1
Other services	928	1	1,278	2	1,223	2	1,205	2	978	2
Utilities	570	1	463	1	470	1	480	1	371	1
Mining, quarrying, and oil and gas extraction	501	1	511	1	668	1	704	1	691	1
Educational services	469	1	544	1	501	1	495	1	495	1
Arts, entertainment, and recreation	458	1	506	1	556	1	437	1	293	1
Information	444	1	454	1	473	1	475	1	325	1
Admin., support, waste management and remediation services	433	1	427	1	429	1	409	1	324	1
Public administration	274	—	266	—	272	—	273	—	282	1
Agriculture, forestry, fishing and hunting	203	—	170	—	151	—	161	—	132	—
Management of companies and enterprises	97	—	100	—	96	—	95	—	84	—
Unclassified, other	183	—	167	—	1,288	2	1,135	2	1,415	3
Total commercial loans by industry category	35,114	52	35,268	53	35,360	53	34,923	53	26,694	50
Automobile loans and leases	11,555	17	11,155	17	10,969	16	10,791	16	10,381	20
Home Equity	9,966	15	9,974	15	10,106	15	10,120	15	8,447	17
Residential mortgage	8,237	12	7,829	12	7,725	12	7,665	12	6,377	12
RV and marine finance	2,178	3	1,935	2	1,846	3	1,840	3	—	—
Other consumer loans	1,009	1	936	1	956	1	965	1	644	1
Total loans and leases	\$68,059	100%	\$67,097	100%	\$66,962	100%	\$66,304	100%	\$52,543	100%

(1) Amounts include \$3.2 billion, \$3.3 billion, \$3.2 billion, \$3.0 billion and \$2.7 billion of auto dealer floorplan loans at June 30, 2017, March 31, 2017, December 31, 2016, September 30, 2016 and June 30, 2016, respectively.

Our loan portfolio is composed of a managed mix of consumer and commercial credits. At the corporate level, we manage the overall credit exposure and portfolio composition in part via a credit concentration policy. The policy designates specific loan types, collateral types, and loan structures to be formally tracked and assigned maximum exposure limits as a percentage of capital. C&I lending by NAICS categories, specific limits for CRE project types, loans secured by residential real estate, shared national credit exposure, and designated high risk loan definitions

represent examples of specifically tracked components of our concentration management process. There are no identified concentrations that exceed the assigned exposure limit. Our concentration management policy is approved by the ROC of the Board and is one of the strategies used to ensure a high quality, well diversified portfolio that is consistent with our overall objective of maintaining an aggregate moderate-to-low

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risk profile. Changes to existing concentration limits require the approval of the ROC prior to implementation, incorporating specific information relating to the potential impact on the overall portfolio composition and performance metrics.

Commercial Credit

Refer to the "Commercial Credit" section of our 2016 Form 10-K for our commercial credit underwriting and on-going credit management processes.

Consumer Credit

Refer to the "Consumer Credit" section of our 2016 Form 10-K for our consumer credit underwriting and on-going credit management processes.

Credit Quality

(This section should be read in conjunction with Note 3 of the Notes to Unaudited Condensed Consolidated Financial Statements.)

We believe the most meaningful way to assess overall credit quality performance is through an analysis of credit quality performance ratios. This approach forms the basis of most of the discussion in the sections immediately following: NPAs and NALs, TDRs, ACL, and NCOs. In addition, we utilize delinquency rates, risk distribution and migration patterns, and product segmentation in the analysis of our credit quality performance.

Credit quality performance in the 2017 second quarter reflected continued overall positive results with stable levels of delinquencies and criticized loans and a 9% decline in NPAs. Total NCOs were \$36 million, or 0.21%, of average total loans and leases. Net charge-offs decreased by \$3 million from the prior quarter, with the improvement centered in the automobile portfolio. The ACL to total loans and leases ratio declined by 3 basis points to 1.11%.

NPAs, NALs, AND TDRs

(This section should be read in conjunction with Note 3 of the Notes to Unaudited Condensed Consolidated Financial Statements and "Credit Quality" section of our 2016 Form 10-K.)

NPAs and NALs

Of the \$212 million of CRE and C&I-related NALs at June 30, 2017, \$132 million, or 62%, represented loans that were less than 30-days past due, demonstrating our continued commitment to proactive credit risk management. With the exception of residential mortgage loans guaranteed by government organizations which continue to accrue interest, first-lien loans secured by residential mortgage collateral are placed on nonaccrual status at 150-days past due.

Junior-lien home equity loans are placed on nonaccrual status at the earlier of 120-days past due or when the related first-lien loan has been identified as nonaccrual. Automobile, RV and marine and other consumer loans are charged-off at 120-days past due.



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The following table reflects period-end NALs and NPAs detail for each of the last five quarters:

Table 12 - Nonaccrual Loans and Leases and Nonperforming Assets

(dollar amounts in thousands)

	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	
Nonaccrual loans and leases (NALs):						
Commercial and industrial	\$ 195,279	\$ 232,171	\$ 234,184	\$ 220,862	\$ 289,811	
Commercial real estate	16,763	13,889	20,508	21,300	23,663	
Automobile	3,825	4,881	5,766	4,777	5,049	
Home equity	67,940	69,575	71,798	69,044	56,845	
Residential mortgage	80,306	80,686	90,502	88,155	85,174	
RV and marine finance	341	106	245	96	—	
Other consumer	2	2	—	—	5	
Total nonaccrual loans and leases	364,456	401,310	423,003	404,234	460,547	
Other real estate:						
Residential	26,890	31,786	30,932	34,421	26,653	
Commercial	16,926	18,101	19,998	36,915	2,248	
Total other real estate	43,816	49,887	50,930	71,336	28,901	
Other NPAs (1)	6,906	6,910	6,968	—	376	
Total nonperforming assets	\$ 415,178	\$ 458,107	\$ 480,901	\$ 475,570	\$ 489,824	
Nonaccrual loans and leases as a % of total loans and leases	0.54	% 0.60	% 0.63	% 0.61	% 0.88	%
NPA ratio (2)	0.61	0.68	0.72	0.72	0.93	
(NPA+90days)/(Loan+OREO)	0.81	0.87	0.91	0.92	1.12	

(1) Other nonperforming assets includes certain impaired investment securities.

(2) Nonperforming assets divided by the sum of loans and leases, other real estate owned, and other NPAs.

2017 Second Quarter versus 2016 Fourth Quarter.

Total NPAs decreased by \$66 million, or 14%, compared with December 31, 2016 primarily as a result of decreases in the C&I and residential portfolios NALs and a 14% decrease in OREO. The C&I decline was a result of significant payoffs and return to accrual of large relationships that were identified as NAL in the fourth quarter of 2016. The residential mortgage decline was a function of improved delinquencies partially as a result of the efforts by our Home Savers Group actively working with our customers.

#### TDR Loans

(This section should be read in conjunction with Note 3 of the Notes to Unaudited Condensed Consolidated Financial Statements and "TDR Loans" section of our 2016 Form 10-K.)

Over the past five quarters, the accruing component of the total TDR balance has been between 80% and 84%, as borrowers continue to make their monthly payments in accordance with the modified terms. From a payment standpoint, over 80% of the \$507 million of accruing TDRs secured by residential real estate (Residential mortgage and Home Equity in Table 13) are current on their required payments. In addition, over 60% of the accruing pool have had no delinquency at all in the past 12 months. There is very limited migration from the accruing to non-accruing components, and virtually all of the charge-offs come from the non-accruing TDR balances.

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The table below presents our accruing and nonaccruing TDRs at period-end for each of the past five quarters:

Table 13 - Accruing and Nonaccruing Troubled Debt Restructured Loans

(dollar amounts in thousands)

	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Troubled debt restructured loans—accruing:					
Commercial and industrial	\$270,372	\$222,303	\$210,119	\$232,740	\$232,112
Commercial real estate	74,429	81,202	76,844	80,553	85,015
Automobile	28,140	27,968	26,382	27,843	25,892
Home equity	268,731	271,258	269,709	275,601	203,047
Residential mortgage	238,087	239,175	242,901	251,529	256,859
RV and marine finance	950	581	—	—	—
Other consumer	4,017	4,128	3,780	4,102	4,522
Total troubled debt restructured loans—accruing	884,726	846,615	829,735	872,368	807,447
Troubled debt restructured loans—nonaccruing:					
Commercial and industrial	89,757	88,759	107,087	70,179	77,592
Commercial real estate	3,823	4,357	4,507	5,672	6,833
Automobile	4,291	4,763	4,579	4,437	4,907
Home equity	28,667	29,090	28,128	28,009	21,145
Residential mortgage	55,590	59,773	59,157	62,027	63,638
RV and marine finance	381	106	—	—	—
Other consumer	109	117	118	142	142
Total troubled debt restructured loans—nonaccruing	182,618	186,965	203,576	170,466	174,257
Total troubled debt restructured loans	\$1,067,344	\$1,033,580	\$1,033,311	\$1,042,834	\$981,704

Accruing TDRs increased by \$55 million compared with December 31, 2016, primarily as a result of the addition of C&I loans that meet the well secured definition.

## ACL

(This section should be read in conjunction with Note 3 of the Notes to Unaudited Condensed Consolidated Financial Statements.)

Our total credit reserve is comprised of two different components, both of which in our judgment are appropriate to absorb credit losses inherent in our loan and lease portfolio: the ALLL and the AULC. Combined, these reserves comprise the total ACL. Our ACL Methodology Committee is responsible for developing the methodology, assumptions and estimates used in the calculation, as well as determining the appropriateness of the ACL. The ALLL represents the estimate of losses inherent in the loan portfolio at the reported date. Additions to the ALLL result from recording provision expense for the recognition of loan losses due to increased risk levels resulting from loan risk-rating downgrades. Reductions reflect charge-offs (net of recoveries), decreased risk levels resulting from loan risk-rating upgrades, or the sale of loans. The AULC is determined by applying the same quantitative reserve determination process to the unfunded portion of the loan exposures adjusted by an applicable funding expectation. Loans originated for investment are stated at their principal amount outstanding adjusted for partial charge-offs, and net deferred loan fees and costs. Acquired loans are those purchased in the FirstMerit acquisition. These loans were recorded at estimated fair value at the acquisition date with no carryover of the related ALLL. The difference between acquired contractual balance and estimated fair value at acquisition date was recorded as a purchase premium or discount.

Our ACL evaluation process includes the on-going assessment of credit quality metrics, and a comparison of certain ACL benchmarks to current performance.

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The table below reflects the allocation of our ACL among our various loan categories during each of the past five quarters:

Table 14 - Allocation of Allowance for Credit Losses (1)

(dollar amounts in thousands)

	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Allowance for Credit Losses					
Commercial					
Commercial and industrial	\$367,956 41 %	\$380,504 42 %	\$355,424 42 %	\$333,101 42 %	\$323,465 41 %
Commercial real estate	106,620 11	99,804 11	95,667 11	98,694 11	101,042 9
Total commercial	474,576 52	480,308 53	451,091 53	431,795 53	424,507 50
Consumer					
Automobile	48,322 17	46,402 17	47,970 16	42,584 16	50,531 20
Home equity	62,941 15	64,900 15	65,474 15	69,866 15	76,482 17
Residential mortgage	33,304 12	35,559 12	33,398 12	36,510 12	42,392 12
RV and marine finance	7,665 3	4,022 2	5,311 3	4,289 3	— —
Other consumer	41,188 1	41,389 1	35,169 1	31,854 1	29,152 1
Total consumer	193,420 48	192,272 47	187,322 47	185,103 47	198,557 50
Total allowance for loan and lease losses	667,996 100 %	672,580 100 %	638,413 100 %	616,898 100 %	623,064 100 %
Allowance for unfunded loan commitments	85,359	91,838	97,879	88,433	73,748
Total allowance for credit losses	\$753,355	\$764,418	\$736,292	\$705,331	\$696,812
Total allowance for loan and leases losses as % of:					
Total loans and leases	0.98 %	1.00 %	0.95 %	0.93 %	1.19 %
Nonaccrual loans and leases	183	168	151	153	135
Nonperforming assets	161	147	133	130	127
Total allowance for credit losses as % of:					
Total loans and leases	1.11 %	1.14 %	1.10 %	1.06 %	1.33 %
Nonaccrual loans and leases	207	190	174	174	151
Nonperforming assets	181	167	153	148	142

(1) Percentages represent the percentage of each loan and lease category to total loans and leases.

2017 Second Quarter versus 2016 Fourth Quarter

At June 30, 2017, the ALLL was \$668 million, compared to \$638 million at December 31, 2016. The \$30 million, or 5%, increase in the ALLL relates to an increase in Criticized/Classified assets in the C&I portfolio and growth in the Other consumer loan category.

The ACL to total loans ratio was 1.11% at June 30, 2017, compared with 1.10% at December 31, 2016. Management believes the ratio is appropriate given the overall moderate-to-low risk profile of our loan portfolio. We continue to focus on early identification of loans with changes in credit metrics and proactive action plans for these loans. We believe that our ACL is appropriate and its coverage level is reflective of the quality of our portfolio and the current operating environment.

NCOs

Any loan in any portfolio may be charged-off if a loss confirming event has occurred or in accordance with the policies described below, whichever is earlier. Loss confirming events include, but are not limited to, bankruptcy (unsecured), continued delinquency, foreclosure, or receipt of an asset valuation indicating a collateral deficiency where that asset is the sole source of repayment. Additionally, discharged, collateral dependent non-reaffirmed debt in Chapter 7 bankruptcy filings will result in a charge-off to estimated collateral value, less anticipated selling costs.

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C&I and CRE loans are either charged-off or written down to net realizable value at 90-days past due with the exception of Huntington Technology Finance administrative lease delinquencies. Automobile loans, RV and marine finance and other consumer loans are generally charged-off at 120-days past due. First-lien and junior-lien home equity loans are charged-off to the estimated fair value of the collateral, less anticipated selling costs, at 150-days past due and 120-days past due, respectively. Residential mortgages are charged-off to the estimated fair value of the collateral, less anticipated selling costs, at 150-days past due.

Table 15 - Quarterly Net Charge-off Analysis

(dollar amounts in thousands)

	Three Months Ended		
	June 30, 2017	March 31, 2017	June 30, 2016
Net charge-offs (recoveries) by loan and lease type:			
Commercial:			
Commercial and industrial	\$12,870	\$8,096	\$3,702
Commercial real estate:			
Construction	83	(3,137 )	(377 )
Commercial	(3,638 )	895	(296 )
Commercial real estate	(3,555 )	(2,242 )	(673 )
Total commercial	9,315	5,854	3,029
Consumer:			
Automobile	8,318	12,407	4,320
Home equity	1,218	1,662	1,078
Residential mortgage	1,052	2,595	776
RV and marine finance	1,875	2,363	—
Other consumer	14,262	14,557	7,552
Total consumer	26,725	33,584	13,726
Total net charge-offs	\$36,040	\$39,438	\$16,755
	Three Months Ended		
	June 30, 2017	March 31, 2017	June 30, 2016
Net charge-offs (recoveries)—annualized percentages:			
Commercial:			
Commercial and industrial	0.18	% 0.12	% 0.07
Commercial real estate:			
Construction	0.03	(0.96 )	(0.17 )
Commercial	(0.24 )	0.06	(0.03 )
Commercial real estate	(0.20 )	(0.12 )	(0.05 )
Total commercial	0.11	0.07	0.05
Consumer:			
Automobile	0.29	0.45	0.17
Home equity	0.05	0.07	0.05
Residential mortgage	0.05	0.13	0.05
RV and marine finance	0.37	0.50	—
Other consumer	5.81	6.33	4.93
Total consumer	0.33	0.42	0.22
Net charge-offs as a % of average loans	0.21	% 0.24	% 0.13



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In assessing NCO trends, it is helpful to understand the process of how commercial loans are treated as they deteriorate over time. The ALLL established is consistent with the level of risk associated with the original underwriting. As a part of our normal portfolio management process for commercial loans, the loan is periodically reviewed and the ALLL is increased or decreased based on the updated risk rating. In certain cases, the standard ALLL is determined to not be appropriate, and a specific reserve is established based on the projected cash flow or collateral value of the specific loan. Charge-offs, if necessary, are generally recognized in a period after the specific ALLL was established. If the previously established ALLL exceeds the estimated loss on the loan, a reduction in the overall level of the ALLL could be recognized. Consumer loans are treated in much the same manner as commercial loans, with increasing reserve factors applied based on the risk characteristics of the loan, although specific reserves are not identified for consumer loans. In summary, if loan quality deteriorates, the typical credit sequence would be periods of reserve building, followed by periods of higher NCOs as the previously established ALLL is utilized. Additionally, an increase in the ALLL either precedes or is in conjunction with increases in NALs. When a loan is classified as NAL, it is evaluated for specific ALLL or charge-off. As a result, an increase in NALs does not necessarily result in an increase in the ALLL or an expectation of higher future NCOs.

2017 Second Quarter versus 2017 First Quarter

NCOs were an annualized 0.21% of average loans and leases in the current quarter, a decrease from 0.24% in the 2017 first quarter, still below our long-term expectation of 0.35% - 0.55%. Commercial charge-offs were slightly higher for the quarter, but well within our expected performance range. Consumer charge-offs were lower for the quarter, driven by an improvement in the Automobile portfolio resulting from seasonality trends which were consistent with our expectations. Given the low level of C&I and CRE NCO's, we expect some volatility on a quarter-to-quarter comparison basis.

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The table below reflects NCO detail for the six-month periods ended June 30, 2017 and 2016:

Table 16 - Year to Date Net Charge-off Analysis

(dollar amounts in thousands)

	Six Months Ended June 30,	
	2017	2016
Net charge-offs by loan and lease type:		
Commercial:		
Commercial and industrial	\$20,966	\$10,216
Commercial real estate:		
Construction	(3,054 )	(481 )
Commercial	(2,743 )	(17,668 )
Commercial real estate	(5,797 )	(18,149 )
Total commercial	15,169	(7,933 )
Consumer:		
Automobile	20,725	11,090
Home equity	2,880	4,759
Residential mortgage	3,647	2,423
RV and marine finance	4,238	—
Other consumer	28,819	14,968
Total consumer	60,309	33,240
Total net charge-offs	\$75,478	\$25,307

	Six Months Ended June 30,			
	2017		2016	
Net charge-offs - annualized percentages:				
Commercial:				
Commercial and industrial	0.15	%	0.10	%
Commercial real estate:				
Construction	(0.50 )		(0.11 )	
Commercial	(0.09 )		(0.82 )	
Commercial real estate	(0.16 )		(0.70 )	
Total commercial	0.09		(0.06 )	
Consumer:				
Automobile	0.37		0.22	
Home equity	0.06		0.11	
Residential mortgage	0.09		0.08	
RV and marine finance	0.43		—	
Other consumer	5.93		5.04	
Total consumer	0.38		0.27	
Net charge-offs as a % of average loans	0.22	%	0.10	%

2017 First Six Months versus 2016 First Six Months

NCOs were \$75.5 million, a \$50 million increase from the same period in the prior year. The increase primarily relates to the FirstMerit acquisition as well as one large commercial recovery in the prior year period. Given the low level of C&I and CRE NCO's, there will continue to be some volatility on a period-to-period comparison basis.





Table of Contents**Market Risk**

(This section should be read in conjunction with the “Market Risk” section of our 2016 Form 10-K for our on-going market risk management processes.)

Market risk refers to potential losses arising from changes in interest rates, foreign exchange rates, equity prices and commodity prices, including the correlation among these factors and their volatility. When the value of an instrument is tied to such external factors, the holder faces market risk. We are primarily exposed to interest rate risk as a result of offering a wide array of financial products to our customers and secondarily to price risk from trading securities, securities owned by our broker-dealer subsidiary, foreign exchange positions, equity investments, and investments in securities backed by mortgage loans.

**Interest Rate Risk**

Table 17 - Net Interest Income at Risk

Basis point change scenario	Net Interest Income at Risk (%)					
	-25	+100	+200			
Board policy limits	N/A	-2.0	%	-4.0	%	
June 30, 2017	-0.6	%	2.8	%	5.5	%
December 31, 2016	-1.0	%	2.7	%	5.6	%

The NII at Risk results included in the table above reflect the analysis used monthly by management. It models gradual -25, +100 and +200 basis point parallel shifts in market interest rates, implied by the forward yield curve over the next twelve months. Due to the current low level of short-term interest rates, the analysis reflects a declining interest rate scenario of 25 basis points, the point at which many assets and liabilities reach zero percent.

Our NII at Risk is within our board of director's policy limits for the +100 and +200 basis point scenarios. There is no policy limit for the -25 basis point scenario. The NII at Risk shows that the balance sheet is asset sensitive at both June 30, 2017, and December 31, 2016.

Table 18 - Economic Value of Equity at Risk

Basis point change scenario	Economic Value of Equity at Risk (%)					
	-25	+100	+200			
Board policy limits	N/A	-5.0	%	-12.0	%	
June 30, 2017	-1.2	%	3.2	%	4.7	%
December 31, 2016	-0.6	%	0.9	%	0.2	%

The EVE results included in the table above reflect the analysis used monthly by management. It models immediate -25, +100 and +200 basis point parallel shifts in market interest rates. Due to the current low level of short-term interest rates, the analysis reflects a declining interest rate scenario of 25 basis points, the point at which deposit costs reach zero percent.

We are within our board of director's policy limits for the +100 and +200 basis point scenarios. There is no policy limit for the -25 basis point scenario. The EVE depicts a moderate level of long-term interest rate risk, which indicates the balance sheet is positioned favorably for rising interest rates. The EVE increase at June 30, 2017 from December 31, 2016 is primarily the result of a change in the average life assumptions for certain loans, deposits and securities.

**MSRs**

(This section should be read in conjunction with Note 6 of Notes to Unaudited Condensed Consolidated Financial Statements.)

At June 30, 2017, we had a total of \$189 million of capitalized MSRs representing the right to service \$19.1 billion in mortgage loans. Of this \$189 million, \$13 million was recorded using the fair value method and \$176 million was recorded using the amortization method.

MSR fair values are sensitive to movements in interest rates as expected future net servicing income depends on the projected outstanding principal balances of the underlying loans, which can be reduced by prepayments. Prepayments usually increase when mortgage interest rates decline and decrease when mortgage interest rates rise. We have

employed hedging strategies to reduce the risk of MSR fair value changes or impairment. However, volatile changes in interest rates can diminish

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the effectiveness of these economic hedges. We report MSR fair value adjustments net of hedge-related trading activity in the mortgage banking income category of noninterest income. Changes in fair value between reporting dates are recorded as an increase or a decrease in mortgage banking income.

MSRs recorded using the amortization method generally relate to loans originated with historically low interest rates, resulting in a lower probability of prepayments and, ultimately, impairment. MSR assets are included in servicing rights in the Unaudited Condensed Consolidated Financial Statements.

**Price Risk**

Price risk represents the risk of loss arising from adverse movements in the prices of financial instruments that are carried at fair value and are subject to fair value accounting. We have price risk from trading securities, securities owned by our broker-dealer subsidiary, foreign exchange positions, equity investments, and investments in securities backed by mortgage loans. We have established loss limits on the trading portfolio, on the amount of foreign exchange exposure that can be maintained, and on the amount of marketable equity securities that can be held.

**Liquidity Risk**

(This section should be read in conjunction with the “Liquidity Risk” section of our 2016 Form 10-K for our on-going liquidity risk management processes.)

Our primary source of liquidity is our core deposit base. Core deposits comprised approximately 95% of total deposits at June 30, 2017. We also have available unused wholesale sources of liquidity, including advances from the FHLB of Cincinnati, issuance through dealers in the capital markets, and access to certificates of deposit issued through brokers. Liquidity is further provided by unencumbered, or unpledged, investment securities that totaled \$14.7 billion as of June 30, 2017.

**Bank Liquidity and Sources of Funding**

Our primary sources of funding for the Bank are retail and commercial core deposits. At June 30, 2017, these core deposits funded 71% of total assets (105% of total loans). Other sources of liquidity include non-core deposits, FHLB advances, wholesale debt instruments, and securitizations. Demand deposit overdrafts that have been reclassified as loan balances were \$22 million and \$23 million at June 30, 2017 and December 31, 2016, respectively.

The following table reflects deposit composition detail for each of the last five quarters:

Table 19 - Deposit Composition

(dollar amounts in millions)

	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
By Type:					
Demand deposits—noninterest-bearing	\$21,420 28 %	\$21,489 28 %	\$22,836 30 %	\$23,426 30 %	\$16,324 30 %
Demand deposits—interest-bearing	17,113 23	18,618 24	15,676 21	15,730 20	8,412 15
Money market deposits	19,423 26	18,664 24	18,407 24	18,604 24	19,480 34
Savings and other domestic deposits	11,758 15	12,043 16	11,975 16	12,418 16	5,341 10
Core certificates of deposit	2,088 3	2,188 3	2,535 3	2,724 4	1,866 4
Total core deposits:	71,802 95	73,002 95	71,429 94	72,902 94	51,423 93
Other domestic deposits of \$250,000 or more	441 1	524 1	394 1	391 1	380 1
Brokered deposits and negotiable CDs	3,690 4	3,897 4	3,785 5	3,972 5	3,017 6
Deposits in foreign offices	— —	— —	— —	140 —	223 —
Total deposits	\$75,933 100 %	\$77,423 100 %	\$75,608 100 %	\$77,405 100 %	\$55,043 100 %
Total core deposits:					
Commercial	\$32,201 45 %	\$32,963 45 %	\$31,887 45 %	\$32,936 45 %	\$24,308 47 %
Consumer	39,601 55	40,039 55	39,542 55	39,966 55	27,115 53
Total core deposits	\$71,802 100 %	\$73,002 100 %	\$71,429 100 %	\$72,902 100 %	\$51,423 100 %

The Bank maintains borrowing capacity at the FHLB and the Federal Reserve Bank Discount Window. The Bank does not consider borrowing capacity from the Federal Reserve Bank Discount Window as a primary source of

liquidity. Total loans and securities pledged to the Federal Reserve Discount Window and the FHLB are \$30.4 billion and \$19.7 billion at June 30, 2017 and December 31, 2016, respectively.

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At June 30, 2017, total wholesale funding was \$17.2 billion, an increase from \$16.2 billion at December 31, 2016. The increase from year-end primarily relates to an increase in short-term borrowings.

### Liquidity Coverage Ratio

On September 3, 2014, the U.S. banking regulators adopted a final LCR for internationally active banking organizations, generally those with \$250 billion or more in total assets, and a Modified LCR rule for banking organizations, similar to Huntington, with \$50 billion or more in total assets that are not internationally active banking organizations. The LCR is designed to promote the short-term resilience of the liquidity risk profile of banks to which it applies. The Modified LCR requires Huntington to maintain HQLA to meet its net cash outflows over a prospective 30 calendar-day period, which takes into account the potential impact of idiosyncratic and market-wide shocks. The Modified LCR transition period began on January 1, 2016, with Huntington required to maintain HQLA equal to 90 percent of the stated requirement. The ratio increased to 100 percent on January 1, 2017. At June 30, 2017, Huntington was in compliance with the Modified LCR requirement.

### Parent Company Liquidity

The parent company's funding requirements consist primarily of dividends to shareholders, debt service, income taxes, operating expenses, funding of nonbank subsidiaries, repurchases of our stock, and acquisitions. The parent company obtains funding to meet obligations from dividends and interest received from the Bank, interest and dividends received from direct subsidiaries, net taxes collected from subsidiaries included in the federal consolidated tax return, fees for services provided to subsidiaries, and the issuance of debt securities.

At June 30, 2017, the parent company had \$1.8 billion in cash and cash equivalents, up slightly from December 31, 2016.

On July 19, 2017, the board of directors declared a quarterly common stock cash dividend of \$0.08 per common share. The dividend is payable on October 2, 2017, to shareholders of record on September 18, 2017. Based on the current quarterly dividend of \$0.08 per common share, cash demands required for common stock dividends are estimated to be approximately \$87 million per quarter. On July 19, 2017, the board of directors declared a quarterly Series A, Series B, Series C, and Series D Preferred Stock dividend payable on October 16, 2017 to shareholders of record on October 1, 2017. Based on the current dividend, cash demands required for Series A, Series B, Series C, and Series D Preferred Stock are estimated to be approximately \$8 million, \$0.3 million, \$1.5 million, and \$9 million per quarter, respectively.

During the first six months of 2017, the Bank returned capital totaling \$331 million to the holding company. Additionally, the Bank paid a preferred dividend to the holding company of \$22 million during the first six months of 2017. To meet any additional liquidity needs, the parent company may issue debt or equity securities from time to time.

### Off-Balance Sheet Arrangements

In the normal course of business, we enter into various off-balance sheet arrangements. These arrangements include commitments to extend credit (See Note 14), interest rate swaps (See Note 12), financial guarantees contained in standby letters-of-credit issued by the Bank (See Note 14), and commitments by the Bank to sell mortgage loans (See Note 14).

### Operational Risk

Operational risk is the risk of loss due to human error; inadequate or failed internal systems and controls, including the use of financial or other quantitative methodologies that may not adequately predict future results; violations of, or noncompliance with, laws, rules, regulations, prescribed practices, or ethical standards; and external influences such as market conditions, fraudulent activities, disasters, and security risks. We continuously strive to strengthen our system of internal controls to ensure compliance with laws, rules, and regulations, and to improve the oversight of our operational risk. We actively and continuously monitor cyber-attacks such as attempts related to online deception and loss of sensitive customer data. We evaluate internal systems, processes and controls to mitigate loss from cyber-attacks and, to date, have not experienced any material losses.

Our objective for managing cyber security risk is to avoid or minimize the impacts of external threat events or other efforts to penetrate our systems. We work to achieve this objective by hardening networks and systems against attack, and by diligently managing visibility and monitoring controls within our data and communications environment to

recognize events and respond before the attacker has the opportunity to plan and execute on its own goals. To this end we employ a set of defense in-depth strategies, which include efforts to make us less attractive as a target and less vulnerable to threats, while investing in threat analytic capabilities for rapid detection and response. Potential concerns related to cyber security may be escalated to our board-level Technology Committee, as appropriate. As a complement to the overall cyber security risk management, we use a number of internal training methods, both formally through mandatory courses and informally through written communications and other updates. Internal policies and procedures have been implemented to encourage the reporting of potential phishing attacks or other security risks. We also use third-party services to test the effectiveness of our cyber

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security risk management framework, and any such third parties are required to comply with our policies regarding information security and confidentiality.

To mitigate operational risks, we have a senior management Operational Risk Committee and a senior management Legal, Regulatory, and Compliance Committee. The responsibilities of these committees, among other duties, include establishing and maintaining management information systems to monitor material risks and to identify potential concerns, risks, or trends that may have a significant impact and ensuring that recommendations are developed to address the identified issues. In addition, we have a senior management Model Risk Oversight Committee that is responsible for policies and procedures describing how model risk is evaluated and managed and the application of the governance process to implement these practices throughout the enterprise. These committees report any significant findings and recommendations to the Risk Management Committee. Potential concerns may be escalated to our ROC, as appropriate.

The FirstMerit integration was inherently large and complex. Our objective for managing execution risk was to minimize impacts to daily operations. We established an Integration Management Office led by senior management. Responsibilities included central management, reporting, and escalation of key integration deliverables. In addition, a board level Integration Governance Committee was established to assist in the oversight of the integration of people, systems, and processes of FirstMerit with Huntington. While the systems' conversion is now largely completed, continued oversight will occur until all converted systems are fully decommissioned.

The goal of this framework is to implement effective operational risk techniques and strategies, minimize operational fraud, and legal losses; minimize the impact of inadequately designed models and enhance our overall performance.

**Compliance Risk**

Financial institutions are subject to many laws, rules, and regulations at both the federal and state levels. These broad-based laws, rules, and regulations include, but are not limited to, expectations relating to anti-money laundering, lending limits, client privacy, fair lending, prohibitions against unfair, deceptive or abusive acts or practices, protections for military members as they enter active duty, and community reinvestment. Additionally, the volume and complexity of recent regulatory changes have increased our overall compliance risk. As such, we utilize various resources to help ensure expectations are met, including a team of compliance experts dedicated to ensuring our conformance with all applicable laws, rules, and regulations. Our colleagues receive training for several broad-based laws and regulations including, but not limited to, anti-money laundering and customer privacy. Additionally, colleagues engaged in lending activities receive training for laws and regulations related to flood disaster protection, equal credit opportunity, fair lending, and/or other courses related to the extension of credit. We set a high standard of expectation for adherence to compliance management and seek to continuously enhance our performance.

**Capital**

Both regulatory capital and shareholders' equity are managed at the Bank and on a consolidated basis. We have an active program for managing capital and maintain a comprehensive process for assessing the Company's overall capital adequacy. We believe our current levels of both regulatory capital and shareholders' equity are adequate.



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The following table presents certain regulatory capital data at both the consolidated and Bank levels for each of the past five quarters:

Table 20 - Regulatory Capital Data  
(dollar amounts in millions)

		Basel III		
		June 30, 2017	March 31, 2017	December 31, 2016
Total risk-weighted assets	Consolidated	\$78,366	\$77,559	\$ 78,263
	Bank	78,489	77,534	78,242
Common equity tier I risk-based capital	Consolidated	7,740	7,551	7,486
	Bank	8,367	8,146	8,153
Tier 1 risk-based capital	Consolidated	8,809	8,619	8,547
	Bank	9,238	9,015	9,086
Tier 2 risk-based capital	Consolidated	1,640	1,663	1,668
	Bank	1,706	1,745	1,732
Total risk-based capital	Consolidated	10,449	10,282	10,215
	Bank	10,944	10,760	10,818
Tier 1 leverage ratio	Consolidated	8.98	% 8.76	% 8.70
	Bank	9.43	9.18	9.29
Common equity tier I risk-based capital ratio	Consolidated	9.88	9.74	9.56
	Bank	10.66	10.51	10.42
Tier 1 risk-based capital ratio	Consolidated	11.24	11.11	10.92
	Bank	11.77	11.63	11.61
Total risk-based capital ratio	Consolidated	13.33	13.26	13.05
	Bank	13.94	13.88	13.83

At June 30, 2017, we maintained Basel III transitional capital ratios in excess of the well-capitalized standards established by the FRB.

#### Shareholders' Equity

We generate shareholders' equity primarily through the retention of earnings, net of dividends and share repurchases. Other potential sources of shareholders' equity include issuances of common and preferred stock. Our objective is to maintain capital at an amount commensurate with our risk profile and risk tolerance objectives, to meet both regulatory and market expectations, and to provide the flexibility needed for future growth and business opportunities. Shareholders' equity totaled \$10.7 billion at June 30, 2017, an increase of \$0.3 billion when compared with December 31, 2016.

On June 28, 2017, Huntington was notified by the Federal Reserve that it had no objection to Huntington's proposed capital actions included in Huntington's capital plan submitted in the 2017 Comprehensive Capital Analysis and Review ("CCAR"). These actions included a 38% increase in the quarterly dividend per common share to \$0.11, starting in the fourth quarter of 2017, the repurchase of up to \$308 million of common stock over the next four quarters (July 1, 2017 through June 30, 2018), subject to authorization by the Board of Directors, and maintaining dividends on the outstanding classes of preferred stock and trust preferred securities.

On July 19, 2017, the Board authorized the repurchase of up to \$308 million of common shares over the four quarters through the 2018 second quarter. Purchases of common stock under the authorization may include open market purchases, privately negotiated transactions, and accelerated repurchase programs.

#### Dividends

We consider disciplined capital management as a key objective, with dividends representing one component. Our strong capital ratios and expectations for continued earnings growth positions us to continue to actively explore additional capital management opportunities.



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### Fair Value

At the end of each quarter, we assess the valuation hierarchy for each asset or liability measured. As necessary, assets or liabilities may be transferred within hierarchy levels due to changes in availability of observable market inputs at the measurement date. The fair values measured at each level of the fair value hierarchy, additional discussion regarding fair value measurements, and a brief description of how fair value is determined for categories that have unobservable inputs, can be found in Note 11 of the Notes to Unaudited Condensed Consolidated Financial Statements.

### BUSINESS SEGMENT DISCUSSION

#### Overview

Our business segments are based on our internally-aligned segment leadership structure, which is how we monitor results and assess performance. We have four major business segments: Consumer and Business Banking, Commercial Banking, Commercial Real Estate and Vehicle Finance (CREVF), and Regional Banking and The Huntington Private Client Group (RBHPCG). A Treasury / Other function includes technology and operations, other unallocated assets, liabilities, revenue, and expense.

Business segment results are determined based upon our management accounting practices, which assigns balance sheet and income statement items to each of the business segments. The process is designed around our organizational and management structure and, accordingly, the results derived are not necessarily comparable with similar information published by other financial institutions.

We announced a change within our executive leadership team, which became effective during the 2017 second quarter. As a result, the previously reported Home Lending segment is now included as an operating unit within the Consumer and Business Banking segment. Additionally, the Insurance operating unit previously included in Commercial Banking was realigned to RBHPCG during the quarter. Prior period results have been reclassified to conform to the current period presentation.

#### Revenue Sharing

Revenue is recorded in the business segment responsible for the related product or service. Fee sharing is recorded to allocate portions of such revenue to other business segments involved in selling to, or providing service to customers. Results of operations for the business segments reflect these fee sharing allocations.

#### Expense Allocation

The management accounting process that develops the business segment reporting utilizes various estimates and allocation methodologies to measure the performance of the business segments. Expenses are allocated to business segments using a two-phase approach. The first phase consists of measuring and assigning unit costs (activity-based costs) to activities related to product origination and servicing. These activity-based costs are then extended, based on volumes, with the resulting amount allocated to business segments that own the related products. The second phase consists of the allocation of overhead costs to all four business segments from Treasury / Other. We utilize a full-allocation methodology, where all Treasury / Other expenses, except reported Significant Items, and a small amount of other residual unallocated expenses, are allocated to the four business segments.

#### Funds Transfer Pricing (FTP)

We use an active and centralized FTP methodology to attribute appropriate income to the business segments. The intent of the FTP methodology is to transfer interest rate risk from the business segments by providing matched duration funding of assets and liabilities. The result is to centralize the financial impact, management, and reporting of interest rate risk in the Treasury / Other function where it can be centrally monitored and managed. The Treasury / Other function charges (credits) an internal cost of funds for assets held in (or pays for funding provided by) each business segment. The FTP rate is based on prevailing market interest rates for comparable duration assets (or liabilities).

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## Net Income by Business Segment

The segregation of net income by business segment for the six-month periods ending June 30, 2017 and June 30, 2016 is presented in the following table:

Table 21 - Net Income (Loss) by Business Segment  
(dollar amounts in thousands)

	Six Months Ended	
	June 30,	
	2017	2016
Consumer and Business Banking	\$201,290	\$129,151
Commercial Banking	160,991	77,513
CREVF	106,919	87,848
RBHPCG	42,678	27,240
Treasury / Other	(32,043 )	24,102
Net income	\$479,835	\$345,854

## Treasury / Other

The Treasury / Other function includes revenue and expense related to assets, liabilities, and equity not directly assigned or allocated to one of the four business segments. Other assets include investment securities and bank owned life insurance. The financial impact associated with our FTP methodology, as described above, is also included.

Net interest income includes the impact of administering our investment securities portfolios and the net impact of derivatives used to hedge interest rate sensitivity. Noninterest income includes miscellaneous fee income not allocated to other business segments, such as bank owned life insurance income and any investment security and trading asset gains or losses. Noninterest expense includes \$124 million of FirstMerit acquisition-related expense in 2017 first six-month period, certain corporate administrative, and other miscellaneous expenses not allocated to other business segments. The provision for income taxes for the business segments is calculated at a statutory 35% tax rate, though our overall effective tax rate is lower. As a result, Treasury / Other reflects a credit for income taxes representing the difference between the lower actual effective tax rate and the statutory tax rate used to allocate income taxes to the business segments.

## Consumer and Business Banking

Table 22 - Key Performance Indicators for Consumer and Business Banking  
(dollar amounts in thousands unless otherwise noted)

	Six Months Ended June		Change	
	2017	2016	Amount	Percent
Net interest income	\$828,936	\$562,423	\$266,513	47 %
Provision for credit losses	50,181	30,750	19,431	63
Noninterest income	354,970	284,002	70,968	25
Noninterest expense	824,048	616,981	207,067	34
Provision for income taxes	108,387	69,543	38,844	56
Net income	\$201,290	\$129,151	\$72,139	56 %
Number of employees (average full-time equivalent)	8,737	6,543	2,194	34 %
Total average assets (in millions)	\$25,283	\$18,951	\$6,332	33
Total average loans/leases (in millions)	20,479	16,227	4,252	26
Total average deposits (in millions)	45,461	31,428	14,033	45
Net interest margin	3.78 %	3.68 %	0.10 %	3
NCOs	\$48,576	\$28,948	\$19,628	68
NCOs as a % of average loans and leases	0.47 %	0.35 %	0.12 %	34

2017 First Six Months vs. 2016 First Six Months

Consumer and Business Banking, including Home Lending, reported net income of \$201 million in the first six-month period of 2017, an increase of \$72 million, or 56%, compared to the year-ago period. Results were predominately impacted by the FirstMerit acquisition. Segment net interest income increased \$267 million, or 47%, primarily due to an increase in total average loans and deposits. The provision for credit losses increased \$19 million, or 63%, driven by an increase in the

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allowance as well as increased NCOs. Noninterest income increased \$71 million, or 25%, due to an increase in net mortgage servicing revenue, card and payment processing income and service charges on deposit accounts, which were driven by higher debit card-related transaction volumes and an increase in the number of households. In addition, SBA loan sales gains contributed to improved noninterest income. Noninterest expense increased \$207 million, or 34%, due to an increase in personnel and occupancy expense related to the addition of FirstMerit branches and colleagues. Higher allocated expenses also contributed to the increase in noninterest expense.

Home Lending, an operating unit of Consumer and Business Banking, reflects the result of the origination and servicing of mortgage loans less referral fees and net interest income for mortgage banking products distributed by the retail branch network and other business segments. Home Lending reported net income of \$4 million in the first six-month period of 2017, a decrease of \$5 million, or 55%, compared to the year-ago period. Results were impacted by the FirstMerit acquisition. Net interest income increased \$4 million, or 16%, which primarily reflects higher residential mortgage balances and lower FTP funding costs. The provision for credit losses increased \$4 million, primarily due to an increase in the allowance in for the residential mortgage portfolio held by Home Lending. Noninterest income increased by \$10 million, or 31%, primarily due to favorable net MSR hedge-related activities and net servicing income. Income from higher origination volumes was predominately offset by lower spreads on origination volume. Noninterest expense increased \$18 million, or 36%, primarily due to higher personnel costs related to the FirstMerit acquisition and higher origination volume.

## Commercial Banking

Table 23 - Key Performance Indicators for Commercial Banking  
(dollar amounts in thousands unless otherwise noted)

	Six Months Ended June 30,		Change	
	2017	2016	Amount	Percent
Net interest income	\$343,285	\$212,240	\$131,045	62 %
Provision for credit losses	11,798	29,423	(17,625 )	(60 )
Noninterest income	117,573	95,484	22,089	23
Noninterest expense	201,382	159,050	42,332	27
Provision for income taxes	86,687	41,738	44,949	108
Net income	\$160,991	\$77,513	\$83,478	108 %
Number of employees (average full-time equivalent)	1,087	833	254	30 %
Total average assets (in millions)	\$24,000	\$17,553	\$6,447	37
Total average loans/leases (in millions)	19,075	13,804	5,271	38
Total average deposits (in millions)	18,725	14,072	4,653	33
Net interest margin	3.35 %	2.88 %	0.47 %	16 %
NCOs	\$6,416	\$16,261	\$(9,845 )	(61 )
NCOs as a % of average loans and leases	0.07 %	0.23 %	(0.16 )%	(70 )

## 2017 First Six Months vs. 2016 First Six Months

Commercial Banking reported net income of \$161 million in the first six-month period of 2017, an increase of \$83 million, or 108%, compared to the year-ago period. Results were predominately impacted by the FirstMerit acquisition. Segment net interest income increased \$131 million, or 62%, primarily due to an increase in both average loans and deposits combined with a 47 basis point increase in net interest margin. The provision for credit losses decreased \$18 million, or 60%, driven by a reduction in NCOs and improvement in energy related credits. Noninterest income increased \$22 million, or 23%, largely driven by an increase in loan commitment and other fees, deposit service charges and capital markets related revenues. Noninterest expense increased \$42 million, or 27%, primarily due to an increase in personnel expense, allocated expenses, and amortization of intangibles, partially offset by a decrease in operating lease expense.



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## Commercial Real Estate and Vehicle Finance

Table 24 - Commercial Real Estate and Vehicle Finance  
(dollar amounts in thousands unless otherwise noted)

	Six Months Ended June 30,		Change	
	2017	2016	Amount	Percent
Net interest income	\$279,700	\$191,214	\$88,486	46 %
Provision (reduction in allowance) for credit losses	30,342	(6,909 )	37,251	N.R.
Noninterest income	23,768	17,950	5,818	32
Noninterest expense	108,635	80,922	27,713	34
Provision for income taxes	57,572	47,303	10,269	22
Net income	\$106,919	\$87,848	\$19,071	22 %
Number of employees (average full-time equivalent)	402	310	92	30 %
Total average assets (in millions)	\$23,903	\$18,329	\$5,574	30
Total average loans/leases (in millions)	22,811	17,288	5,523	32
Total average deposits (in millions)	1,825	1,649	176	11
Net interest margin	2.45 %	2.18 %	0.27 %	12
NCOs	\$19,500	\$(16,888 )	\$36,388	N.R.
NCOs as a % of average loans and leases	0.17 %	(0.19 )%	0.36 %	N.R.

N.R. - Not relevant.

## 2017 First Six Months vs. 2016 First Six Months

CREVF reported net income of \$107 million in the first six-month period of 2017, an increase of \$19 million, or 22%, compared to the year-ago period. Results were positively impacted by the FirstMerit acquisition, offset in part by a higher provision for credit losses reflecting significant commercial real estate recoveries in the year ago period. Segment net interest income increased \$88 million or 46%, due to both higher loan balances and a 27 basis point increase in the net interest margin primarily reflecting the purchase accounting impact of the acquired loan portfolios. Noninterest income increased \$6 million, or 32%, primarily due to a \$3 million increase in gains on various equity investments associated with mezzanine lending related activities. Noninterest expense increased \$28 million, or 34%, primarily due to an increase in personnel costs and other allocated costs attributed to higher production and portfolio balance levels.



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## Regional Banking and The Huntington Private Client Group

Table 25 - Key Performance Indicators for Regional Banking and The Huntington Private Client Group

(dollar amounts in thousands unless otherwise noted)

	Six Months Ended		Change	
	June 30, 2017	2016	Amount	Percent
Net interest income	\$95,492	\$70,503	\$24,989	35 %
Provision (reduction in allowance) for credit losses	295	(1,173 )	1,468	N.R.
Noninterest income	94,395	79,403	14,992	19
Noninterest expense	123,934	109,172	14,762	14
Provision for income taxes	22,980	14,667	8,313	57
Net income	\$42,678	\$27,240	\$15,438	57 %
Number of employees (average full-time equivalent)	1,034	930	104	11 %
Total average assets (in millions)	\$5,401	\$4,265	\$1,136	27
Total average loans/leases (in millions)	4,699	3,861	838	22
Total average deposits (in millions)	5,927	4,819	1,108	23
Net interest margin	3.33	% 2.95	% 0.38	% 13
NCOs	\$987	\$(3,013 )	\$4,000	N.R.
NCOs as a % of average loans and leases	0.04	% (0.16 )%	0.20	% N.R.
Total assets under management (in billions)—eop (1)	\$17.6	\$16.8	\$0.8	5
Total trust assets (in billions)—eop (1)	101.6	93.3	8.3	9

N.R. - Not relevant.

eop - End of Period.

(1) Includes assets associated with FirstMerit.

## 2017 First Six Months vs. 2016 First Six Months

RBHPCG reported net income of \$43 million in the first six-month period of 2017, an increase of \$15 million, or 57%, compared to the year-ago period. Results were predominately impacted by the FirstMerit acquisition. Net interest income increased \$25 million, or 35%, due to an increase in average total deposits and loans combined with a 38 basis point increase in net interest margin. The increase in average total loans was primarily due to strong growth in commercial and portfolio mortgage loans combined with balance growth from the FirstMerit acquisition, while the increase in average total deposits was mainly due to the acquisition combined with growth in interest checking balances from the Private Client Account. The provision for credit losses increased \$1 million, due to lower recoveries in the current period. Noninterest income increased \$15 million, or 19%, primarily due to increased trust and investment management revenue related to the increase in trust assets and assets under management that resulted primarily from the FirstMerit acquisition. Noninterest expense increased \$15 million, or 14%, as a result of increased personnel expenses and amortization of intangibles resulting from the FirstMerit acquisition.

## ADDITIONAL DISCLOSURES

## Forward-Looking Statements

This report, including MD&A, contains certain forward-looking statements, including, but not limited to, certain plans, expectations, goals, projections, and statements, which are not historical facts and are subject to numerous assumptions, risks, and uncertainties. Statements that do not describe historical or current facts, including statements about beliefs and expectations, are forward-looking statements. Forward-looking statements may be identified by words such as expect,

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anticipate, believe, intend, estimate, plan, target, goal, or similar expressions, or future or conditional verbs such as will, may, might, should, would, could, or similar variations. The forward-looking statements are intended to be subject to the safe harbor provided by Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995.

While there is no assurance that any list of risks and uncertainties or risk factors is complete, below are certain factors which could cause actual results to differ materially from those contained or implied in the forward-looking statements: changes in general economic, political, or industry conditions; uncertainty in U.S. fiscal and monetary policy, including the interest rate policies of the Federal Reserve Board; volatility and disruptions in global capital and credit markets; movements in interest rates; competitive pressures on product pricing and services; success, impact, and timing of our business strategies, including market acceptance of any new products or services implementing our “Fair Play” banking philosophy; the nature, extent, timing, and results of governmental actions, examinations, reviews, reforms, regulations, and interpretations, including those related to the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Basel III regulatory capital reforms, as well as those involving the OCC, Federal Reserve, FDIC, and CFPB; the possibility that the anticipated benefits of the merger with FirstMerit Corporation are not realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of the two companies or as a result of the strength of the economy and competitive factors in the areas where we do business; diversion of management’s attention from ongoing business operations and opportunities; potential adverse reactions or changes to business or employee relationships, including those resulting from the completion of the merger with FirstMerit Corporation; and other factors that may affect our future results. Additional factors that could cause results to differ materially from those described above can be found in our Annual Report on Form 10-K for the year ended December 31, 2016, and Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, which are on file with the Securities and Exchange Commission (the “SEC”) and available in the “Investor Relations” section of our website, <http://www.huntington.com>, under the heading “Publications and Filings” and in other documents we file with the SEC.

All forward-looking statements speak only as of the date they are made and are based on information available at that time. We do not assume any obligation to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements were made or to reflect the occurrence of unanticipated events except as required by federal securities laws. As forward-looking statements involve significant risks and uncertainties, caution should be exercised against placing undue reliance on such statements.

### Non-GAAP Financial Measures

This document contains GAAP financial measures and non-GAAP financial measures where management believes it to be helpful in understanding Huntington’s results of operations or financial position. Where non-GAAP financial measures are used, the comparable GAAP financial measure, as well as the reconciliation to the comparable GAAP financial measure, can be found herein where applicable.

### Significant Items

From time-to-time, revenue, expenses, or taxes are impacted by items judged by us to be outside of ordinary banking activities and/or by items that, while they may be associated with ordinary banking activities, are so unusually large that their outsized impact is believed by us at that time to be infrequent or short-term in nature. We refer to such items as Significant Items. Most often, these Significant Items result from factors originating outside the Company; e.g., regulatory actions / assessments, windfall gains, changes in accounting principles, one-time tax assessments / refunds, litigation actions, etc. In other cases, they may result from our decisions associated with significant corporate actions outside of the ordinary course of business; e.g., merger / restructuring charges, recapitalization actions, goodwill impairment, etc.

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

We believe the disclosure of Significant Items provides a better understanding of our performance and trends to ascertain which of such items, if any, to include or exclude from an analysis of our performance; i.e., within the context of determining how that performance differed from expectations, as well as how, if at all, to adjust estimates of future performance accordingly. To this end, we adopted a practice of listing Significant Items in our external disclosure documents; e.g., earnings press releases, investor presentations, Forms 10-Q and 10-K.

Significant Items for any particular period are not intended to be a complete list of items that may materially impact current or future period performance.

Fully-Taxable Equivalent Basis

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Interest income, yields, and ratios on a FTE basis are considered non-GAAP financial measures. Management believes net interest income on a FTE basis provides an insightful picture of the interest margin for comparison purposes. The FTE basis also allows management to assess the comparability of revenue arising from both taxable and tax-exempt sources. The FTE basis assumes a federal statutory tax rate of 35 percent. We encourage readers to consider the consolidated financial statements and other financial information contained in this Form 10-Q in their entirety, and not to rely on any single financial measure.

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### Non-Regulatory Capital Ratios

In addition to capital ratios defined by banking regulators, the Company considers various other measures when evaluating capital utilization and adequacy, including:

- Tangible common equity to tangible assets, and
- Tangible common equity to risk-weighted assets using Basel III definitions.

These non-regulatory capital ratios are viewed by management as useful additional methods of reflecting the level of capital available to withstand unexpected market conditions. Additionally, presentation of these ratios allows readers to compare the Company's capitalization to other financial services companies. These ratios differ from capital ratios defined by banking regulators principally in that the numerator excludes preferred securities, the nature and extent of which varies among different financial services companies. These ratios are not defined in Generally Accepted Accounting Principles ("GAAP") or federal banking regulations. As a result, these non-regulatory capital ratios disclosed by the Company are considered non-GAAP financial measures.

Because there are no standardized definitions for these non-regulatory capital ratios, the Company's calculation methods may differ from those used by other financial services companies. Also, there may be limits in the usefulness of these measures to investors. As a result, the Company encourages readers to consider the consolidated financial statements and other financial information contained in this Form 10-Q in their entirety, and not to rely on any single financial measure.

### Risk Factors

Information on risk is discussed in the Risk Factors section included in Item 1A of our 2016 Form 10-K. Additional information regarding risk factors can also be found in the Risk Management and Capital discussion of this report.

### Critical Accounting Policies and Use of Significant Estimates

Our financial statements are prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires us to establish critical accounting policies and make accounting estimates, assumptions, and judgments that affect amounts recorded and reported in our financial statements. Note 1 of Notes to Consolidated Financial Statements included in our December 31, 2016 Form 10-K, as supplemented by this report, lists significant accounting policies we use in the development and presentation of our financial statements. This MD&A, the significant accounting policies, and other financial statement disclosures identify and address key variables and other qualitative and quantitative factors necessary for an understanding and evaluation of our company, financial position, results of operations, and cash flows.

An accounting estimate requires assumptions about uncertain matters that could have a material effect on the financial statements if a different amount within a range of estimates were used or if estimates changed from period to period. Estimates are made under facts and circumstances at a point in time, and changes in those facts and circumstances could produce results that significantly differ from when those estimates were made.

Our most significant accounting estimates relate to our ACL, valuation of financial instruments, contingent liabilities, income taxes, and deferred tax assets. These significant accounting estimates and their related application are discussed in our December 31, 2016 Form 10-K.

### Recent Accounting Pronouncements and Developments

Note 2 of the Notes to Unaudited Condensed Consolidated Financial Statements discusses new accounting pronouncements adopted during 2017 and the expected impact of accounting pronouncements recently issued but not yet required to be adopted. To the extent the adoption of new accounting standards materially affect financial condition, results of operations, or liquidity, the impacts are discussed in the applicable section of this MD&A and the Notes to Unaudited Condensed Consolidated Financial Statements.

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## Item 1: Financial Statements

Huntington Bancshares Incorporated  
Condensed Consolidated Balance Sheets  
(Unaudited)

(dollar amounts in thousands, except number of shares)

	June 30, 2017	December 31, 2016
Assets		
Cash and due from banks	\$1,515,476	\$1,384,770
Interest-bearing deposits in banks	77,148	58,267
Trading account securities	94,767	133,295
Loans held for sale (includes \$654,087 and \$438,224 respectively, measured at fair value)(1)	748,077	512,951
Available-for-sale and other securities	15,388,306	15,562,837
Held-to-maturity securities	8,279,577	7,806,939
Loans and leases (includes \$103,741 and \$82,319 respectively, measured at fair value)(1)	68,059,310	66,961,996
Allowance for loan and lease losses	(667,996	) (638,413
Net loans and leases	67,391,314	66,323,583
Bank owned life insurance	2,448,913	2,432,086
Premises and equipment	855,347	815,508
Goodwill	1,992,849	1,992,849
Other intangible assets	373,861	402,458
Servicing rights	224,656	225,578
Accrued income and other assets	2,016,488	2,062,976
Total assets	\$101,406,779	\$99,714,097
Liabilities and shareholders' equity		
Liabilities		
Deposits	\$75,933,373	\$75,607,717
Short-term borrowings	4,552,877	3,692,654
Long-term debt	8,536,471	8,309,159
Accrued expenses and other liabilities	1,729,876	1,796,421
Total liabilities	90,752,597	89,405,951
Commitments and contingencies (Note 14)		
Shareholders' equity		
Preferred stock	1,071,286	1,071,227
Common stock	10,932	10,886
Capital surplus	9,920,052	9,881,277
Less treasury shares, at cost	(31,288	) (27,384
Accumulated other comprehensive loss	(350,357	) (401,016
Retained (deficit) earnings	33,557	(226,844
Total shareholders' equity	10,654,182	10,308,146
Total liabilities and shareholders' equity	\$101,406,779	\$99,714,097
Common shares authorized (par value of \$0.01)	1,500,000,000	1,500,000,000
Common shares issued	1,093,162,464	1,088,641,251
Common shares outstanding	1,090,016,469	1,085,688,538
Treasury shares outstanding	3,145,995	2,952,713
Preferred stock, authorized shares	6,617,808	6,617,808
Preferred shares issued	2,702,571	2,702,571
Preferred shares outstanding	1,098,006	1,098,006

(1) Amounts represent loans for which Huntington has elected the fair value option. See Note 11.  
See Notes to Unaudited Condensed Consolidated Financial Statements

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Huntington Bancshares Incorporated  
Condensed Consolidated Statements of Income  
(Unaudited)  
(dollar amounts in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Interest and fee income:				
Loans and leases	\$699,838	\$469,770	\$1,375,772	\$933,192
Available-for-sale and other securities				
Taxable	78,292	40,992	154,577	80,606
Tax-exempt	18,695	13,795	37,382	26,814
Held-to-maturity securities—taxable	44,276	35,420	89,471	72,209
Other	5,323	5,681	9,582	10,088
Total interest income	846,424	565,658	1,666,784	1,122,909
Interest expense:				
Deposits	42,287	22,324	77,077	45,342
Short-term borrowings	5,203	913	11,069	1,811
Federal Home Loan Bank advances	66	72	132	141
Subordinated notes and other long-term debt	54,356	36,468	104,019	66,668
Total interest expense	101,912	59,777	192,297	113,962
Net interest income	744,512	505,881	1,474,487	1,008,947
Provision for credit losses	24,978	24,509	92,616	52,091
Net interest income after provision for credit losses	719,534	481,372	1,381,871	956,856
Service charges on deposit accounts	87,582	75,613	171,002	145,875
Cards and payment processing income	52,485	39,184	99,654	75,631
Mortgage banking income	32,268	31,591	63,960	50,134
Trust and investment management services	32,232	22,497	66,101	45,335
Insurance income	15,843	15,947	31,107	32,172
Brokerage income	16,294	14,599	32,052	30,101
Capital markets fees	16,836	13,037	31,036	26,047
Bank owned life insurance income	15,322	12,536	32,864	26,049
Gain on sale of loans	12,002	9,265	24,824	14,660
Net gains on sales of securities	3,694	732	3,710	732
Impairment losses recognized in earnings on available-for-sale securities	(3,559)	(76)	(3,583)	(76)
Other noninterest income	44,219	36,187	84,954	66,319
Total noninterest income	325,218	271,112	637,681	512,979
Personnel costs	391,997	298,949	773,997	584,346
Outside data processing and other services	75,169	63,037	162,371	124,915
Equipment	42,924	31,805	89,624	64,381
Net occupancy	52,613	30,704	120,313	62,180
Professional services	18,190	21,488	36,485	35,026
Marketing	18,843	14,773	32,766	27,041
Deposit and other insurance expense	20,418	12,187	40,517	23,395
Amortization of intangibles	14,242	3,600	28,597	7,312
Other noninterest expense	59,968	47,118	117,116	86,145



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Total noninterest expense	694,364	523,661	1,401,786	1,014,741
Income before income taxes	350,388	228,823	617,766	455,094
Provision for income taxes	78,647	54,283	137,931	109,240
Net income	271,741	174,540	479,835	345,854
Dividends on preferred shares	18,889	19,874	37,767	27,872
Net income applicable to common shares	\$252,852	\$154,666	\$442,068	\$317,982

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
(dollar amounts in thousands, except per share amounts)				
Average common shares—basic	1,088,934,798	1,167,167	1,087,654,796	1,961
Average common shares—diluted	1,108,527,810	1,371	1,108,572,809	360
Per common share:				
Net income—basic	\$0.23	\$ 0.19	\$0.41	\$0.40
Net income—diluted	0.23	0.19	0.40	0.39
Cash dividends declared	0.08	0.07	0.16	0.14
OTTI losses for the periods presented:				
Total OTTI losses	\$(3,563)	\$(76 )	\$(3,589)	\$(3,809)
Noncredit-related portion of loss recognized in OCI	4	—	6	3,733
Impairment losses recognized in earnings on available-for-sale securities	\$(3,559)	\$(76 )	\$(3,583)	\$(76 )

See Notes to Unaudited Condensed Consolidated Financial Statements

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Huntington Bancshares Incorporated  
 Condensed Consolidated Statements of Comprehensive Income  
 (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
(dollar amounts in thousands)				
Net income	\$271,741	\$174,540	\$479,835	\$345,854
Other comprehensive income, net of tax:				
Unrealized gains (losses) on available-for-sale and other securities:				
Non-credit-related impairment recoveries (losses) on debt securities not expected to be sold	1,602	667	2,126	(1,682 )
Unrealized net gains (losses) on available-for-sale and other securities arising during the period, net of reclassification for net realized gains and losses	37,052	30,603	47,050	82,154
Total unrealized gains (losses) on available-for-sale and other securities	38,654	31,270	49,176	80,472
Unrealized gains (losses) on cash flow hedging derivatives, net of reclassifications to income	1,070	1,134	244	9,963
Change in accumulated unrealized losses for pension and other post-retirement obligations	779	840	1,239	1,681
Other comprehensive income (loss), net of tax	40,503	33,244	50,659	92,116
Comprehensive income	\$312,244	\$207,784	\$530,494	\$437,970
See Notes to Unaudited Condensed Consolidated Financial Statements				

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Huntington Bancshares Incorporated  
Condensed Consolidated Statements of Changes in Shareholders' Equity  
(Unaudited)

(dollar amounts in thousands, except per share amounts)	Preferred Stock	Common Stock		Capital Surplus	Treasury Stock		Accumulated Other Comprehensive Gain (Loss)	Retained Earnings (Deficit)	Total
	Amount	Shares	Amount		Shares	Amount			
Six Months Ended June 30, 2016									
Balance, beginning of period	\$386,291	796,970	\$7,970	\$7,038,502	(2,041)	\$(17,932)	\$(226,158)	\$(594,067)	\$6,594,606
Net income								345,854	345,854
Other comprehensive income (loss)							92,116		92,116
Net proceeds from issuance of Series D preferred stock	584,987								584,987
Cash dividends declared:									
Common (\$0.14 per share)								(111,735)	(111,735)
Preferred Series A (\$42.50 per share)								(15,407)	(15,407)
Preferred Series B (\$16.63 per share)								(590)	(590)
Preferred Series D (\$19.79 per share)								(11,875)	(11,875)
Recognition of the fair value of share-based compensation				27,799					27,799
Other share-based compensation activity		4,559	45	7,872				(3,004)	4,913
Other		—	—	76	(334)	(3,426)		(14)	(3,364)
	\$971,278	801,529	\$8,015	\$7,074,249	(2,375)	\$(21,358)	\$(134,042)	\$(390,838)	\$7,507,304

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Balance, end of  
period

Six Months  
Ended June 30,  
2017

Balance, beginning of period	\$1,071,227	1,088,641	\$10,886	\$9,881,277	(2,953)	\$(27,384)	\$(401,016)	\$(226,844)	\$10,308,146
Net income								479,835	479,835
Other comprehensive income (loss)							50,659		50,659
Cash dividends declared:									
Common (\$0.16 per share)								(174,369 )	(174,369 )
Preferred Series A (\$42.50 per share)								(15,406 )	(15,406 )
Preferred Series B (\$18.95 per share)								(673 )	(673 )
Preferred Series C (\$29.38 per share)								(2,938 )	(2,938 )
Preferred Series D (\$31.25 per share)								(18,750 )	(18,750 )
Recognition of the fair value of share-based compensation				52,045					52,045
Other share-based compensation activity		4,514	45	(14,612 )				(7,057 )	(21,624 )
Other	59	7	1	1,342	(193 )	(3,904 )		(241 )	(2,743 )
Balance, end of period	\$1,071,286	1,093,162	\$10,932	\$9,920,052	(3,146)	\$(31,288)	\$(350,357)	\$33,557	\$10,654,182

See Notes to Unaudited Condensed Consolidated Financial Statements

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Huntington Bancshares Incorporated  
Condensed Consolidated Statements of Cash Flows  
(Unaudited)

(dollar amounts in thousands)	Six Months Ended	
	June 30, 2017	2016
Operating activities		
Net income	\$479,835	\$345,854
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	92,616	52,091
Depreciation and amortization	210,825	208,249
Share-based compensation expense	52,045	27,799
Net change in:		
Trading account securities	38,528	1,708
Loans held for sale	(220,674 )	(307,880 )
Accrued income and other assets	(57,635 )	(97,334 )
Deferred income taxes	11,725	(6,864 )
Accrued expense and other liabilities	(60,182 )	70,554
Other, net	11,661	(7,539 )
Net cash provided by (used for) operating activities	558,744	286,638
Investing activities		
Change in interest bearing deposits in banks	19,474	6,942
Proceeds from:		
Maturities and calls of available-for-sale and other securities	715,893	467,633
Maturities of held-to-maturity securities	523,309	495,645
Sales of available-for-sale and other securities	411,763	170,986
Purchases of available-for-sale and other securities	(1,891,781 )	(1,405,035 )
Purchases of held-to-maturity securities	(8,616 )	—
Net proceeds from sales of portfolio loans	259,165	234,608
Net loan and lease activity, excluding sales and purchases	(1,429,367 )	(2,220,929 )
Purchases of premises and equipment	(112,566 )	(19,846 )
Proceeds from sales of other real estate	17,802	13,290
Purchases of loans and leases	(93,560 )	(341,985 )
Other, net	8,343	2,698
Net cash provided by (used for) investing activities	(1,580,141 )	(2,595,993 )
Financing activities		
Increase (decrease) in deposits	325,656	(256,333 )
Increase (decrease) in short-term borrowings	838,389	1,335,888
Net proceeds from issuance of long-term debt	1,060,697	1,051,794
Maturity/redemption of long-term debt	(843,019 )	(255,750 )
Dividends paid on preferred stock	(37,743 )	(27,872 )
Dividends paid on common stock	(174,168 )	(112,087 )
Proceeds from stock options exercised	6,884	3,887
Net proceeds from issuance of preferred stock	—	584,987
Payments related to tax-withholding for share based compensation awards	(24,593 )	—
Other, net	—	4,865
Net cash provided by (used for) financing activities	1,152,103	2,329,379
Increase (decrease) in cash and cash equivalents	130,706	20,024
Cash and cash equivalents at beginning of period	1,384,770	847,156

Cash and cash equivalents at end of period

\$1,515,476 \$867,180

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(dollar amounts in thousands)	Six Months Ended	
	June 30,	
	2017	2016
Supplemental disclosures:		
Interest paid	\$ 185,107	\$ 107,428
Income taxes paid	54,434	3,099
Non-cash activities		
Loans transferred to held-for-sale from portfolio	298,331	266,527
Loans transferred to portfolio from held-for-sale	1,265	10,661
Transfer of loans to OREO	16,926	12,974
Transfer of securities to held to maturity from available for sale	992,760	—

See Notes to Unaudited Condensed Consolidated Financial Statements



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Huntington Bancshares Incorporated  
Notes to Unaudited Condensed Consolidated Financial Statements

1. BASIS OF PRESENTATION

The accompanying Unaudited Condensed Consolidated Financial Statements of Huntington reflect all adjustments consisting of normal recurring accruals which are, in the opinion of Management, necessary for a fair statement of the consolidated financial position, the results of operations, and cash flows for the periods presented. The year-end condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by GAAP. These Unaudited Condensed Consolidated Financial Statements have been prepared according to the rules and regulations of the SEC and, therefore, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been omitted. The Notes to Consolidated Financial Statements appearing in Huntington's 2016 Form 10-K, 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.

For statement of cash flows purposes, cash and cash equivalents are defined as the sum of "Cash and due from banks" which includes amounts on deposit with the Federal Reserve and "Federal funds sold and securities purchased under resale agreements."

In conjunction with applicable accounting standards, all material subsequent events have been either recognized in the Unaudited Condensed Consolidated Financial Statements or disclosed in the Notes to Unaudited Condensed Consolidated Financial Statements.

Certain amounts reported in prior periods have been reclassified to conform to the current period presentation.

2. ACCOUNTING STANDARDS UPDATE

ASU 2014-09—Revenue from Contracts with Customers (Topic 606): The amendments in ASU 2014-09 supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The general principle of the amendments require an entity to recognize revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance sets forth a five step approach for revenue recognition. The amendments are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Management intends to adopt the new guidance on January 1, 2018 using the modified retrospective approach and is well into its outlined implementation plan. In this regard, management has completed a preliminary analysis that includes (a) identification of all revenue streams included in the financial statements; (b) determination of scope exclusions to identify 'in-scope' revenue streams; (c) determination of size, timing, and amount of revenue recognition for in-scope items; (d) determination of sample size of contracts for further analysis; and (e) completion of limited analysis on selected contracts to evaluate the potential impact of the new guidance. The key revenue streams identified include service charges, credit card and payment processing fees, trust services fees, insurance income, brokerage services, and mortgage banking income. The new guidance is not expected to have a significant impact on Huntington's Unaudited Consolidated Financial Statements.

ASU 2016-01 - Recognition and Measurement of Financial Assets and Financial Liabilities. The amendments in this Update make targeted improvements to GAAP including, but not limited to, requiring an entity to measure its equity investments with changes in the fair value recognized in the income statement; requiring an entity to present separately in OCI the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments (i.e., FVO liability); requiring public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; assessing deferred tax assets related to a net unrealized loss on AFS securities in combination with the entity's other deferred tax assets; and eliminating some of the disclosures required by the existing GAAP while requiring entities to present and disclose some additional information. The new guidance is effective for the fiscal period beginning after December 15, 2017, including interim periods within those fiscal years. An entity should apply the amendments as a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The amendment is not expected to have a significant impact on Huntington's Unaudited Consolidated Financial Statements.

ASU 2016-02 - Leases. This Update sets forth a new lease accounting model for lessors and lessees. For lessees, virtually all leases will be required to be recognized on the balance sheet by recording a right-of-use asset and lease liability. Subsequent accounting for leases varies depending on whether the lease is an operating lease or a finance lease. The accounting applied by a lessor is largely unchanged from that applied under the existing guidance. The ASU requires additional qualitative and quantitative disclosures with the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Update is effective for the fiscal period beginning after December 15, 2018,

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with early application permitted. Management is currently assessing the impact of the new guidance on Huntington's Unaudited Consolidated Financial Statements. Huntington expects to recognize a right-of-use asset and a lease liability for its operating lease commitments.

ASU 2016-13 - Financial Instruments - Credit Losses. The amendments in this Update eliminate the probable recognition threshold for credit losses on financial assets measured at amortized cost. The Update requires those financial assets to be presented at the net amount expected to be collected (i.e., net of expected credit losses). The measurement of expected credit losses should be based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amount. The Update is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018. The amendments should be applied through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. Management currently intends to adopt the guidance on January 1, 2020 and is assessing the impact of this Update on Huntington's Unaudited Consolidated Financial Statements. Management has formed a working group comprised of teams from different disciplines including credit and finance. The working group is currently evaluating the requirements of the new standard and the impact it will have on our processes. The early stages of this evaluation include a review of existing credit models to identify areas where existing credit models used to comply with other regulatory requirements may be leveraged and areas where new impairment models may be required.

ASU 2016-15 - Classification of Certain Cash Receipts and Cash Payments. The amendments in this Update add or clarify guidance on the classification of certain cash receipts and payments in the statement of cash flows. Current guidance lacks consistent principles for evaluating the classification of cash payments and receipts in the statement of cash flows. This has led to diversity in practice and, in certain circumstances, financial statement restatements. Therefore, the FASB issued the ASU with the intent of reducing diversity in practice with respect to several types of cash flows. The amendments in this Update are effective using a retrospective transition approach for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. This Update is not expected to have a significant impact on Huntington's Unaudited Consolidated Financial Statements.

ASU 2017-04 - Simplifying the Test for Goodwill Impairment. The Update simplifies the goodwill impairment test. Under the new guidance, Step 2 of the goodwill impairment process that requires an entity to determine the implied fair value of its goodwill by assigning fair value to all its assets and liabilities, is eliminated. Instead, the entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The new guidance is effective for annual and interim goodwill tests performed in fiscal years beginning after December 15, 2019. Early adoption is permitted. The amendment is not expected to have a significant impact on Huntington's Unaudited Consolidated Financial Statements.

ASU 2017-07 - Improving the Presentation of Net Periodic Pension Cost and Periodic Postretirement Benefit Cost. The amendments in this Update require that an employer report the service cost component of the pension cost and postretirement benefit cost in the same line items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of the net benefit cost should be presented in the income statement separately from the service cost component. The amendments in this Update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted as of the beginning of an annual period for which financial statements have not been issued or made available for issuance. This Update is not expected to have a significant impact on Huntington's Unaudited Consolidated Financial Statements.

ASU 2017-09 - Stock Compensation Modification Accounting. The Update reduces the current diversity in practice and provides explicit guidance pertaining to the provisions of modification accounting. The Update clarifies that an entity should account for effects of modification unless the fair value, vesting conditions and the classification of the modified award are the same as of the original awards immediately before the original award is modified. The Update

is effective prospectively for annual periods and interim periods within those annual periods, beginning after December 15, 2017. Earlier application is permitted. The Update is not expected to have a significant impact on Huntington's Unaudited Consolidated Financial Statements.

### 3. LOANS / LEASES AND ALLOWANCE FOR CREDIT LOSSES

Loans and leases for which Huntington has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are classified in the Unaudited Condensed Consolidated Balance Sheets as loans and leases. Except for loans which are accounted for at fair value, loans are carried at the principal amount outstanding, net of unamortized premiums and discounts

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and deferred loan fees and costs and purchase accounting adjustments, which resulted in a net premium of \$245 million and \$120 million at June 30, 2017 and December 31, 2016, respectively.

## Loan and Lease Portfolio Composition

The following table provides a detailed listing of Huntington's loan and lease portfolio at June 30, 2017 and December 31, 2016:

(dollar amounts in thousands)	June 30, 2017	December 31, 2016
Loans and leases:		
Commercial and industrial	\$27,969,151	\$28,058,712
Commercial real estate	7,145,151	7,300,901
Automobile	11,555,137	10,968,782
Home equity	9,965,534	10,105,774
Residential mortgage	8,237,297	7,724,961
RV and marine finance	2,177,732	1,846,447
Other consumer	1,009,308	956,419
Loans and leases	68,059,310	66,961,996
Allowance for loan and lease losses (667,996 )	(667,996 )	(638,413 )
Net loans and leases	\$67,391,314	\$66,323,583

## Purchased Credit-Impaired Loans

The following table presents a rollforward of the accretible yield for purchased credit impaired loans for the three-month and six-month period ended June 30, 2017: and 2016:

(dollar amounts in thousands)	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017
FirstMerit		
Balance, beginning of period	\$37,372	\$36,669
Accretion	(4,788 )	(9,490 )
Reclassification (to) from nonaccretible difference	3,925	9,330
Balance, end of period	\$36,509	\$36,509

The following table reflects the ending and unpaid balances of the purchase credit impaired loans at June 30, 2017 and December 31, 2016:

(dollar amounts in thousands)	June 30, 2017			December 31, 2016		
	Ending Balance	Unpaid Balance	ALLL	Ending Balance	Unpaid Balance	ALLL
FirstMerit						
Commercial and industrial	\$54,942	\$81,934	\$ 970	\$68,338	\$100,031	\$ —
Commercial real estate	20,780	34,904	—	34,042	56,320	—
Total	\$75,722	\$116,838	\$ 970	\$102,380	\$156,351	\$ —

During the second quarter 2017, an allowance for loan losses was recorded on the Commercial and industrial purchased credit-impaired portfolio for \$1 million.

## NALs and Past Due Loans

Loans are considered past due when the contractual amounts due with respect to principal and interest are not received within 30 days of the contractual due date. See Note 1 "Significant Accounting Policies" to the consolidated financial



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statements of the Annual Report on Form 10-K for the year ended December 31, 2016 for a description of the accounting policies related to the ACL.

The following table presents NALs by loan class at June 30, 2017 and December 31, 2016:

(dollar amounts in thousands)	June 30, 2017	December 31, 2016
Commercial and industrial	\$ 195,279	\$ 234,184
Commercial real estate	16,763	20,508
Automobile	3,825	5,766
Home equity	67,940	71,798
Residential mortgage	80,306	90,502
RV and marine finance	341	245
Other consumer	2	—
Total nonaccrual loans	\$ 364,456	\$ 423,003

The following table presents an aging analysis of loans and leases, including past due loans, by loan class at June 30, 2017 and December 31, 2016: (1)

(dollar amounts in thousands)	June 30, 2017				Current	Purchased for Credit Impaired	Loans Accounted for Under the Fair Value Option	Total Loans and Leases	90 or more days past due and accruing	
	30-59 Days	60-89 Days	90 or more days	Total						
Commercial and industrial	\$44,796	\$13,608	\$84,609	\$143,013	\$27,771,196	\$54,942	\$—	\$27,969,151	\$21,501	(2)
Commercial real estate	7,382	3,918	27,314	38,614	7,085,757	20,780	—	7,145,151	17,040	
Automobile	68,600	15,241	8,716	92,557	11,461,169	—	1,411	11,555,137	8,594	
Home equity	44,513	16,463	61,159	122,135	9,840,922	—	2,477	9,965,534	18,459	
Residential mortgage	117,779	40,327	110,842	268,948	7,869,927	—	98,422	8,237,297	65,159	(3)
RV and marine finance	8,072	2,443	2,666	13,181	2,163,346	—	1,205	2,177,732	2,464	
Other consumer	9,913	4,081	3,146	17,140	991,942	—	226	1,009,308	3,143	
Total loans and leases	\$301,055	\$96,081	\$298,452	\$695,588	\$67,184,259	\$75,722	\$103,741	\$68,059,310	\$136,360	

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(dollar amounts in thousands)	December 31, 2016				Current	Purchased Credit Impaired	Loans Accounted for Under the Fair Value Option	Total Loans and Leases	90 or more days past due and accruing	
	Past Due	30-59 Days	60-89 Days	90 or more days						
Commercial and industrial	42,052	20,136	74,174	136,362	27,854,012	68,338	—	28,058,712	18,148	(2)
Commercial real estate	21,187	3,202	29,659	54,048	7,212,811	34,042	—	7,300,901	17,215	
Automobile loans	76,283	17,188	10,442	103,913	10,862,715	—	2,154	10,968,782	10,182	
Home equity	38,899	23,903	53,002	115,804	9,986,697	—	3,273	10,105,774	11,508	
Residential mortgage	122,469	37,460	116,682	276,611	7,373,414	—	74,936	7,724,961	66,952	(3)
RV and marine finance	10,009	2,230	1,566	13,805	1,831,123	—	1,519	1,846,447	1,462	
Other consumer	9,442	4,324	3,894	17,660	938,322	—	437	956,419	3,895	
Total loans and leases	\$320,341	\$108,443	\$289,419	\$718,203	\$66,059,094	\$102,380	\$82,319	\$66,961,996	\$129,362	

(1) NALs are included in this aging analysis based on the loan's past due status.

(2) Amounts include Huntington Technology Finance administrative lease delinquencies.

(3) Amounts include loans guaranteed by government organizations.

#### Allowance for Credit Losses

Huntington maintains two reserves, both of which reflect management's judgment regarding the appropriate level necessary to absorb credit losses inherent in our loan and lease portfolio: the ALLL and the AULC. Combined, these reserves comprise the total ACL. The determination of the ACL requires significant estimates, including the timing and amounts of expected future cash flows on impaired loans and leases, consideration of current economic conditions, and historical loss experience pertaining to pools of homogeneous loans and leases, all of which may be susceptible to change. See Note 1 "Significant Accounting Policies" to the consolidated financial statements of the Annual Report on Form 10-K for the year ended December 31, 2016 for a description of the accounting policies related to the ACL.

The ACL is increased through a provision for credit losses that is charged to earnings, based on Management's quarterly evaluation and is reduced by charge-offs, net of recoveries, and the ACL associated with loans sold or transferred to held for sale.



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The following table presents ALLL and AULC activity by portfolio segment for the three-month and six-month periods ended June 30, 2017 and 2016:

(dollar amounts in thousands)

	Commercial	Consumer	Total
Three-month period ended June 30, 2017:			
ALLL balance, beginning of period	\$ 480,308	\$ 192,272	\$ 672,580
Loan charge-offs	(15,103 )	(41,345 )	(56,448 )
Recoveries of loans previously charged-off	5,787	14,621	20,408
Provision for (reduction in allowance) loan and lease losses	3,585	27,872	31,457
Allowance for loans sold or transferred to loans held for sale	(1 )	—	(1 )
ALLL balance, end of period	\$ 474,576	\$ 193,420	\$ 667,996
AULC balance, beginning of period	\$ 88,899	\$ 2,939	\$ 91,838
Provision for (reduction in allowance) unfunded loan commitments and letters of credit	(6,072 )	(407 )	(6,479 )
AULC balance, end of period	\$ 82,827	\$ 2,532	\$ 85,359
ACL balance, end of period	\$ 557,403	\$ 195,952	\$ 753,355
Six-month period ended June 30, 2017:			
ALLL balance, beginning of period	\$ 451,091	\$ 187,322	\$ 638,413
Loan charge-offs	(38,773 )	(88,390 )	(127,163 )
Recoveries of loans previously charged-off	23,604	28,081	51,685
Provision for (reduction in allowance) loan and lease losses	38,729	66,407	105,136
Allowance for loans sold or transferred to loans held for sale	(75 )	—	(75 )
ALLL balance, end of period	\$ 474,576	\$ 193,420	\$ 667,996
AULC balance, beginning of period	\$ 86,543	\$ 11,336	\$ 97,879
Provision for (reduction in allowance) unfunded loan commitments and letters of credit	(3,716 )	(8,804 )	(12,520 )
AULC balance, end of period	\$ 82,827	\$ 2,532	\$ 85,359
ACL balance, end of period	\$ 557,403	\$ 195,952	\$ 753,355

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(dollar amounts in thousands)	Commercial	Consumer	Total
Three-month period ended June 30, 2016:			
ALLL balance, beginning of period	\$ 422,441	\$ 191,278	\$ 613,719
Loan charge-offs	(16,933 )	(26,612 )	(43,545 )
Recoveries of loans previously charged-off	13,904	12,886	26,790
Provision for (reduction in allowance) loan and lease losses	5,095	20,991	26,086
Allowance for loans sold or transferred to loans held for sale	—	14	14
ALLL balance, end of period	\$ 424,507	\$ 198,557	\$ 623,064
AULC balance, beginning of period	\$ 65,872	\$ 9,453	\$ 75,325
Provision for (reduction in allowance) unfunded loan commitments and letters of credit	(2,155 )	578	(1,577 )
AULC balance, end of period	\$ 63,717	\$ 10,031	\$ 73,748
ACL balance, end of period	\$ 488,224	\$ 208,588	\$ 696,812
Six-month period ended June 30, 2016:			
ALLL balance, beginning of period	\$ 398,753	\$ 199,090	\$ 597,843
Loan charge-offs	(45,882 )	(57,355 )	(103,237 )
Recoveries of loans previously charged-off	53,815	24,115	77,930
Provision for (reduction in allowance) loan and lease losses	17,821	32,603	50,424
Allowance for loans sold or transferred to loans held for sale	—	104	104
ALLL balance, end of period	\$ 424,507	\$ 198,557	\$ 623,064
AULC balance, beginning of period	\$ 63,448	\$ 8,633	\$ 72,081
Provision for (reduction in allowance) unfunded loan commitments and letters of credit	269	1,398	1,667
AULC balance, end of period	\$ 63,717	\$ 10,031	\$ 73,748
ACL balance, end of period	\$ 488,224	\$ 208,588	\$ 696,812

## Credit Quality Indicators

See Note 4 “Loans / Leases and Allowance for Credit Losses” to the consolidated financial statements of the Annual Report on Form 10-K for the year ended December 31, 2016 for a description of the credit quality indicators

Huntington utilizes for monitoring credit quality and for determining an appropriate ACL level.

The following table presents each loan and lease class by credit quality indicator at June 30, 2017 and December 31, 2016:

		June 30, 2017				
		Credit Risk Profile by UCS Classification				
(dollar amounts in thousands)	Pass	OLEM	Substandard	Doubtful	Total	
Commercial						
Commercial and industrial	\$26,006,917	\$798,643	\$1,138,508	\$25,083	\$27,969,151	
Commercial real estate	6,923,159	88,932	132,017	1,043	7,145,151	
		Credit Risk Profile by FICO Score (1), (2)				
	750+	650-749	<650	Other (3)	Total	
Consumer						
Automobile	\$5,728,416	\$4,202,063	\$1,350,925	\$272,322	\$11,553,726	
Home equity	6,296,801	3,013,152	619,661	33,443	9,963,057	
Residential mortgage	4,945,403	2,449,297	610,720	133,455	8,138,875	
RV and marine finance	1,287,480	774,873	85,844	28,330	2,176,527	
Other consumer	386,659	481,324	135,161	5,938	1,009,082	

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December 31, 2016

## Credit Risk Profile by UCS Classification

(dollar amounts in thousands)	Pass	OLEM	Substandard	Doubtful	Total
Commercial					
Commercial and industrial	\$26,211,885	\$810,287	\$1,028,819	\$7,721	\$28,058,712
Commercial real estate	7,042,304	96,975	159,098	2,524	7,300,901

## Credit Risk Profile by FICO Score (1), (2)

	750+	650-749	<650	Other (3)	Total
Consumer					
Automobile	\$5,369,085	\$4,043,611	\$1,298,460	\$255,472	\$10,966,628
Home equity	6,280,328	2,891,330	637,560	293,283	10,102,501
Residential mortgage	4,662,777	2,285,121	615,067	87,060	7,650,025
RV and marine finance	1,064,143	644,039	72,995	63,751	1,844,928
Other consumer	346,867	455,959	133,243	19,913	955,982

(1) Excludes loans accounted for under the fair value option.

(2) Reflects most recent customer credit scores.

(3) Reflects deferred fees and costs, loans in process, loans to legal entities, etc.

## Impaired Loans

See Note 1 "Significant Accounting Policies" to the consolidated financial statements of the Annual Report on Form 10-K for the year ended December 31, 2016 for a description of accounting policies related to impaired loans.

The following tables present the balance of the ALLL attributable to loans by portfolio segment individually and collectively evaluated for impairment and the related loan and lease balance at June 30, 2017 and December 31, 2016:

(dollar amounts in thousands)	Commercial	Consumer	Total
ALLL at June 30, 2017:			
Portion of ALLL balance:			
Purchased credit-impaired loans	\$970	\$—	\$970
Attributable to loans individually evaluated for impairment	14,239	9,044	23,283
Attributable to loans collectively evaluated for impairment	459,367	184,376	643,743
Total ALLL balance	\$474,576	\$193,420	\$667,996
Loan and Lease Ending Balances at June 30, 2017: (1)			
Portion of loan and lease ending balance:			
Purchased credit-impaired loans	\$75,722	\$—	\$75,722
Individually evaluated for impairment	441,499	451,192	892,691
Collectively evaluated for impairment	34,597,081	32,390,075	66,987,156
Total loans and leases evaluated for impairment	\$35,114,302	\$32,841,267	\$67,955,569

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(dollar amounts in thousands)	Commercial	Consumer	Total
ALLL at December 31, 2016			
Portion of ALLL balance:			
Attributable to loans individually evaluated for impairment	\$10,525	\$11,021	\$21,546
Attributable to loans collectively evaluated for impairment	440,566	176,301	616,867
Total ALLL balance:	\$451,091	\$187,322	\$638,413
Loan and Lease Ending Balances at December 31, 2016 (1)			
Portion of loan and lease ending balances:			
Purchased credit-impaired loans	\$102,380	\$—	\$102,380
Individually evaluated for impairment	415,624	457,890	873,514
Collectively evaluated for impairment	34,841,609	31,062,174	65,903,783
Total loans and leases evaluated for impairment	\$35,359,613	\$31,520,064	\$66,879,677

(1) Excludes loans accounted for under the fair value option.

The following tables present by class the ending, unpaid principal balance, and the related ALLL, along with the average balance and interest income recognized only for impaired loans and leases and purchased credit-impaired loans: (1), (2)

(dollar amounts in thousands)	June 30, 2017		Related Allowance	Three Months Ended June 30, 2017		Six Months Ended June 30, 2017	
	Ending Balance	Unpaid Principal Balance (5)		Average Balance	Interest Income Recognized	Average Balance	Interest Income Recognized
With no related allowance recorded:							
Commercial and industrial	\$261,285	\$270,571	\$—	—\$262,631	\$4,852	\$268,041	\$9,352
Commercial real estate	76,463	106,248	—	82,296	1,937	84,865	3,937
Automobile	—	—	—	—	—	—	—
Home equity	—	—	—	—	—	—	—
Residential mortgage	—	—	—	—	—	—	—
RV and marine finance	—	—	—	—	—	—	—
Other consumer	—	—	—	—	—	—	—
With an allowance recorded:							
Commercial and industrial (3)	283,409	342,188	24,423	258,066	2,002	310,611	3,908
Commercial real estate (4)	34,270	41,695	2,340	38,753	453	58,563	920
Automobile	32,431	32,642	1,889	32,581	546	32,041	1,080
Home equity (6)	325,805	357,738	17,844	326,280	3,977	323,988	7,927
Residential mortgage (6)	329,050	363,277	11,578	339,289	2,903	335,444	6,013
RV and marine finance	1,331	1,355	134	1,009	23	672	34
Other consumer	4,126	4,126	253	4,186	55	4,090	111
Total							
Commercial and industrial	544,694	612,759	24,423	520,697	6,854	578,652	13,260
Commercial real estate	110,733	147,943	2,340	121,049	2,390	143,428	4,857
Automobile	32,431	32,642	1,889	32,581	546	32,041	1,080
Home equity	325,805	357,738	17,844	326,280	3,977	323,988	7,927
Residential mortgage	329,050	363,277	11,578	339,289	2,903	335,444	6,013
RV and marine finance	1,331	1,355	134	1,009	23	672	34
Other consumer	4,126	4,126	253	4,186	55	4,090	111



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(dollar amounts in thousands)	December 31, 2016			Three Months Ended June 30, 2016		Six Months Ended June 30, 2016	
	Ending Balance	Unpaid Principal Balance (5)	Related Allowance	Average Balance	Interest Income Recognized	Average Balance	Interest Income Recognized
With no related allowance recorded:							
Commercial and industrial	\$299,606	\$358,712	\$	—\$289,138	\$2,392	\$284,128	\$4,623
Commercial real estate	88,817	126,152	—	72,569	1,855	72,640	3,472
Automobile	—	—	—	—	—	—	—
Home equity	—	—	—	—	—	—	—
Residential mortgage	—	—	—	1,298	109	1,350	111
RV and marine finance	—	—	—	—	—	—	—
Other consumer	—	—	—	19	2	30	104
With an allowance recorded:							
Commercial and industrial (3)	406,243	448,121	22,259	291,761	1,739	269,518	3,829
Commercial real estate (4)	97,238	107,512	3,434	58,357	615	69,501	1,373
Automobile	30,961	31,298	1,850	32,032	524	31,789	1,102
Home equity (6)	319,404	352,722	15,032	248,056	2,962	248,317	5,930
Residential mortgage (6)	327,753	363,099	12,849	352,489	3,027	357,324	6,064
RV and marine finance	—	—	—	—	—	—	—
Other consumer	3,897	3,897	260	4,812	53	4,754	120
Total							
Commercial and industrial	705,849	806,833	22,259	580,899	4,131	553,646	8,452
Commercial real estate	186,055	233,664	3,434	130,926	2,470	142,141	4,845
Automobile	30,961	31,298	1,850	32,032	524	31,789	1,102
Home equity	319,404	352,722	15,032	248,056	2,962	248,317	5,930
Residential mortgage	327,753	363,099	12,849	353,787	3,136	358,674	6,175
RV and marine finance	—	—	—	—	—	—	—
Other consumer	3,897	3,897	260	4,831	55	4,784	224

(1) These tables do not include loans fully charged-off.

(2) All automobile, RV and marine finance and other consumer impaired loans included in these tables are considered impaired due to their status as a TDR.

(3) At June 30, 2017 and December 31, 2016, commercial and industrial loans of \$115 million and \$293 million, respectively, were considered impaired due to their status as a TDR.

(4) At June 30, 2017 and December 31, 2016, commercial real estate loans of \$23 million and \$81 million, respectively, were considered impaired due to their status as a TDR.

(5) The differences between the ending balance and unpaid principal balance amounts represent partial charge-offs.

(6) Includes home equity and residential mortgages considered to be collateral dependent as well as home equity and mortgage loans considered impaired due to their status as a TDR.

**TDR Loans**

TDRs are modified loans where a concession was provided to a borrower experiencing financial difficulties. Loan modifications are considered TDRs when the concessions provided are not available to the borrower through either normal channels or other sources. However, not all loan modifications are TDRs. Acquired, non-purchased credit impaired loan are only considered for TDR reporting for modifications made subsequent to acquisition. See Note 4 “Loans / Leases and Allowance for Credit Losses” to the consolidated financial statements of the Annual Report on Form 10-K for the year ended December 31, 2016 for an additional discussion of TDRs.



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The following table presents by class and modification type, the number of contracts, post-modification outstanding balance, and the financial effects of the modification for the three-month and six-month periods ended June 30, 2017 and 2016:

(dollar amounts in thousands)	New Troubled Debt Restructurings During The Three-Month Period Ended (1)					
	June 30, 2017			June 30, 2016		
	Number of Contracts	Post-modification Outstanding Ending Balance	Financial effects of modification (2)	Number of Contracts	Post-modification Outstanding Ending Balance	Financial effects of modification (2)
Commercial and industrial:						
Interest rate reduction	1	\$ 18	\$ —	1	\$ 22	\$ —
Amortization or maturity date change	228	168,118	(6,856)	) 199	133,933	(3,490)
Other	1	220	—	2	232	—
Total Commercial and industrial	230	168,356	(6,856)	) 202	134,187	(3,490)
Commercial real estate:						
Interest rate reduction	—	—	—	1	84	—
Amortization or maturity date change	19	25,027	(427)	) 36	16,017	(723)
Other	—	—	—	2	52	—
Total commercial real estate:	19	25,027	(427)	) 39	16,153	(723)
Automobile:						
Interest rate reduction	5	58	1	3	64	5
Amortization or maturity date change	334	2,853	67	286	2,663	202
Chapter 7 bankruptcy	198	1,494	18	244	1,982	114
Other	—	—	—	—	—	—
Total Automobile	537	4,405	86	533	4,709	321
Home equity:						
Interest rate reduction	9	506	6	9	627	26
Amortization or maturity date change	135	8,372	(754)	) 127	6,401	(736)
Chapter 7 bankruptcy	77	2,417	364	46	2,114	267
Other	12	512	—	—	—	—
Total Home equity	233	11,807	(384)	) 182	9,142	(443)
Residential mortgage:						
Interest rate reduction	—	—	—	5	404	17
Amortization or maturity date change	81	8,296	(231)	) 108	10,641	(420)
Chapter 7 bankruptcy	25	1,981	(1)	) 6	1,178	(49)
Other	5	464	3	1	164	—
Total Residential mortgage	111	10,741	(229)	) 120	12,387	(452)
RV and marine finance:						
Interest rate reduction	—	—	—	—	—	—
Amortization or maturity date change	10	150	4	—	—	—
Chapter 7 bankruptcy	34	544	6	—	—	—
Other	—	—	—	—	—	—
Total RV and marine finance	44	694	10	—	—	—



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Other consumer:

Interest rate reduction	—	—	—	—	—	—		
Amortization or maturity date change	2	21	—	1	4	—		
Chapter 7 bankruptcy	2	8	—	—	—	—		
Other	—	—	—	—	—	—		
Total Other consumer	4	29	—	1	4	—		
Total new troubled debt restructurings	1,178	\$ 221,059	\$ (7,800	)	1,077	\$ 176,582	\$ (4,787	)

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(dollar amounts in thousands)	New Troubled Debt Restructurings During The Six-Month Period Ended (1)					
	June 30, 2017			June 30, 2016		
	Number of Contracts	Post-modification Outstanding Ending Balance	Financial effects of modification (2)	Number of Contracts	Post-modification Outstanding Ending Balance	Financial effects of modification (2)
Commercial and industrial:						
Interest rate reduction	2	\$ 37	\$ 6	2	\$ 39	\$ (1 )
Amortization or maturity date change	464	280,543	(7,858 )	383	256,591	(2,918 )
Other	4	380	(27 )	10	1,090	(4 )
Total Commercial and industrial	470	280,960	(7,879 )	395	257,720	(2,923 )
Commercial real estate:						
Interest rate reduction	—	—	—	1	84	—
Amortization or maturity date change	43	56,290	(815 )	60	49,812	(1,282 )
Other	—	—	—	4	315	16
Total commercial real estate:	43	56,290	(815 )	65	50,211	(1,266 )
Automobile:						
Interest rate reduction	19	236	6	7	106	7
Amortization or maturity date change	811	7,154	178	707	6,564	422
Chapter 7 bankruptcy	438	3,316	47	561	4,544	229
Other	—	—	—	—	—	—
Total Automobile	1,268	10,706	231	1,275	11,214	658
Home equity:						
Interest rate reduction	17	1,068	13	29	2,011	93
Amortization or maturity date change	241	13,868	(1,428 )	356	18,291	(2,018 )
Chapter 7 bankruptcy	164	6,036	1,402	145	5,711	1,000
Other	70	4,241	(326 )	—	—	—
Total Home equity	492	25,213	(339 )	530	26,013	(925 )
Residential mortgage:						
Interest rate reduction	2	110	(9 )	10	1,061	(15 )
Amortization or maturity date change	180	19,367	(489 )	200	21,400	(997 )
Chapter 7 bankruptcy	49	4,672	(137 )	23	2,683	21
Other	21	2,384	17	1	164	—
Total Residential mortgage	252	26,533	(618 )	234	25,308	(991 )
RV and marine finance:						
Interest rate reduction	—	—	—	—	—	—
Amortization or maturity date change	24	626	16	—	—	—
Chapter 7 bankruptcy	49	754	10	—	—	—
Other	—	—	—	—	—	—
Total RV and marine finance	73	1,380	26	—	—	—
Other consumer:						
Interest rate reduction	1	78	2	—	—	—
	4	288	7	5	559	24

Amortization or maturity date  
change

Chapter 7 bankruptcy	3	12	—	7	66	7
Other	—	—	—	—	—	—
Total Other consumer	8	378	9	12	625	31
Total new troubled debt restructurings	2,606	\$ 401,460	\$ (9,385	) 2,511	\$ 371,091	\$ (5,416

(1) TDRs may include multiple concessions and the disclosure classifications are based on the primary concession provided to the borrower.

(2) Amount represents the financial impact via provision for loan and lease losses as a result of the modificati

Pledged Loans and Leases

At June 30, 2017, the Bank has access to the Federal Reserve's discount window and advances from the FHLB – Cincinnati. As of June 30, 2017, these borrowings and advances are secured by \$30.4 billion of loans and securities.

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## 4. AVAILABLE-FOR-SALE AND OTHER SECURITIES

Listed below are the contractual maturities of available-for-sale and other securities at June 30, 2017 and December 31, 2016:

(dollar amounts in thousands)	June 30, 2017		December 31, 2016	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
U.S. Treasury, Federal agency, and other agency securities:				
U.S. Treasury:				
1 year or less	\$10,139	\$10,139	\$4,978	\$4,988
After 1 year through 5 years	502	505	502	509
After 5 years through 10 years	—	—	—	—
After 10 years	—	—	—	—
Total U.S. Treasury	10,641	10,644	5,480	5,497
Federal agencies: mortgage-backed securities:				
1 year or less	—	—	—	—
After 1 year through 5 years	28,085	27,891	46,591	46,762
After 5 years through 10 years	200,334	199,224	173,941	176,404
After 10 years	10,536,086	10,396,940	10,630,929	10,450,176
Total Federal agencies: mortgage-backed securities	10,764,505	10,624,055	10,851,461	10,673,342
Other agencies:				
1 year or less	4,103	4,142	4,302	4,367
After 1 year through 5 years	9,498	9,647	5,092	5,247
After 5 years through 10 years	86,049	86,502	63,618	63,928
After 10 years	—	—	—	—
Total other agencies	99,650	100,291	73,012	73,542
Total U.S. Treasury, Federal agency, and other agency securities	10,874,796	10,734,990	10,929,953	10,752,381
Municipal securities:				
1 year or less	120,216	121,345	169,636	166,887
After 1 year through 5 years	1,113,974	1,123,450	933,893	933,903
After 5 years through 10 years	1,493,652	1,508,930	1,463,459	1,464,583
After 10 years	555,096	558,775	693,440	684,684
Total municipal securities	3,282,938	3,312,500	3,260,428	3,250,057
Asset-backed securities:				
1 year or less	—	—	—	—
After 1 year through 5 years	80,018	80,177	80,700	80,560
After 5 years through 10 years	144,969	146,256	223,352	224,565
After 10 years	389,154	368,366	520,072	488,356
Total asset-backed securities	614,141	594,799	824,124	793,481
Corporate debt:				
1 year or less	3,238	3,268	43,223	43,603
After 1 year through 5 years	64,369	65,808	78,430	80,196
After 5 years through 10 years	49,546	51,878	32,523	32,865
After 10 years	21,386	23,081	40,361	42,019
Total corporate debt	138,539	144,035	194,537	198,683
Other:				
1 year or less	3,151	3,142	1,650	1,650
After 1 year through 5 years	800	790	2,302	2,283
After 5 years through 10 years	—	—	—	—

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After 10 years	94	94	10	10
Nonmarketable equity securities	585,472	585,471	547,704	547,704
Mutual funds	11,184	11,184	15,286	15,286
Marketable equity securities	861	1,301	861	1,302
Total other	601,562	601,982	567,813	568,235
Total available-for-sale and other securities	\$15,511,976	\$15,388,306	\$15,776,855	\$15,562,837

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Other securities at June 30, 2017 and December 31, 2016 include nonmarketable equity securities of \$287 million and \$249 million of stock issued by the FHLB and \$298 million and \$299 million of Federal Reserve Bank stock, respectively. Non-marketable equity securities are recorded at amortized cost. Other securities also include Mutual funds and marketable equity securities.

The following tables provide amortized cost, fair value, and gross unrealized gains and losses recognized in OCI by investment category at June 30, 2017 and December 31, 2016:

(dollar amounts in thousands)	Amortized Cost	Unrealized		Fair Value
		Gross Gains	Gross Losses	
June 30, 2017				
U.S. Treasury	\$10,641	\$3	\$—	\$10,644
Federal agencies:				
Mortgage-backed securities	10,764,505	8,652	(149,102 )	10,624,055
Other agencies	99,650	689	(48 )	100,291
Total U.S. Treasury, Federal agency securities	10,874,796	9,344	(149,150 )	10,734,990
Municipal securities	3,282,938	47,711	(18,149 )	3,312,500
Asset-backed securities	614,141	2,256	(21,598 )	594,799
Corporate debt	138,539	5,500	(4 )	144,035
Other securities	601,562	439	(19 )	601,982
Total available-for-sale and other securities	\$15,511,976	\$65,250	\$(188,920)	\$15,388,306

(dollar amounts in thousands)	Amortized Cost	Unrealized		Fair Value
		Gross Gains	Gross Losses	
December 31, 2016				
U.S. Treasury	\$5,480	\$17	\$—	\$5,497
Federal agencies:				
Mortgage-backed securities	10,851,461	12,548	(190,667 )	10,673,342
Other agencies	73,012	536	(6 )	73,542
Total U.S. Treasury, Federal agency securities	10,929,953	13,101	(190,673 )	10,752,381
Municipal securities	3,260,428	28,431	(38,802 )	3,250,057
Asset-backed securities	824,124	1,492	(32,135 )	793,481
Corporate debt	194,537	4,161	(15 )	198,683
Other securities	567,813	441	(19 )	568,235
Total available-for-sale and other securities	\$15,776,855	\$47,626	\$(261,644)	\$15,562,837

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The following tables provide detail on investment securities with unrealized gross losses aggregated by investment category and the length of time the individual securities have been in a continuous loss position, at June 30, 2017 and December 31, 2016:

(dollar amounts in thousands)	Less than 12 Months		Over 12 Months		Total	Unrealized Losses
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	
June 30, 2017						
Federal agencies:						
Mortgage-backed securities	\$8,879,526	\$(147,900)	\$42,504	\$(1,202)	\$8,922,030	\$(149,102)
Other agencies	12,793	(48)	—	—	12,793	(48)
Total Federal agency securities	8,892,319	(147,948)	42,504	(1,202)	8,934,823	(149,150)
Municipal securities	702,379	(11,895)	241,487	(6,254)	943,866	(18,149)
Asset-backed securities	177,834	(1,348)	173,808	(20,250)	351,642	(21,598)
Corporate debt	595	(4)	200	—	795	(4)
Other securities	790	(10)	1,491	(9)	2,281	(19)
Total temporarily impaired securities	\$9,773,917	\$(161,205)	\$459,490	\$(27,715)	\$10,233,407	\$(188,920)

(dollar amounts in thousands)	Less than 12 Months		Over 12 Months		Total	Unrealized Losses
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	

December 31, 2016

Federal agencies:

Mortgage-backed securities	\$8,908,470	\$(189,318)	\$41,706	\$(1,349)	\$8,950,176	\$(190,667)
Other agencies	924	(6)	—	—	924	(6)
Total Federal agency securities	8,909,394	(189,324)	41,706	(1,349)	8,951,100	(190,673)
Municipal securities	1,412,152	(29,175)	272,292	(9,627)	1,684,444	(38,802)
Asset-backed securities	361,185	(3,043)	178,924	(29,092)	540,109	(32,135)
Corporate debt	3,567	(15)	200	—	3,767	(15)
Other securities	790	(11)	1,492	(8)	2,282	(19)
Total temporarily impaired securities	\$10,687,088	\$(221,568)	\$494,614	\$(40,076)	\$11,181,702	\$(261,644)

At June 30, 2017, the carrying value of investment securities pledged to secure public and trust deposits, trading account liabilities, U.S. Treasury demand notes, and security repurchase agreements totaled \$5.4 billion. There were no securities of a single issuer, which are not governmental or government-sponsored, that exceeded 10% of shareholders' equity at June 30, 2017.

The following table is a summary of realized securities gains and losses for the three-month and six-month periods ended June 30, 2017 and 2016:

(dollar amounts in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Gross gains on sales of securities	\$3,814	\$3,391	\$4,359	\$3,391
Gross (losses) on sales of securities	(120)	(2,659)	(649)	(2,659)
Net gain on sales of securities	\$3,694	\$732	\$3,710	\$732
OTTI recognized in earnings	(3,559)	(76)	(3,583)	(76)
Net security gains (losses)	\$135	\$656	\$127	\$656

**Security Impairment**

Huntington evaluates the available-for-sale securities portfolio on a quarterly basis for impairment and conducts a comprehensive security-level assessment on all available-for-sale securities. Impairment exists when the present value of the expected cash flows are not sufficient to recover the entire amortized cost basis at the balance sheet date. Under these circumstances, any credit impairment would be recognized in earnings. At the end of the 2017 second quarter,

Huntington changed its intent from able and willing to hold to sell sometime in the near future prior to final maturity for the two Reg

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Diversified CDO securities. Related to this change in intent, Huntington estimated the fair value of these bonds by obtaining bids. As a result of this analysis, Huntington recognized \$3.6 million of OTTI on these two securities. For all other securities, Huntington does not intend to sell, nor does it believe it will be required to sell these securities until the amortized cost is recovered, which may be maturity.

The highest risk segment in our investment portfolio is the trust preferred CDO securities which are in the asset-backed securities portfolio. This portfolio is in run off, and the Company has not purchased these types of securities since 2005. The fair values of the CDO assets have been impacted by various market conditions. The unrealized losses are primarily the result of wider liquidity spreads on asset-backed securities and the longer expected average lives of the trust-preferred CDO securities, due to changes in the expectations of when the underlying securities will be repaid.

Collateralized Debt Obligations are backed by a pool of debt securities issued by financial institutions. The collateral generally consists of trust-preferred securities and subordinated debt securities issued by banks, bank holding companies, and insurance companies. Many collateral issuers have the option of deferring interest payments on their debt for up to five years. A full cash flow analysis is used to estimate fair values and assess impairment for each security within this portfolio. A third party pricing specialist with direct industry experience in pooled-trust-preferred security evaluations is engaged to provide assistance estimating the fair value and expected cash flows on this portfolio. The full cash flow analysis is completed by evaluating the relevant credit and structural aspects of each pooled-trust-preferred security in the portfolio, including collateral performance projections for each piece of collateral in the security and terms of the security's structure. The credit review includes an analysis of profitability, credit quality, operating efficiency, leverage, and liquidity using available financial and regulatory information for each underlying collateral issuer. The analysis also includes a review of historical industry default data, current / near-term operating conditions, and the impact of macroeconomic and regulatory changes. Using the results of the analysis, the Company estimates appropriate default and recovery probabilities for each piece of collateral then estimates the expected cash flows for each security. The fair value of each security is obtained by discounting the expected cash flows at a market discount rate. The market discount rate is determined by reference to yields observed in the market for similarly rated collateralized debt obligations, specifically high-yield collateralized loan obligations. The relatively high market discount rate is reflective of the uncertainty of the cash flows and illiquid nature of these securities. The large differential between the fair value and amortized cost of some of the securities reflects the high market discount rate and the expectation that the majority of the cash flows will not be received until near the final maturity of the security (the final maturities range from 2032 to 2035).

The following table summarizes the relevant characteristics of the Company's CDO securities portfolio, which are included in asset-backed securities, at June 30, 2017. Each security is part of a pool of issuers and supports a more senior tranche of securities except for the MM Comm III securities which are the most senior class.

## Collateralized Debt Obligation Securities

(dollar amounts in thousands)

Deal Name	Par Value	Amortized Cost	Fair Value	Unrealized Loss (2)	Lowest Credit Rating (3)	# of Issuers Currently Performing/ Remaining (4)	Actual Deferrals and Defaults as a % of Original Collateral	Expected Defaults as a % of Remaining Performing Collateral	Excess Subordination (5)
MM Comm III	4,509	4,308	3,581	(727)	) BB+	5/8	5	5	39
Pre TSL IX (1)	5,000	3,955	3,275	(680)	) C	27/37	16	8	11
Pre TSL XI (1)	25,000	19,239	15,867	(3,372)	) C	42/51	14	8	14
Reg Diversified	25,500	510	510	—	) D	21/36	32	8	—
Tropic III	31,000	31,000	19,342	(11,658)	) BB	27/36	16	7	41
Total at June 30, 2017	\$91,009	\$59,012	\$42,575	\$(16,437)					

Total at

December 31, \$137,197 \$101,210 \$76,003 \$(25,207)

2016

(1) Security was determined to have OTTI. As such, the amortized cost is net of recorded credit impairment.

(2) The majority of securities have been in a continuous loss position for 12 months or longer.

(3) For purposes of comparability, the lowest credit rating expressed is equivalent to Fitch ratings even where the lowest rating is based on another nationally recognized credit rating agency.

(4) Includes both banks and/or insurance companies.

Excess subordination percentage represents the additional defaults in excess of both current and projected defaults that the CDO can absorb before the bond experiences credit impairment. Excess subordinated percentage is (5) calculated by (a) determining what percentage of defaults a deal can experience before the bond has credit impairment, and (b) subtracting from this default breakage percentage both total current and expected future default percentages.

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For the three-month and six-month periods ended June 30, 2017 and 2016, the following table summarizes by security type the total OTTI losses recognized in the Unaudited Condensed Consolidated Statements of Income for securities evaluated for impairment as described above.

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollar amounts in thousands)	2017	2016	2017	2016
Available-for-sale and other securities:				
Collateralized Debt Obligations	\$3,559	\$ —	\$3,559	\$ —
Municipal Securities	—	76	24	76
Total available-for-sale and other securities	\$3,559	\$ 76	\$3,583	\$ 76

The following table presents the OTTI recognized in earnings on debt securities held by Huntington for the three-month and six-month periods ended June 30, 2017 and 2016 as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollar amounts in thousands)	2017	2016	2017	2016
Balance, beginning of period	\$7,262	\$18,368	\$11,796	\$18,368
Reductions from sales	—	(8,613 )	(4,558 )	(8,613 )
Additional credit losses	3,559	76	3,583	76
Balance, end of period	\$10,821	\$9,831	\$10,821	\$9,831

**5. HELD-TO-MATURITY SECURITIES**

These are debt securities that Huntington has the intent and ability to hold until maturity. The debt securities are carried at amortized cost and adjusted for amortization of premiums and accretion of discounts using the interest method.

During the 2017 second quarter, Huntington transferred \$1.0 billion of mortgage-backed and other agency securities from the available-for-sale securities portfolio to the held-to-maturity securities portfolio. The securities were reclassified at fair value at the date of transfer. At the time of the transfer, \$13.5 million of unrealized net losses were recognized in OCI. The amounts in OCI will be recognized in earnings over the remaining life of the securities as an offset to the adjustment of yield in a manner consistent with the amortization of the premium on the same transferred securities, resulting in an immaterial impact on net income.

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Listed below are the contractual maturities of held-to-maturity securities at June 30, 2017 and December 31, 2016:

(dollar amounts in thousands)	June 30, 2017		December 31, 2016	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Federal agencies: mortgage-backed securities:				
1 year or less	\$—	\$—	\$—	\$—
After 1 year through 5 years	—	—	—	—
After 5 years through 10 years	70,527	70,355	41,261	40,791
After 10 years	7,634,775	7,616,513	7,157,083	7,139,943
Total Federal agencies: mortgage-backed securities	7,705,302	7,686,868	7,198,344	7,180,734
Other agencies:				
1 year or less	—	—	—	—
After 1 year through 5 years	—	—	—	—
After 5 years through 10 years	376,837	376,750	398,341	399,452
After 10 years	191,592	190,149	204,083	201,180
Total other agencies	568,429	566,899	602,424	600,632
Total U.S. Government backed agencies	8,273,731	8,253,767	7,800,768	7,781,366
Municipal securities:				
1 year or less	—	—	—	—
After 1 year through 5 years	—	—	—	—
After 5 years through 10 years	—	—	—	—
After 10 years	5,846	5,635	6,171	5,902
Total municipal securities	5,846	5,635	6,171	5,902
Total held-to-maturity securities	\$8,279,577	\$8,259,402	\$7,806,939	\$7,787,268

The following table provides amortized cost, gross unrealized gains and losses, and fair value by investment category at June 30, 2017 and December 31, 2016:

(dollar amounts in thousands)	Amortized Cost	Unrealized		Fair Value
		Gross Gains	Gross Losses	
June 30, 2017				
Federal agencies:				
Mortgage-backed securities	\$7,705,302	\$17,950	\$(36,384)	\$7,686,868
Other agencies	568,429	1,374	(2,904)	566,899
Total U.S. Government backed agencies	8,273,731	19,324	(39,288)	8,253,767
Municipal securities	5,846	—	(211)	5,635
Total held-to-maturity securities	\$8,279,577	\$19,324	\$(39,499)	\$8,259,402

(dollar amounts in thousands)	Amortized Cost	Unrealized		Fair Value
		Gross Gains	Gross Losses	
December 31, 2016				
Federal agencies:				
Mortgage-backed securities	\$7,198,344	\$20,883	\$(38,493)	\$7,180,734
Other agencies	602,424	1,690	(3,482)	600,632
Total U.S. Government backed agencies	7,800,768	22,573	(41,975)	7,781,366
Municipal securities	6,171	—	(269)	5,902
Total held-to-maturity securities	\$7,806,939	\$22,573	\$(42,244)	\$7,787,268

The following tables provide detail on held-to-maturity securities with unrealized gross losses aggregated by investment category and the length of time the individual securities have been in a continuous loss position, at June 30, 2017 and December 31, 2016:



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(dollar amounts in thousands)	Less than 12 Months		Over 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
June 30, 2017						
Federal agencies:						
Mortgage-backed securities	\$4,606,283	\$(31,348 )	\$160,437	\$(5,036 )	\$4,766,720	\$(36,384 )
Other agencies	375,023	(2,904 )	—	—	375,023	(2,904 )
Total U.S. Government backed securities	4,981,306	(34,252 )	160,437	(5,036 )	5,141,743	(39,288 )
Municipal securities	5,635	(211 )	—	—	5,635	(211 )
Total temporarily impaired securities	\$4,986,941	\$(34,463 )	\$160,437	\$(5,036 )	\$5,147,378	\$(39,499 )
(dollar amounts in thousands)	Less than 12 Months		Over 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2016						
Federal agencies:						
Mortgage-backed securities	\$2,855,360	\$(31,470 )	\$186,226	\$(7,023 )	\$3,041,586	\$(38,493 )
Other agencies	413,207	(3,482 )	—	—	413,207	(3,482 )
Total U.S. Government backed securities	3,268,567	(34,952 )	186,226	(7,023 )	3,454,793	(41,975 )
Municipal securities	5,902	(269 )	—	—	5,902	(269 )
Total temporarily impaired securities	\$3,274,469	\$(35,221 )	\$186,226	\$(7,023 )	\$3,460,695	\$(42,244 )

## Security Impairment

Huntington evaluates the held-to-maturity securities portfolio on a quarterly basis for impairment. Impairment exists when the present value of the expected cash flows is not sufficient to recover the entire amortized cost basis at the balance sheet date. Under these circumstances, any impairment would be recognized in earnings. As of June 30, 2017, Management has evaluated held-to-maturity securities with unrealized losses for impairment and concluded no OTTI is required.

## 6. LOAN SALES AND SECURITIZATIONS

## Residential Mortgage Loans

The following table summarizes activity relating to residential mortgage loans sold with servicing retained for the three-month and six-month periods ended June 30, 2017 and 2016:

(dollar amounts in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Residential mortgage loans sold with servicing retained	\$798,399	\$715,589	\$1,645,752	\$1,348,055
Pretax gains resulting from above loan sales (1)	16,943	18,618	39,133	32,731

(1) Recorded in mortgage banking income.

A MSR is established only when the servicing is contractually separated from the underlying mortgage loans by sale or securitization of the loans with servicing rights retained. At initial recognition, the MSR asset is established at its fair value using assumptions consistent with assumptions used to estimate the fair value of existing MSRs. Subsequent to the initial recognition, MSRs may be measured using either the fair value method or the amortization method. The election of the fair value method or amortization method is made at the time each servicing class is established. Subsequently, servicing rights are accounted for based on the methodology chosen for each respective servicing class. Any increase or decrease in the fair value of MSRs carried under the fair value method, as well as amortization or impairment of MSRs recorded using the amortization

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method, during the period is recorded as an increase or decrease in mortgage banking income, which is reflected in noninterest income in the Unaudited Condensed Consolidated Statements of Income.

The following tables summarize the changes in MSR values recorded using either the fair value method or the amortization method for the three-month and six-month periods ended June 30, 2017 and 2016:

Fair Value Method:	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
(dollar amounts in thousands)	2017	2016	2017	2016
Fair value, beginning of period	\$13,307	\$14,819	\$13,747	\$17,585
Change in fair value during the period due to:				
Time decay (1)	(217 )	(245 )	(448 )	(518 )
Payoffs (2)	(217 )	(465 )	(581 )	(969 )
Changes in valuation inputs or assumptions (3)	(345 )	(1,004 )	(190 )	(2,993 )
Fair value, end of period:	\$12,528	\$13,105	\$12,528	\$13,105
Weighted-average life (years)	5.7	5.1	5.7	5.1

(1) Represents decrease in value due to passage of time, including the impact from both regularly scheduled loan principal payments and partial loan paydowns.

(2) Represents decrease in value associated with loans that paid off during the period.

(3) Represents change in value resulting primarily from market-driven changes in interest rates and prepayment speeds.

Amortization Method:	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
(dollar amounts in thousands)	2017	2016	2017	2016
Carrying value, beginning of period	\$177,812	\$127,275	\$172,466	\$143,133
New servicing assets created	8,218	7,277	17,853	13,386
Impairment (charge) / recovery	(2,806 )	(7,295 )	(1,007 )	(23,635 )
Amortization and other	(6,733 )	(5,965 )	(12,821 )	(11,592 )
Carrying value, end of period	\$176,491	\$121,292	\$176,491	\$121,292
Fair value, end of period	\$177,138	\$121,464	\$177,138	\$121,464
Weighted-average life (years)	7.1	6.1	7.1	6.1

MSRs do not trade in an active, open market with readily observable prices. While sales of MSR values occur, the precise terms and conditions are typically not readily available. Therefore, the fair value of MSR values is estimated using a discounted future cash flow model. The model considers portfolio characteristics, contractually specified servicing fees and assumptions related to prepayments, delinquency rates, late charges, other ancillary revenues, costs to service, and other economic factors. Changes in the assumptions used may have a significant impact on the valuation of MSR values.

MSR values are sensitive to movements in interest rates as expected future net servicing income depends on the projected outstanding principal balances of the underlying loans, which can be greatly impacted by the level of prepayments. Huntington hedges the value of certain MSR values against changes in value attributable to changes in interest rates using a combination of derivative instruments and trading securities.

For MSR values under the fair value method, a summary of key assumptions and the sensitivity of the MSR value at June 30, 2017 and December 31, 2016, to changes in these assumptions follows:

(dollar amounts in thousands)	June 30, 2017			December 31, 2016		
	Actual	Decline in fair value due to		Actual	Decline in fair value due to	
		10% adverse change	20% adverse change		10% adverse change	20% adverse change
Constant prepayment rate (annualized)	11.40 % 876 bps	\$ (476 ) (463 )	\$ (919 ) (874 )	10.90 % 536 bps	\$ (501 ) (454 )	\$ (970 ) (879 )

Spread over forward interest rate swap  
rates

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For MSRs under the amortization method, a summary of key assumptions and the sensitivity of the MSR value at June 30, 2017 and December 31, 2016, to changes in these assumptions follows:

(dollar amounts in thousands)	June 30, 2017			December 31, 2016		
	Actual	Decline in fair value due to		Actual	Decline in fair value due to	
		10%	20%		10%	20%
		adverse	adverse		adverse	adverse
		change	change		change	change
Constant prepayment rate (annualized)	8.20	% \$ (4,731 )	\$ (9,191 )	7.80	% \$ (4,510 )	\$ (8,763 )
Spread over forward interest rate swap rates	1,084 bps	(6,566 )	(12,374 )	1,173 bps	(5,259 )	(10,195 )

Total servicing, late and other ancillary fees included in mortgage banking income amounted to \$14 million and \$12 million for the three-month periods ended June 30, 2017 and 2016, respectively. For the six-month periods ended June 30, 2017 and 2016, total net servicing fees included in mortgage banking income were \$28 million and \$24 million, respectively. The unpaid principal balance of residential mortgage loans serviced for third parties was \$19.1 billion and \$18.9 billion at June 30, 2017 and December 31, 2016, respectively.

**Automobile Loans**

Huntington has retained servicing responsibilities on sold automobile loans and receives annual servicing fees and other ancillary fees on the outstanding loan balances. Automobile loan servicing rights are accounted for using the amortization method. A servicing asset is established at fair value at the time of the sale. The servicing asset is then amortized against servicing income. Impairment, if any, is recognized when carrying value exceeds the fair value as determined by calculating the present value of expected net future cash flows. The primary risk characteristic for measuring servicing assets is payoff rates of the underlying loan pools. Valuation calculations rely on the predicted payoff assumption and, if actual payoff is quicker than expected, then future value would be impaired.

Changes in the carrying value of automobile loan servicing rights for the three-month and six-month periods ended June 30, 2017 and 2016, and the fair value at the end of each period were as follows:

(dollar amounts in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Carrying value, beginning of period	\$ 15,159	\$ 7,029	\$ 18,285	\$ 8,771
Amortization and other	(2,635 )	(1,571 )	(5,761 )	(3,313 )
Carrying value, end of period	\$ 12,524	\$ 5,458	\$ 12,524	\$ 5,458
Fair value, end of period	\$ 12,571	\$ 5,551	\$ 12,571	\$ 5,551
Weighted-average contractual life (years)	3.8	3.0	3.8	3.0

A summary of key assumptions and the sensitivity of the automobile loan servicing rights value to changes in these assumptions at June 30, 2017 and December 31, 2016 follows:

(dollar amounts in thousands)	June 30, 2017			December 31, 2016		
	Actual	Decline in fair value due to		Actual	Decline in fair value due to	
		10%	20%		10%	20%
		adverse	adverse		adverse	adverse
		change	change		change	change
Constant prepayment rate (annualized)	19.91	% \$ (688 )	\$ (1,391 )	19.98	% \$ (1,047 )	\$ (2,026 )
Spread over forward interest rate swap rates	500 bps	(17 )	(34 )	500 bps	(26 )	(53 )

Servicing income amounted to \$5 million and \$2 million for the three-month periods ending June 30, 2017, and 2016, respectively. For the six-month periods ended June 30, 2017 and 2016, total servicing income was \$10 million and \$5 million, respectively. The unpaid principal balance of automobile loans serviced for third parties was \$1.3 billion and \$1.7 billion at June 30, 2017 and December 31, 2016, respectively.



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## Small Business Administration (SBA) Portfolio

The following table summarizes activity relating to SBA loans sold with servicing retained for the three-month and six-month periods ended June 30, 2017 and 2016:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
(dollar amounts in thousands)				
SBA loans sold with servicing retained	\$87,705	\$58,629	\$165,377	\$104,518
Pretax gains resulting from above loan sales (1)	7,109	4,662	12,927	8,183

(1) Recorded in gain on sale of loans.

Huntington has retained servicing responsibilities on sold SBA loans and receives annual servicing fees on the outstanding loan balances. SBA loan servicing rights are accounted for using the amortization method. A servicing asset is established at fair value at the time of the sale using a discounted future cash flow model. The servicing asset is then amortized against servicing income. Impairment, if any, is recognized when carrying value exceeds the fair value as determined by calculating the present value of expected net future cash flows.

The following tables summarize the changes in the carrying value of the servicing asset for the three-month and six-month periods ended June 30, 2017 and 2016, and the fair value at the end of each period were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
(dollar amounts in thousands)				
Carrying value, beginning of period	\$21,399	\$19,526	\$21,080	\$19,747
New servicing assets created	4,121	1,868	5,596	3,380
Amortization and other	(2,407 )	(1,782 )	(3,563 )	(3,515 )
Carrying value, end of period	\$23,113	\$19,612	\$23,113	\$19,612
Fair value, end of period	\$26,853	\$23,823	\$26,853	\$23,823
Weighted-average life (years)	3.3	3.3	3.3	3.3

A summary of key assumptions and the sensitivity of the SBA loan servicing rights value to changes in these assumptions at June 30, 2017 and December 31, 2016 follows:

	June 30, 2017			December 31, 2016		
	Actual	Decline in fair value due to 10% adverse change	Decline in fair value due to 20% adverse change	Actual	Decline in fair value due to 10% adverse change	Decline in fair value due to 20% adverse change
(dollar amounts in thousands)						
Constant prepayment rate (annualized)	7.50 %	\$ (363 )	\$ (721 )	7.40 %	\$ (324 )	\$ (644 )
Discount rate	15.00	(721 )	(1,411 )	15.00	(1,270 )	(1,870 )

Servicing income amounted to \$3 million and \$2 million for the three-month periods ending June 30, 2017, and 2016, respectively. For the six-month periods ended June 30, 2017 and 2016, total servicing income was \$5 million and \$5 million, respectively. The unpaid principal balance of SBA loans serviced for third parties was \$1.2 billion and \$1.1 billion at June 30, 2017 and December 31, 2016, respectively.

**7. LONG-TERM DEBT**

In March 2017, the Bank issued \$0.7 billion of senior notes at 99.994% of face value. The senior notes mature on March 10, 2020 and have a fixed coupon rate of 2.375%. The senior notes may be redeemed one month prior to the maturity date at 100% of principal plus accrued and unpaid interest. Also, in March 2017, the Bank issued \$0.3 billion of senior notes at 100% of face value. The senior notes mature on March 10, 2020 and have a variable coupon rate of three month LIBOR + 51 basis points.



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## 8. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the three-month and six-month periods ended June 30, 2017 and 2016, were as follows:

(dollar amounts in thousands)	Three Months Ended		
	June 30, 2017		
	Tax (Expense)		
	Pretax	Benefit	After-tax
Noncredit-related impairment recoveries (losses) on debt securities not expected to be sold	\$2,478	\$(876)	\$1,602
Unrealized holding gains (losses) on available-for-sale debt securities arising during the period	53,285	(18,811)	34,474
Less: Reclassification adjustment for net losses (gains) included in net income	3,988	(1,410)	2,578
Net change in unrealized holding gains (losses) on available-for-sale debt securities	59,751	(21,097)	38,654
Net change in unrealized holding gains (losses) on available-for-sale equity securities	—	—	—
Unrealized gains (losses) on derivatives used in cash flow hedging relationships arising during the period	1,220	(427)	793
Less: Reclassification adjustment for net (gains) losses included in net income	427	(150)	277
Net change in unrealized gains (losses) on derivatives used in cash flow hedging relationships	1,647	(577)	1,070
Net change in pension and other post-retirement obligations	1,198	(419)	779
Total other comprehensive income (loss)	\$62,596	\$(22,093)	\$40,503
	Three Months Ended		
	June 30, 2016		
	Tax (Expense)		
	Pretax	Benefit	After-tax
(dollar amounts in thousands)			
Noncredit-related impairment recoveries (losses) on debt securities not expected to be sold	\$1,032	\$(365)	\$667
Unrealized holding gains (losses) on available-for-sale debt securities arising during the period	50,278	(18,234)	32,044
Less: Reclassification adjustment for net losses (gains) included in net income	(2,294)	811	(1,483)
Net change in unrealized holding gains (losses) on available-for-sale debt securities	49,016	(17,788)	31,228
Net change in unrealized holding gains (losses) on available-for-sale equity securities	66	(24)	42
Unrealized gains (losses) on derivatives used in cash flow hedging relationships arising during the period	1,989	(696)	1,293
Less: Reclassification adjustment for net (gains) losses included in net income	(248)	89	(159)
Net change in unrealized gains (losses) on derivatives used in cash flow hedging relationships	1,741	(607)	1,134
Net change in pension and other post-retirement obligations	1,293	(453)	840
Total other comprehensive income (loss)	\$52,116	\$(18,872)	\$33,244

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(dollar amounts in thousands)	Six Months Ended June 30, 2017		
	Tax (expense)		
	Pretax	Benefit	After-tax
Noncredit-related impairment recoveries (losses) on debt securities not expected to be sold	\$3,288	\$(1,162 )	\$2,126
Unrealized holding gains (losses) on available-for-sale debt securities arising during the period	62,282	(21,607 )	40,675
Less: Reclassification adjustment for net losses (gains) included in net income	9,862	(3,487 )	6,375
Net change in unrealized holding gains (losses) on available-for-sale debt securities	75,432	(26,256 )	49,176
Net change in unrealized holding gains (losses) on available-for-sale equity securities	—	—	—
Unrealized gains (losses) on derivatives used in cash flow hedging relationships arising during the period	(611 )	214	(397 )
Less: Reclassification adjustment for net (gains) losses included in net income	987	(346 )	641
Net change in unrealized gains (losses) on derivatives used in cash flow hedging relationships	376	(132 )	244
Net change in pension and other post-retirement obligations	1,906	(667 )	1,239
Total other comprehensive income (loss)	\$77,714	\$(27,055)	\$50,659

(dollar amounts in thousands)	Six Months Ended June 30, 2016		
	Tax (expense)		
	Pretax	Benefit	After-tax
Noncredit-related impairment recoveries (losses) on debt securities not expected to be sold	\$(2,602 )	\$920	\$(1,682 )
Unrealized holding gains (losses) on available-for-sale debt securities arising during the period	130,746	(46,919 )	83,827
Less: Reclassification adjustment for net losses (gains) included in net income	(2,758 )	975	(1,783 )
Net change in unrealized holding gains (losses) on available-for-sale debt securities	125,386	(45,024 )	80,362
Net change in unrealized holding gains (losses) on available-for-sale equity securities	170	(60 )	110
Unrealized gains (losses) on derivatives used in cash flow hedging relationships arising during the period	16,218	(5,676 )	10,542
Less: Reclassification adjustment for net (gains) losses included in net income	(892 )	313	(579 )
Net change in unrealized gains (losses) on derivatives used in cash flow hedging relationships	15,326	(5,363 )	9,963
Net change in pension and other post-retirement obligations	2,586	(905 )	1,681
Total other comprehensive income (loss)	\$143,468	\$(51,352)	\$92,116

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The following table presents activity in accumulated other comprehensive income (loss), net of tax, for the six-month periods ended June 30, 2017 and 2016:

(dollar amounts in thousands)	Unrealized gains and (losses) on debt securities (1)	Unrealized gains and (losses) on equity securities	Unrealized gains and (losses) on cash flow hedging derivatives	Unrealized gains (losses) for pension and other post-retirement obligations	Total
December 31, 2015	\$ 8,361	\$ 176	\$ (3,948 )	\$ (230,747 )	\$ (226,158)
Other comprehensive income before reclassifications	82,145	110	10,542	—	92,797
Amounts reclassified from accumulated OCI to earnings	(1,783 )	—	(579 )	1,681	(681 )
Period change	80,362	110	9,963	1,681	92,116
June 30, 2016	\$ 88,723	\$ 286	\$ 6,015	\$ (229,066 )	\$ (134,042)
December 31, 2016	\$ (192,764 )	\$ 287	\$ (2,634 )	\$ (205,905 )	\$ (401,016)
Other comprehensive income before reclassifications	42,801	—	(397 )	—	42,404
Amounts reclassified from accumulated OCI to earnings	6,375	—	641	1,239	8,255
Period change	49,176	—	244	1,239	50,659
June 30, 2017	\$ (143,588 )	\$ 287	\$ (2,390 )	\$ (204,666 )	\$ (350,357)

Amounts at June 30, 2017 and December 31, 2016 include \$98 million and \$82 million, respectively, of net unrealized gains on securities transferred from the available-for-sale securities portfolio to the held-to-maturity securities portfolio. The net unrealized gains will be recognized in earnings over the remaining life of the security using the effective interest method.

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The following table presents the reclassification adjustments out of accumulated OCI included in net income and the impacted line items as listed on the Unaudited Condensed Consolidated Statements of Income for the three-month and six-month periods ended June 30, 2017 and 2016:

Accumulated OCI components	Reclassifications out of accumulated OCI		Location of net gain (loss) reclassified from accumulated OCI into earnings
	Amounts reclassified from accumulated OCI		
(dollar amounts in thousands)	Three Months Ended	June 30, 2017	June 30, 2016
Gains (losses) on debt securities:			
Amortization of unrealized gains (losses)	\$ (2,284)	\$ 740	Interest income - held-to-maturity securities - taxable
Realized gain (loss) on sale of securities	1,855	1,630	Noninterest income - net gains (losses) on sale of securities
OTTI recorded	(3,559 )	(76 )	Noninterest income - net gains (losses) on sale of securities
	(3,988 )	2,294	Total before tax
	1,410	(811 )	Tax (expense) benefit
	\$ (2,578)	\$ 1,483	Net of tax
Gains (losses) on cash flow hedging relationships:			
Interest rate contracts	\$ (427 )	\$ 248	Interest income - loans and leases
Interest rate contracts	—	—	Noninterest income - other income
	(427 )	248	Total before tax
	150	(89 )	Tax (expense) benefit
	\$ (277 )	\$ 159	Net of tax
Amortization of defined benefit pension and post-retirement items:			
Actuarial gains (losses)	\$ (1,690)	\$ (1,785)	Noninterest expense - personnel costs
Prior service credit	492	492	Noninterest expense - personnel costs
	(1,198 )	(1,293 )	Total before tax
	419	453	Tax (expense) benefit
	\$ (779 )	\$ (840 )	Net of tax



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Accumulated OCI components	Reclassifications out of accumulated OCI		Location of net gain (loss) reclassified from accumulated OCI into earnings
	Amounts reclassified from accumulated OCI		
(dollar amounts in thousands)	Six Months Ended June 30, 2017	June 30, 2016	
Gains (losses) on debt securities:			
Amortization of unrealized gains (losses)	\$ (5,890)	\$ 1,204	Interest income - held-to-maturity securities - taxable
Realized gain (loss) on sale of securities	(389 )	1,630	Noninterest income - net gains (losses) on sale of securities
OTTI recorded	(3,583 )	(76 )	Noninterest income - net gains (losses) on sale of securities
	(9,862 )	2,758	Total before tax
	3,487	(975 )	Tax (expense) benefit
	\$ (6,375)	\$ 1,783	Net of tax
Gains (losses) on cash flow hedging relationships:			
Interest rate contracts	\$ (987 )	\$ 893	Interest income - loans and leases
Interest rate contracts	—	(1 )	Noninterest income - other income
	(987 )	892	Total before tax
	346	(313 )	Tax (expense) benefit
	\$ (641 )	\$ 579	Net of tax
Amortization of defined benefit pension and post-retirement items:			
Actuarial gains (losses)	\$ (2,890)	\$ (3,570)	Noninterest expense - personnel costs
Prior service credit	984	984	Noninterest expense - personnel costs
	(1,906 )	(2,586 )	Total before tax
	667	905	Tax (expense) benefit
	\$ (1,239)	\$ (1,681)	Net of tax

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## 9. EARNINGS PER SHARE

Basic earnings per share is the amount of earnings (adjusted for dividends declared on preferred stock) 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 to include the effect of potentially dilutive common shares. Potentially dilutive common shares include incremental shares issued for stock options, restricted stock units and awards, distributions from deferred compensation plans, and the conversion of the Company's convertible preferred stock. Potentially dilutive common shares are excluded from the computation of diluted earnings per share in periods in which the effect would be antidilutive. For diluted earnings per share, net income available to common shares can be affected by the conversion of the Company's convertible preferred stock. Where the effect of this conversion would be dilutive, net income available to common shareholders is adjusted by the associated preferred dividends and deemed dividend. The calculation of basic and diluted earnings per share for the three and six-month periods ended June 30, 2017 and 2016, was as follows:

(dollar amounts in thousands, except per share amounts)	Three Months Ended		Six Months Ended	
	June 30, 2017	2016	June 30, 2017	2016
Basic earnings per common share:				
Net income	\$271,741	\$174,540	\$479,835	\$345,854
Preferred stock dividends	(18,889 )	(19,874 )	(37,767 )	(27,872 )
Net income available to common shareholders	\$252,852	\$154,666	\$442,068	\$317,982
Average common shares issued and outstanding	1,088,934	798,167	1,087,654	796,961
Basic earnings per common share	\$0.23	\$0.19	\$0.41	\$0.40
Diluted earnings per common share:				
Net income available to common shareholders	\$252,852	\$154,666	\$442,068	\$317,982
Effect of assumed preferred stock conversion	—	—	—	—
Net income applicable to diluted earnings per share	\$252,852	\$154,666	\$442,068	\$317,982
Average common shares issued and outstanding	1,088,934	798,167	1,087,654	796,961
Dilutive potential common shares:				
Stock options and restricted stock units and awards	16,329	9,785	17,734	10,085
Shares held in deferred compensation plans	3,108	2,282	3,030	2,178
Other	156	137	154	136
Dilutive potential common shares:	19,593	12,204	20,918	12,399
Total diluted average common shares issued and outstanding	1,108,527	810,371	1,108,572	809,360
Diluted earnings per common share	\$0.23	\$0.19	\$0.40	\$0.39

For the three-month periods ended June 30, 2017 and 2016, approximately 2.6 million and 4.7 million, respectively, of options to purchase shares of common stock were not included in the computation of diluted earnings per share because the effect would be antidilutive. For the six-month periods ended June 30, 2017 and 2016, approximately 1.8 million and 4.0 million, respectively, were not included.

## 10. BENEFIT PLANS

Huntington sponsors a non-contributory defined benefit pension plan covering substantially all employees hired or rehired prior to January 1, 2010. The plan, which was modified in 2013 and no longer accrues service benefits to participants, provides benefits based upon length of service and compensation levels. The funding policy of Huntington is to contribute an annual amount that is at least equal to the minimum funding requirements but not more than the amount deductible under the Internal Revenue Code. There is no required minimum contribution for 2017. In addition, Huntington has an unfunded defined benefit post-retirement plan that provides certain healthcare and life insurance benefits to retired employees who have attained the age of 55 and have at least 10 years of vesting service under this plan.

As part of the FirstMerit acquisition, Huntington agreed to assume and honor all FirstMerit benefit plans. The FirstMerit Pension Plan was frozen for nonvested employees and closed to new entrants after December 31, 2006. Effective December 31, 2012, the FirstMerit Pension Plan was frozen for vested employees. Additionally, FirstMerit

had a post-retirement benefit plan which provided medical and life insurance for retired employees. For additional information on benefit plans, see the Benefit Plan footnote in our 2016 Form 10-K. The following table shows the components of net periodic (benefit) cost for all plans:

	Pension Benefits		Post-Retirement Benefits	
	Three Months Ended June 30,		Three Months Ended June 30,	
(dollar amounts in thousands)	2017	2016	2017	2016
Service cost	\$640	\$1,025	\$21	\$—
Interest cost	7,478	6,748	99	54
Expected return on plan assets	(13,803)	(10,224)	—	—
Amortization of prior service cost	—	—	(492)	(492)
Amortization of (gain) loss	1,747	1,865	(54)	(72)
Settlements	2,500	3,400	—	—
Net periodic (benefit) cost	\$(1,438)(1)	\$2,814	\$(426)(1)	\$(510)

(1)Includes expense associated with FirstMerit plans.

	Pension Benefits		Post-Retirement Benefits	
	Six Months Ended June 30,		Six Months Ended June 30,	
(dollar amounts in thousands)	2017	2016	2017	2016
Service cost	\$1,280	\$2,050	\$43	\$—
Interest cost	14,955	13,496	198	109
Expected return on plan assets	(27,606)	(20,447)	—	—
Amortization of prior service cost	—	—	(984)	(984)
Amortization of (gain) loss	3,494	3,729	(109)	(144)
Settlements	5,000	6,800	—	—
Net periodic (benefit) cost	\$(2,877)(1)	\$5,628	\$(852)(1)	\$(1,019)

(1)Includes expense associated with FirstMerit plans.

Huntington has a defined contribution plan that is available to eligible employees. Huntington matches participant contributions, up to the first 4% of base pay that is contributed to the defined contribution plan. For 2016, a discretionary profit-sharing contribution equal to 1% of eligible participants' 2016 base pay was awarded during the 2017 first quarter. Huntington's expense related to the defined contribution plans during the second quarter 2017 and 2016 was \$11 million and \$8 million, respectively. For the six-month periods ended June 30, 2017 and 2016, expense related to the defined contribution plans were \$22 million and \$16 million, respectively.

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## 11. FAIR VALUES OF ASSETS AND LIABILITIES

See Note 18 “Fair Value of Assets and Liabilities” to the consolidated financial statements of the Annual Report on Form 10-K for the year ended December 31, 2016 for a description of additional valuation methodologies for assets and liabilities measured at fair value on a recurring and non-recurring basis. Assets and liabilities measured at fair value rarely transfer between Level 1 and Level 2 measurements. There were no such transfers during the three-month and six-month periods ended June 30, 2017 and 2016.

Assets and Liabilities measured at fair value on a recurring basis

Assets and liabilities measured at fair value on a recurring basis at June 30, 2017 and December 31, 2016 are summarized below:

(dollar amounts in thousands)	Fair Value Measurements at Reporting Date Using				Netting Adjustments (1)	June 30, 2017
	Level 1	Level 2	Level 3			
Assets						
Loans held for sale	\$ —	\$ 654,087	\$ —	\$ —	—	\$ 654,087
Loans held for investment	—	59,886	43,855	—	—	103,741
Trading account securities:						
Federal agencies: Other agencies	—	6,868	—	—	—	6,868
Municipal securities	—	323	—	—	—	323
Other securities	86,560	1,016	—	—	—	87,576
	86,560	8,207	—	—	—	94,767
Available-for-sale and other securities:						
U.S. Treasury securities	10,644	—	—	—	—	10,644
Federal agencies: Mortgage-backed	—	10,624,055	—	—	—	10,624,055
Federal agencies: Other agencies	—	100,291	—	—	—	100,291
Municipal securities	—	440,493	2,872,007	—	—	3,312,500
Asset-backed securities	—	552,224	42,575	—	—	594,799
Corporate debt	—	144,035	—	—	—	144,035
Other securities	12,485	4,026	—	—	—	16,511
	23,129	11,865,124	2,914,582	—	—	14,802,835
MSRs	—	—	12,528	—	—	12,528
Derivative assets	—	325,736	9,227	(144,951)	—	190,012
Liabilities						
Derivative liabilities	—	284,796	6,049	(212,487)	—	78,358
Short-term borrowings	4,580	—	—	—	—	4,580

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(dollar amounts in thousands)	Fair Value Measurements at Reporting Date Using				December 31, 2016
	Level 1	Level 2	Level 3	Netting Adjustments (1)	
<b>Assets</b>					
Loans held for sale	\$ —	\$ 438,224	\$ —	\$ —	\$ 438,224
Loans held for investment	—	34,439	47,880	—	82,319
<b>Trading account securities:</b>					
Municipal securities	—	1,148	—	—	1,148
Other securities	132,147	—	—	—	132,147
	132,147	1,148	—	—	133,295
<b>Available-for-sale and other securities:</b>					
U.S. Treasury securities	5,497	—	—	—	5,497
Federal agencies: Mortgage-backed	—	10,673,342	—	—	10,673,342
Federal agencies: Other agencies	—	73,542	—	—	73,542
Municipal securities	—	452,013	2,798,044	—	3,250,057
Asset-backed securities	—	717,478	76,003	—	793,481
Corporate debt	—	198,683	—	—	198,683
Other securities	16,588	3,943	—	—	20,531
	22,085	12,119,001	2,874,047	—	15,015,133
MSRs	—	—	13,747	—	13,747
Derivative assets	—	414,412	5,747	(181,940)	238,219
<b>Liabilities</b>					
Derivative liabilities	—	362,777	7,870	(272,361)	98,286
Short-term borrowings	474	—	—	—	474

(1) Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle positive and negative positions and cash collateral held or placed with the same counterparties.

The tables below present a rollforward of the balance sheet amounts for the three-month and six-month periods ended June 30, 2017 and 2016, for financial instruments measured on a recurring basis and classified as Level 3. The classification of an item as Level 3 is based on the significance of the unobservable inputs to the overall fair value measurement. However, Level 3 measurements may also include observable components of value that can be validated externally. Accordingly, the gains and losses in the table below include changes in fair value due in part to observable factors that are part of the valuation methodology.

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(dollar amounts in thousands)	Level 3 Fair Value Measurements Three Months Ended June 30, 2017					
	MSRs	Derivative instruments	Municipal securities	Available-for-sale securities	Asset- backed securities	Loans held for investment
Opening balance	\$ 13,307	\$ 2,694	\$ 2,867,652	\$ 59,492	\$ 44,219	
Transfers into Level 3	—	—	—	—	—	
Transfers out of Level 3 (1)	—	(2,124 )	—	—	—	
Total gains/losses for the period:						
Included in earnings	(779 )	2,608	(1,180 )	(3,557 )	1,493	
Included in OCI	—	—	12,419	5,598	—	
Purchases/originations	—	—	114,944	—	—	
Sales	—	—	—	(18,594 )	—	
Repayments	—	—	—	—	(1,857 )	
Issues	—	—	—	—	—	
Settlements	—	—	(121,828 )	(364 )	—	
Closing balance	\$ 12,528	\$ 3,178	\$ 2,872,007	\$ 42,575	\$ 43,855	
Change in unrealized gains or losses for the period included in earnings (or changes in net assets) for assets held at end of the reporting date	\$(779 )	\$ 2,608	\$ 12,419	\$ 5,598	\$ —	

(dollar amounts in thousands)	Level 3 Fair Value Measurements Three Months Ended June 30, 2016					
	MSRs	Derivative instruments	Municipal securities	Available-for-sale securities	Asset- backed securities	Loans held for investment
Opening balance	\$ 14,819	\$ 10,347	\$ 2,281,743	\$ 94,329	\$ 1,216	
Transfers into Level 3	—	—	—	—	—	
Transfers out of Level 3 (1)	—	(2,508 )	—	—	—	
Total gains/losses for the period:						
Included in earnings	(1,714 )	4,912	—	2	—	
Included in OCI	—	—	7,486	5,842	—	
Purchases/originations	—	—	46,457	—	—	
Sales	—	—	(36,657 )	(27,794 )	—	
Repayments	—	—	—	—	(291 )	
Issues	—	—	—	—	—	
Settlements	—	—	(61,054 )	(1,000 )	—	
Closing balance	\$ 13,105	\$ 12,751	\$ 2,237,975	\$ 71,379	\$ 925	
Change in unrealized gains or losses for the period included in earnings (or changes in net assets) for assets held at end of the reporting date	\$(1,714 )	\$ 4,912	\$ —	\$ 2	\$ —	

(1) Transfers out of Level 3 represent the settlement value of the derivative instruments (i.e. interest rate lock agreements) that were transferred to loans held for sale, which are classified as Level 2.



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(dollar amounts in thousands)	Level 3 Fair Value Measurements Six Months Ended June 30, 2017					
	MSRs	Derivative instruments	Municipal securities	Available-for-sale securities	Asset- backed securities	Loans held for investment
Opening balance	\$13,747	\$ (2,123 )	\$2,798,044	\$76,003	\$47,880	
Transfers into Level 3	—	—	—	—	—	
Transfers out of Level 3 (1)	—	(2,457 )	—	—	—	
Total gains/losses for the period:						
Included in earnings	(1,219 )	7,758	(2,975 )	(3,528 )	1,430	
Included in OCI	—	—	32,894	8,769	—	
Purchases/originations	—	—	247,609	—	—	
Sales	—	—	—	(37,728 )	—	
Repayments	—	—	—	—	(5,455 )	
Issues	—	—	—	—	—	
Settlements	—	—	(203,565 )	(941 )	—	
Closing balance	\$12,528	\$ 3,178	\$2,872,007	\$42,575	\$43,855	
Change in unrealized gains or losses for the period included in earnings (or changes in net assets) for assets held at end of the reporting date	\$(1,219 )	\$ 7,758	\$32,894	\$8,769	\$—	

(dollar amounts in thousands)	Level 3 Fair Value Measurements Six Months Ended June 30, 2016					
	MSRs	Derivative instruments	Municipal securities	Available-for-sale securities	Asset- backed securities	Loans held for investment
Opening balance	\$17,585	\$ 6,056	\$2,095,551	\$100,337	\$1,748	
Transfers into Level 3	—	—	—	—	—	
Transfers out of Level 3 (1)	—	(3,423 )	—	—	—	
Total gains/losses for the period:						
Included in earnings	(4,480 )	10,118	—	2	—	
Included in OCI	—	—	19,326	674	—	
Purchases/originations	—	—	283,907	—	—	
Sales	—	—	(36,657 )	(27,794 )	—	
Repayments	—	—	—	—	(823 )	
Issues	—	—	—	—	—	
Settlements	—	—	(124,152 )	(1,840 )	—	
Closing balance	\$13,105	\$ 12,751	\$2,237,975	\$71,379	\$925	
Change in unrealized gains or losses for the period included in earnings (or changes in net assets) for assets held at end of the reporting date	\$(4,480 )	\$ 10,218	\$—	\$2	\$—	

(1) Transfers out of Level 3 represent the settlement value of the derivative instruments (i.e. interest rate lock agreements) that were transferred to loans held for sale, which are classified as Level 2.





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The tables below summarize the classification of gains and losses due to changes in fair value, recorded in earnings for Level 3 assets and liabilities for the three-month and six-month periods ended June 30, 2017 and 2016:

Level 3 Fair Value Measurements Three Months Ended June 30, 2017					
Available-for-sale securities					
(dollar amounts in thousands)	MSRs	Derivative instruments	Municipal securities	Asset-backed securities	Loans held for investment
Classification of gains and losses in earnings:					
Mortgage banking income	\$(779)	\$ 2,608	\$—	\$—	\$ —
Securities gains (losses)	—	—	(1,180 )	(3,557 )	—
Interest and fee income	—	—	—	—	—
Noninterest income	—	—	—	—	1,493
Other expense	—	—	—	—	—
Total	\$(779)	\$ 2,608	\$(1,180)	\$(3,557)	\$ 1,493

Level 3 Fair Value Measurements Three Months Ended June 30, 2016					
Available-for-sale securities					
(dollar amounts in thousands)	MSRs	Derivative instruments	Municipal securities	Asset-backed securities	Loans held for investment
Classification of gains and losses in earnings:					
Mortgage banking income	\$(1,714)	\$ 4,912	\$ —	\$ —	\$ —
Securities gains (losses)	—	—	—	—	—
Interest and fee income	—	—	—	—	—
Noninterest income	—	—	—	2	—
Other expense	—	—	—	—	—
Total	\$(1,714)	\$ 4,912	\$ —	\$ 2	\$ —

Level 3 Fair Value Measurements Six Months Ended June 30, 2017					
Available-for-sale securities					
(dollar amounts in thousands)	MSRs	Derivative instruments	Municipal securities	Asset-backed securities	Loans held for investment
Classification of gains and losses in earnings:					
Mortgage banking income	\$(1,219)	\$ 7,758	\$—	\$—	\$ —
Securities gains (losses)	—	—	(2,975 )	(3,528 )	—
Interest and fee income	—	—	—	—	—
Noninterest income	—	—	—	—	1,430
Other expense	—	—	—	—	—
Total	\$(1,219)	\$ 7,758	\$(2,975)	\$(3,528)	\$ 1,430

Table of ContentsLevel 3 Fair Value Measurements  
Six Months Ended June 30, 2016

(dollar amounts in thousands)	MSRs	Derivative instruments	Available-for-sale securities		
			Municipal securities	Asset- backed securities	Loans held for investment
Classification of gains and losses in earnings:					
Mortgage banking income	\$ (4,480)	\$ 10,118	\$ —	\$ —	\$ —
Securities gains (losses)	—	—	—	—	—
Interest and fee income	—	—	—	—	—
Noninterest income	—	—	—	2	—
Other expense	—	—	—	—	—
Total	\$ (4,480)	\$ 10,118	\$ —	\$ 2	\$ —

## Assets and liabilities under the fair value option

The following table presents the fair value and aggregate principal balance of certain assets and liabilities under the fair value option:

(dollar amounts in thousands)	June 30, 2017					
	Total Loans			Loans that are 90 or more days past due		
	Fair value carrying amount	Aggregate unpaid principal	Difference	Fair value carrying amount	Aggregate unpaid principal	Difference
Assets						
Loans held for sale	\$ 654,087	\$ 628,684	\$ 25,403	\$ 72	\$ 72	\$ —
Loans held for investment	103,741	113,114	(9,373 )	13,035	15,447	(2,408)

(dollar amounts in thousands)	December 31, 2016					
	Total Loans			Loans that are 90 or more days past due		
	Fair value carrying amount	Aggregate unpaid principal	Difference	Fair value carrying amount	Aggregate unpaid principal	Difference
Assets						
Loans held for sale	\$ 438,224	\$ 433,760	\$ 4,464	\$ —	\$ —	\$ —
Loans held for investment	82,319	91,998	(9,679 )	8,408	10,082	(2,674)

The following tables present the net gains (losses) from fair value changes for the three-month and six-month periods ended June 30, 2017 and 2016:

(dollar amounts in thousands)	Net gains (losses) from fair value changes Three Months Ended June 30,		Net gains (losses) from fair value changes Six Months Ended June 30,		
	2017	2016	2017	2016	
	Assets				
	Loans held for sale	\$ 4,551	\$ 8,870	\$ 13,616	\$ 13,519

Loans held for investment      1,493   —      1,430   —

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Assets and Liabilities measured at fair value on a nonrecurring basis

Certain assets and liabilities may be required to be measured at fair value on a nonrecurring basis in periods subsequent to their initial recognition. These assets and liabilities are not measured at fair value on an ongoing basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment. For the six months ended June 30, 2017, assets measured at fair value on a nonrecurring basis were as follows:

(dollar amounts in thousands)	Fair Value	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
MSRs	\$175,454	\$—	—\$ 175,454	\$ (1,006 )
Impaired loans	36,118	—	36,118	(3,123 )
Other real estate owned	43,816	—	43,816	1,742

MSRs accounted for under the amortization method are subject to nonrecurring fair value measurement when the fair value is lower than the carrying amount.

Periodically, Huntington records nonrecurring adjustments of collateral-dependent loans measured for impairment when establishing the ACL. Such amounts are generally based on the fair value of the underlying collateral supporting the loan. Appraisals are generally obtained to support the fair value of the collateral and incorporate measures such as recent sales prices for comparable properties and cost of construction. In cases where the carrying value exceeds the fair value of the collateral less cost to sell, an impairment charge is recognized.

Other real estate owned properties are included in accrued income and other assets and valued based on appraisals and third party price opinions, less estimated selling costs.

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Significant unobservable inputs for assets and liabilities measured at fair value on a recurring and nonrecurring basis  
The table below presents quantitative information about the significant unobservable inputs for assets and liabilities measured at fair value on a recurring and nonrecurring basis at June 30, 2017 and December 31, 2016:

## Quantitative Information about Level 3 Fair Value Measurements at June 30, 2017

(dollar amounts in thousands)	Fair Value	Valuation Technique	Significant Unobservable Input	Range (Weighted Average)
Measured at fair value on a recurring basis:				
MSRs	\$12,528	Discounted cash flow	Constant prepayment rate	8.0% - 31.0% (11%)
			Spread over forward interest rate swap rates	3.0% - 10.0% (8.8%)
Derivative assets	9,227	Consensus Pricing	Net market price	-9.2% - 31.7% (1.8%)
Derivative liabilities	6,049		Estimated Pull through %	9.0% - 99.0% (78.0%)
Municipal securities	2,872,007	Discounted cash flow	Discount rate	0.0% - 10.3% (3.9%)
			Cumulative default	0.0% - 38.4% (2.7%)
			Loss given default	5.0% - 80.0% (23.2%)
Asset-backed securities	42,575	Discounted cash flow	Discount rate	6.9% - 12.3% (7.0%)
			Cumulative prepayment rate	0.0% - 72% (8.2%)
			Cumulative default	0.7% - 100% (10.2%)
			Loss given default	85% - 100% (96.6%)
			Cure given deferral	0.0% - 75% (37.7%)
Loans held for investment	43,855	Discounted cash flow	Discount rate	7.0% - 17.6% (6.6%)
Measured at fair value on a nonrecurring basis:				
MSRs	175,454	Discounted cash flow	Constant prepayment rate	7.0% - 21.0% (8%)
			Spread over forward interest rate swap rates	3.0% - 20.0% 10.8%)
Impaired loans	36,118	Appraisal value	NA	NA
Other real estate owned	43,816	Appraisal value	NA	NA

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Quantitative Information about Level 3 Fair Value Measurements at December 31, 2016				
(dollar amounts in thousands)	Fair Value	Valuation Technique	Significant Unobservable Input	Range (Weighted Average)
Measured at fair value on a recurring basis:				
MSRs	\$13,747	Discounted cash flow	Constant prepayment rate	5.63% - 34.4% (10.9%)
			Spread over forward interest rate swap rates	3.0% - 9.2% (5.4%)
Derivative assets	5,747	Consensus Pricing	Net market price	-7.1% - 25.4% (1.1%)
Derivative liabilities	7,870		Estimated Pull through %	8.1% - 99.8% (76.9%)
Municipal securities	2,798,044	Discounted cash flow	Discount rate	0.0% - 10.0% (3.6%)
			Cumulative default	0.3% - 37.8% (4.0%)
			Loss given default	5.0% - 80.0% (24.1%)
Asset-backed securities	76,003	Discounted cash flow	Discount rate	5.0% - 12.0% (6.3%)
			Cumulative prepayment rate	0.0% - 73% (6.5%)
			Cumulative default	1.1% - 100% (11.2%)
			Loss given default	85% - 100% (96.3%)
			Cure given deferral	0.0% - 75.0% (36.2%)
Loans held for investment	47,880	Discounted cash flow	Constant prepayment rate	5.4% - 16.2% (5.6%)
Measured at fair value on a nonrecurring basis:				
MSRs	171,309	Discounted cash flow	Constant prepayment rate	5.57% - 30.4% (7.8%)
			Spread over forward interest rate swap rates	4.2% - 20.0% (11.7%)
Impaired loans	53,818	Appraisal value	NA	NA
Other real estate owned	50,930	Appraisal value	NA	NA

The following provides a general description of the impact of a change in an unobservable input on the fair value measurement and the interrelationship between unobservable inputs, where relevant/significant. Interrelationships may also exist between observable and unobservable inputs. Such relationships have not been included in the discussion below.

A significant change in the unobservable inputs may result in a significant change in the ending fair value measurement of Level 3 instruments. In general, prepayment rates increase when market interest rates decline and decrease when market interest rates rise and higher prepayment rates generally result in lower fair values for MSR assets, Asset-backed securities, and Automobile loans.

Credit loss estimates, such as probability of default, constant default, cumulative default, loss given default, cure given deferral, and loss severity, are driven by the ability of the borrowers to pay their loans and the value of the underlying collateral and are impacted by changes in macroeconomic conditions, typically increasing when economic conditions worsen and decreasing when conditions improve. An increase in the estimated prepayment rate typically results in a decrease in estimated credit losses and vice versa. Higher credit loss estimates generally result in lower fair values. Credit spreads generally increase when liquidity risks and market volatility increase and decrease when liquidity conditions and market volatility improve.

Discount rates and spread over forward interest rate swap rates typically increase when market interest rates increase and/or credit and liquidity risks increase and decrease when market interest rates decline and/or credit and liquidity conditions improve. Higher discount rates and credit spreads generally result in lower fair market values.

Net market price and pull through percentages generally increase when market interest rates increase and decline when market interest rates decline. Higher net market price and pull through percentages generally result in higher fair

values.

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## Fair values of financial instruments

The following table provides the carrying amounts and estimated fair values of Huntington's financial instruments that are carried either at fair value or cost at June 30, 2017 and December 31, 2016:

(dollar amounts in thousands)	June 30, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>				
Cash and short-term assets	\$ 1,592,624	\$ 1,592,624	\$ 1,443,037	\$ 1,443,037
Trading account securities	94,767	94,767	133,295	133,295
Loans held for sale	748,077	752,800	512,951	515,640
Available-for-sale and other securities	15,388,306	15,388,306	15,562,837	15,562,837
Held-to-maturity securities	8,279,577	8,259,402	7,806,939	7,787,268
Net loans and direct financing leases	67,391,314	67,263,687	66,323,583	66,294,639
Derivatives	190,012	190,012	238,219	238,219
<b>Financial Liabilities</b>				
Deposits	75,933,373	77,382,067	75,607,717	76,161,091
Short-term borrowings	4,552,877	4,552,877	3,692,654	3,692,654
Long-term debt	8,536,471	8,673,908	8,309,159	8,387,444
Derivatives	78,358	78,358	98,286	98,286

The following table presents the level in the fair value hierarchy for the estimated fair values of only Huntington's financial instruments that are not already on the Unaudited Condensed Consolidated Balance Sheets at fair value at June 30, 2017 and December 31, 2016:

(dollar amounts in thousands)	Estimated Fair Value Measurements at Reporting Date Using			June 30, 2017
	Level 1	Level 2	Level 3	
<b>Financial Assets</b>				
Held-to-maturity securities	\$ —	\$ 8,259,402	\$ —	\$ 8,259,402
Net loans and direct financing leases	—	—	67,263,687	67,263,687
<b>Financial Liabilities</b>				
Deposits	—	73,621,776	3,760,291	77,382,067
Short-term borrowings	4,580	—	4,548,297	4,552,877
Long-term debt	—	8,278,588	395,320	8,673,908
(dollar amounts in thousands)	Estimated Fair Value Measurements at Reporting Date Using			December 31, 2016
	Level 1	Level 2	Level 3	
<b>Financial Assets</b>				
Held-to-maturity securities	\$ —	\$ 7,787,268	\$ —	\$ 7,787,268
Net loans and direct financing leases	—	—	66,294,639	66,294,639
<b>Financial Liabilities</b>				
Deposits	—	72,319,328	3,841,763	76,161,091
Short-term borrowings	474	—	3,692,180	3,692,654
Long-term debt	—	7,980,176	407,268	8,387,444

The short-term nature of certain assets and liabilities result in their carrying value approximating fair value. These include trading account securities, customers' acceptance liabilities, short-term borrowings, bank acceptances outstanding, FHLB advances, and cash and short-term assets, which include cash and due from banks, interest-bearing deposits in banks, and federal funds sold and securities purchased under resale agreements. Loan commitments and letters-of-credit generally have short-term, variable-rate features and contain clauses that limit Huntington's exposure to changes in customer credit quality.



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Accordingly, their carrying values, which are immaterial at the respective balance sheet dates, are reasonable estimates of fair value.

Certain assets, the most significant being operating lease assets, bank owned life insurance, and premises and equipment, do not meet the definition of a financial instrument and are excluded from this disclosure. Similarly, mortgage and nonmortgage servicing rights, deposit base, and other customer relationship intangibles are not considered financial instruments and are not included above. Accordingly, this fair value information is not intended to, and does not, represent Huntington's underlying value. Many of the assets and liabilities subject to the disclosure requirements are not actively traded, requiring fair values to be estimated by Management. These estimations necessarily involve the use of judgment about a wide variety of factors, including but not limited to, relevancy of market prices of comparable instruments, expected future cash flows, and appropriate discount rates.

The following methods and assumptions were used by Huntington to estimate the fair value of the remaining classes of financial instruments:

**Held-to-maturity securities**

Fair values are determined by using models that are based on security-specific details, as well as relevant industry and economic factors. The most significant of these inputs are quoted market prices, and interest rate spreads on relevant benchmark securities.

**Loans and Direct Financing Leases**

Variable-rate loans that reprice frequently are based on carrying amounts, as adjusted for estimated credit losses. The fair values for other loans and leases are estimated using discounted cash flow analyses and employ interest rates currently being offered for loans and leases with similar terms. The rates take into account the position of the yield curve, as well as an adjustment for prepayment risk, operating costs, and profit. This value is also reduced by an estimate of expected losses and the credit risk associated in the loan and lease portfolio. The valuation of the loan portfolio reflected discounts that Huntington believed are consistent with transactions occurring in the marketplace.

**Deposits**

Demand deposits, savings accounts, and money market deposits are, by definition, equal to the amount payable on demand. The fair values of fixed-rate time deposits are estimated by discounting cash flows using interest rates currently being offered on certificates with similar maturities.

**Debt**

Long-term debt is based upon quoted market prices, which are inclusive of Huntington's credit risk. In the absence of quoted market prices, discounted cash flows using market rates for similar debt with the same maturities are used in the determination of fair value.

**12. DERIVATIVE FINANCIAL INSTRUMENTS**

Derivative financial instruments are recorded in the Unaudited Condensed Consolidated Balance Sheets as either an asset or a liability (in accrued income and other assets or accrued expenses and other liabilities, respectively) and measured at fair value.

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The following table presents the fair values of all derivative instruments included in the Unaudited Condensed Consolidated Balance Sheets at June 30, 2017 and December 31, 2016. Amounts in the table below are presented gross without the impact of any net collateral arrangements:

(dollar amounts in thousands)	June 30, 2017		December 31, 2016	
	Asset	Liability	Asset	Liability
Derivatives designated as Hedging Instruments				
Interest rate contracts	\$40,416	\$90,326	\$46,440	\$99,996
Derivatives not designated as Hedging Instruments				
Interest rate contracts	192,000	114,889	213,587	143,976
Foreign exchange contracts	27,655	27,883	23,265	19,576
Commodities contracts	53,295	49,520	108,026	104,328
Equity contracts	10,728	5,694	9,775	—
Total Contracts	\$324,094	\$288,312	\$401,093	\$367,876

## Derivatives used in Asset and Liability Management Activities

Huntington engages in balance sheet hedging activity, principally for asset and liability management purposes, to convert fixed rate assets or liabilities into floating rate or vice versa. Balance sheet hedging activity is arranged to receive hedge accounting treatment and is classified as either fair value or cash flow hedges. Fair value hedges are purchased to convert deposits and subordinated and other long-term debt from fixed-rate obligations to floating rate. Cash flow hedges are also used to convert floating rate loans made to customers into fixed rate loans.

The following table presents the gross notional values of derivatives used in Huntington's asset and liability management activities at June 30, 2017, identified by the underlying interest rate-sensitive instruments:

(dollar amounts in thousands)	Fair Value Hedges	Cash Flow Hedges	Total
Instruments associated with:			
Loans	\$—	\$1,925,000	\$1,925,000
Deposits	—	—	—
Subordinated notes	950,000	—	950,000
Long-term debt	6,725,000	—	6,725,000
Total notional value at June 30, 2017	\$7,675,000	\$1,925,000	\$9,600,000

The following table presents additional information about the interest rate swaps used in Huntington's asset and liability management activities at June 30, 2017:

(dollar amounts in thousands)	Notional Value	Average Maturity (years)	Fair Value	Weighted-Average Rate	
				Receive	Pay
Asset conversion swaps					
Receive fixed—generic	\$1,925,000	0.3	\$(3,420)	1.07 %	1.44 %
Liability conversion swaps					
Receive fixed—generic	7,675,000	2.8	(46,490)	1.54	1.19
Total swap portfolio at June 30, 2017	\$9,600,000	2.3	\$(49,910)	1.44 %	1.24 %

These derivative financial instruments were entered into for the purpose of managing the interest rate risk of assets and liabilities. Consequently, net amounts receivable or payable on contracts hedging either interest earning assets or interest bearing liabilities were accrued as an adjustment to either interest income or interest expense. The net amounts resulted in an increase to net interest income of \$6 million and \$19 million for the three-month periods ended June 30, 2017, and 2016, respectively. For the six-month periods ended June 30, 2017, and 2016, the net amounts resulted in an increase to net interest income of \$16 million and \$40 million, respectively.

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## Fair Value Hedges

The changes in fair value of the fair value hedges are, to the extent that the hedging relationship is effective, recorded through earnings and offset against changes in the fair value of the hedged item.

The following table presents the change in fair value for derivatives designated as fair value hedges as well as the offsetting change in fair value on the hedged item for the three-month and six-month periods ended June 30, 2017 and 2016:

(dollar amounts in thousands)	Three	Six Months	
	Months Ended June 30, 2017	Months Ended June 30, 2016	
Interest rate contracts			
Change in fair value of interest rate swaps hedging deposits (1)	\$ —	\$ —	\$(76) \$(82)
Change in fair value of hedged deposits (1)	—	—	72
Change in fair value of interest rate swaps hedging subordinated notes (2)	2,277	(2,431)	6,809
Change in fair value of hedged subordinated notes (2)	(2,235)	3,168	(6,809)
Change in fair value of interest rate swaps hedging other long-term debt (2)	15,832	2,017	5,551 83,049
Change in fair value of hedged other long-term debt (2)	(16,921)	1,047	(8,378) (80,834)

Effective portion of the hedging relationship is recognized in Interest expense—deposits in the Unaudited Condensed (1) Consolidated Statements of Income. Any resulting ineffective portion of the hedging relationship is recognized in noninterest income in the Unaudited Condensed Consolidated Statements of Income.

Effective portion of the hedging relationship is recognized in Interest expense—subordinated notes and other (2) long-term debt in the Unaudited Condensed Consolidated Statements of Income. Any resulting ineffective portion of the hedging relationship is recognized in noninterest income in the Unaudited Condensed Consolidated Statements of Income.

## Cash Flow Hedges

To the extent these derivatives designated as cash flow hedges are effective in offsetting the variability of the hedged cash flows, changes in the derivatives' fair value will not be included in current earnings but are reported as a component of OCI in the Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity. These changes in fair value will be included in earnings of future periods when earnings are also affected by the changes in the hedged cash flows. To the extent these derivatives are not effective, changes in their fair values are immediately included in noninterest income.

The following table presents the gains and (losses) recognized in OCI and the location in the Unaudited Condensed Consolidated Statements of Income of gains and (losses) reclassified from OCI into earnings for derivatives designated as effective cash flow hedges for the three-month and six-month periods ended June 30, 2017 and 2016:

Derivatives in cash flow hedging relationships	Amount of gain or (loss) recognized in OCI on derivatives (effective portion) (after-tax)	Location of gain or (loss) reclassified from accumulated OCI into earnings (effective portion)	Amount of (gain) or loss reclassified from accumulated OCI into earnings (effective portion)
	Three Months Ended June 30,		Three Months Ended June 30,

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(dollar amounts in thousands)	2017	2016		2017	2016
Interest rate contracts					
Loans	\$793	\$1,293	Interest and fee income - loans and leases	\$ 427	\$ (248 )
Investment Securities	—	—	Noninterest income - other income	—	—
Total	\$793	\$1,293		\$ 427	\$ (248 )

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Derivatives in cash flow hedging relationships	Amount of gain or (loss) recognized in OCI on derivatives (effective portion) (after-tax) Six Months Ended June 30,		Location of gain or (loss) reclassified from accumulated OCI into earnings (effective portion)	Amount of (gain) or loss reclassified from accumulated OCI into earnings (effective portion)	
	2017	2016		2017	2016
(dollar amounts in thousands)					
Interest rate contracts					
Loans	\$ (397)	\$ 10,542	Interest and fee income - loans and leases	\$ 987	\$ (893 )
Investment Securities	—	—	Noninterest income - other income	—	1
	\$ (397)	\$ 10,542		\$ 987	\$ (892 )

Gains and losses on swaps related to loans and investment securities and swaps related to subordinated debt are recorded within interest income and interest expense, respectively. During the next twelve months, Huntington expects to reclassify to earnings approximately \$(2) million after-tax of unrealized gains (losses) on cash flow hedging derivatives currently in OCI.

The following table presents the gains and (losses) recognized in noninterest income for the ineffective portion of interest rate contracts for derivatives designated as cash flow hedges for the three and six-month periods ended June 30, 2017 and 2016:

Derivatives in cash flow hedging relationships	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
(dollar amounts in thousands)				
Interest rate contracts				
Loans	\$ (31)	\$ 421	\$ (134)	\$ 377

## Derivatives used in mortgage banking activities

## Mortgage loan origination hedging activity

Huntington's mortgage origination hedging activity is related to the hedging of the mortgage pricing commitments to customers and the secondary sale to third parties. The value of a newly originated mortgage is not firm until the interest rate is committed or locked. The interest rate lock commitments are derivative positions offset by forward commitments to sell loans.

Huntington uses two types of mortgage-backed securities in its forward commitments to sell loans. The first type of forward commitment is a "To Be Announced" (or TBA), the second is a "Specified Pool" mortgage-backed security. Huntington uses these derivatives to hedge the value of mortgage-backed securities until they are sold.

The following table summarizes the derivative assets and liabilities used in mortgage banking activities:

Derivatives used in mortgage banking activities	June 30, 2017		December 31, 2016	
	Asset	Liability	Asset	Liability
(dollar amounts in thousands)				
Interest rate lock agreements	\$ 9,227	\$ 355	\$ 5,747	\$ 1,598
Forward trades and options	1,642	2,178	13,319	1,173
Total derivatives used in mortgage banking activities	\$ 10,869	\$ 2,533	\$ 19,066	\$ 2,771
MSR hedging activity				

Huntington's MSR economic hedging activity uses securities and derivatives to manage the value of the MSR asset and to mitigate the various types of risk inherent in the MSR asset, including risks related to duration, basis, convexity, volatility, and yield curve. The hedging instruments include forward commitments, interest rate swaps, and options on interest rate swaps.

The total notional value of these derivative financial instruments at June 30, 2017 and December 31, 2016, was \$228 million and \$300 million, respectively. The total notional amount at June 30, 2017, corresponds to trading assets with a fair value of \$1 million and trading liabilities with a fair value of \$2 million. Net trading gains and (losses) related to MSR hedging for the three-month periods ended June 30, 2017 and 2016, were \$2 million and \$6 million and \$1 million and \$18 million for the six-month periods ended June 30, 2017 and 2016, respectively. These amounts are included in mortgage banking income in the Unaudited Condensed Consolidated Statements of Income.



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## Derivatives used in customer related activities

Various derivative financial instruments are offered to enable customers to meet their financing and investing objectives and for their risk management purposes. Derivative financial instruments used in trading activities consisted of commodity, interest rate, and foreign exchange contracts. Huntington may enter into offsetting third-party contracts with approved, reputable counterparties with substantially matching terms and currencies in order to economically hedge significant exposure related to derivatives used in trading activities.

The interest rate risk of customer derivatives is mitigated by entering into similar derivatives having offsetting terms with other counterparties. The credit risk to these customers is evaluated and included in the calculation of fair value. Foreign currency derivatives help the customer hedge risk and reduce exposure to fluctuations in exchange rates. Transactions are primarily in liquid currencies with Canadian dollars and Euros comprising a majority of all transactions. Commodity derivatives help the customer hedge risk and reduce exposure to fluctuations in the price of various commodities. Hedging of energy related products and base metals comprise the majority of all transactions. The net fair values of these derivative financial instruments, for which the gross amounts are included in accrued income and other assets or accrued expenses and other liabilities at both June 30, 2017 and December 31, 2016, were \$80 million and \$80 million, respectively. The total notional values of derivative financial instruments used by Huntington on behalf of customers, including offsetting derivatives, were \$20.6 billion and \$20.6 billion at both June 30, 2017 and December 31, 2016, respectively. Huntington's credit risk from interest rate swaps used for trading purposes was \$156 million and \$196 million at the same dates, respectively.

## Share Swap Economic Hedge

Huntington acquires and holds shares of Huntington common stock in a Rabbi Trust for the Executive Deferred Compensation Plan. Huntington common stock held in the Rabbi Trust is recorded at cost and the corresponding deferred compensation liability is recorded at fair value using Huntington's share price as a significant input. During the second quarter of 2016, Huntington entered into an economic hedge with a \$20 million notional amount to hedge deferred compensation expense related to the Executive Deferred Compensation Plan. During the second quarter of 2017, Huntington entered into another economic hedge with a notional value of \$8 million for a total notional amount of \$28 million to hedge deferred compensation expense related to the Executive Deferred Compensation Plan. The economic hedge is recorded at fair value within other assets or liabilities. Changes in the fair value are recorded directly through other noninterest expense in the Unaudited Condensed Consolidated Statements of Income. At June 30, 2017, the fair value of the share swap was \$11 million.

## Visa Related Swap

In connection with the sale of Huntington's Class B Visa® shares, Huntington entered into a swap agreement with the purchaser of the shares. The swap agreement adjusts for dilution in the conversion ratio of Class B shares resulting from the Visa® litigation. In connection with the FirstMerit acquisition, Huntington acquired an additional Visa® related swap agreement. At June 30, 2017, the combined fair value of the swap liabilities of \$6 million is an estimate of the exposure liability based upon Huntington's assessment of the potential Visa® litigation losses and timing of litigation settlement.

## Financial assets and liabilities that are offset in the Unaudited Condensed Consolidated Balance Sheets

Huntington records derivatives at fair value as further described in Note 11.

Derivative balances are presented on a net basis taking into consideration the effects of legally enforceable master netting agreements. Additionally, collateral exchanged with counterparties is also netted against the applicable derivative fair values. Huntington enters into derivative transactions with two primary groups: broker-dealers and banks, and Huntington's customers. Different methods are utilized for managing counterparty credit exposure and credit risk for each of these groups.

Huntington enters into transactions with broker-dealers and banks for various risk management purposes. These types of transactions generally are high dollar volume. Huntington enters into bilateral collateral and master netting agreements with these counterparties, and routinely exchanges cash and high quality securities collateral. Huntington enters into transactions with customers to meet their financing, investing, payment and risk management needs. These types of transactions generally are low dollar volume. Huntington generally enters into master netting agreements with customer counterparties, however collateral is generally not exchanged.

At June 30, 2017 and December 31, 2016, aggregate credit risk associated with these derivatives, net of collateral that has been pledged by the counterparty, was \$44 million and \$26 million, respectively. The credit risk associated with interest rate swaps is calculated after considering master netting agreements with broker-dealers and banks.

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At June 30, 2017, Huntington pledged \$120 million of investment securities and cash collateral to counterparties, while other counterparties pledged \$53 million of investment securities and cash collateral to Huntington to satisfy collateral netting agreements. In the event of credit downgrades, Huntington would not be required to provide additional collateral.

The following tables present the gross amounts of these assets and liabilities with any offsets to arrive at the net amounts recognized in the Unaudited Condensed Consolidated Balance Sheets at June 30, 2017 and December 31, 2016:

## Offsetting of Financial Liabilities and Derivative Assets

(dollar amounts in thousands)	Gross amounts of recognized assets	Gross amounts offset in the condensed consolidated balance sheets	Net amounts of assets presented in the condensed consolidated balance sheets	Gross amounts not offset in the condensed consolidated balance sheets		Net amount
				Financial instruments	Cash collateral received	
June 30, 2017	Derivatives \$ 334,963	\$ (144,951 )	\$ 190,012	\$(5,009)	\$ (18,448 )	\$ 166,555
December 31, 2016	Derivatives 420,159	(181,940 )	238,219	(34,328 )	(5,428 )	198,463

## Offsetting of Financial Liabilities and Derivative Liabilities

(dollar amounts in thousands)	Gross amounts of recognized liabilities	Gross amounts offset in the condensed consolidated balance sheets	Net amounts of liabilities presented in the condensed consolidated balance sheets	Gross amounts not offset in the condensed consolidated balance sheets		Net amount
				Financial instruments	Cash collateral received	
June 30, 2017	Derivatives \$ 290,845	\$ (212,487 )	\$ 78,358	\$—	\$(24,348 )	\$ 54,010
December 31, 2016	Derivatives 370,647	(272,361 )	98,286	(7,500 )	(50,943 )	66,793

## 13. VIEs

## Consolidated VIEs

Consolidated VIEs at June 30, 2017, consisted of certain loan and lease securitization trusts. Huntington has determined the trusts are VIEs. Huntington has concluded that it is the primary beneficiary of these trusts because it has the power to direct the activities of the entity that most significantly affect the entity's economic performance and it has either the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE.

The following tables present the carrying amount and classification of the consolidated trusts' assets and liabilities that were included in the Unaudited Condensed Consolidated Balance Sheets at June 30, 2017 and December 31, 2016:

(dollar amounts in thousands)	June 30, 2017		
	Huntington Technology Funding Trust Series 2014A	Other Consolidated VIEs	Total
Assets:			
Cash	\$1,566	\$ —	\$1,566
Net loans and leases	43,039	—	43,039
Accrued income and other assets	—	271	271

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Total assets	\$44,605	\$ 271	\$44,876
Liabilities:			
Other long-term debt	\$36,040	\$ —	\$36,040
Accrued interest and other liabilities	—	271	271
Total liabilities	36,040	271	36,311
Equity:			
Beneficial Interest owned by third party	8,565	—	8,565
Total liabilities and equity	\$44,605	\$ 271	\$44,876

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(dollar amounts in thousands)	December 31, 2016		
	Huntington Technology Funding Trust Series 2014A	Other Consolidated VIEs	Total
<b>Assets:</b>			
Cash	\$1,564	\$ —	\$1,564
Net loans and leases	69,825	—	69,825
Accrued income and other assets	—	281	281
<b>Total assets</b>	<b>\$71,389</b>	<b>\$ 281</b>	<b>\$71,670</b>
<b>Liabilities:</b>			
Other long-term debt	\$57,494	\$ —	\$57,494
Accrued interest and other liabilities	—	281	281
<b>Total liabilities</b>	<b>57,494</b>	<b>281</b>	<b>57,775</b>
<b>Equity:</b>			
Beneficial Interest owned by third party	13,895	—	13,895
<b>Total liabilities and equity</b>	<b>\$71,389</b>	<b>\$ 281</b>	<b>\$71,670</b>

The loans and leases were designated to repay the securitized notes. Huntington services the loans and leases and uses the proceeds from principal and interest payments to pay the securitized notes during the amortization period.

Huntington has not provided financial or other support that was not previously contractually required.

**Unconsolidated VIEs**

The following tables provide a summary of the assets and liabilities included in Huntington's Unaudited Condensed Consolidated Financial Statements, as well as the maximum exposure to losses, associated with its interests related to unconsolidated VIEs for which Huntington holds an interest, but is not the primary beneficiary, to the VIE at June 30, 2017, and December 31, 2016:

(dollar amounts in thousands)	June 30, 2017		
	Total Assets	Total Liabilities	Maximum Exposure to Loss
2016-1 Automobile Trust	\$10,464	\$ —	\$ 10,464
2015-1 Automobile Trust	2,046	—	2,046
Trust Preferred Securities	13,919	252,568	—
Low Income Housing Tax Credit Partnerships	615,691	327,793	615,691
Other Investments	110,318	55,026	110,318
<b>Total</b>	<b>\$752,438</b>	<b>\$ 635,387</b>	<b>\$ 738,519</b>

(dollar amounts in thousands)	December 31, 2016		
	Total Assets	Total Liabilities	Maximum Exposure to Loss
2016-1 Automobile Trust	\$14,770	\$—	\$14,770
2015-1 Automobile Trust	2,227	—	2,227
Trust Preferred Securities	13,919	252,552	—
Low Income Housing Tax Credit Partnerships	576,880	292,721	576,880
Other Investments	79,195	42,316	79,195
<b>Total</b>	<b>\$686,991</b>	<b>\$ 587,589</b>	<b>\$ 673,072</b>

The following table provides a summary of automobile transfers to trusts in separate securitization transactions.

(dollar amounts in millions)	Year	Amount Transferred
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2016-1 Automobile Trust	2016 \$ 1,500
2015-1 Automobile Trust	2015 750

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The securitizations and the resulting sale of all underlying securities qualified for sale accounting. Huntington has concluded that it is not the primary beneficiary of these trusts because it has neither the obligation to absorb losses of the entities that could potentially be significant to the VIEs nor the right to receive benefits from the entities that could potentially be significant to the VIEs. Huntington is not required and does not currently intend to provide any additional financial support to the trusts. Investors and creditors only have recourse to the assets held by the trusts. The interest Huntington holds in the VIEs relates to servicing rights which are included within servicing rights of Huntington's Unaudited Consolidated Balance Sheets. The maximum exposure to loss is equal to the carrying value of the servicing asset. See Note 6 for more information.

**Trust Preferred Securities**

Huntington has certain wholly-owned trusts whose assets, liabilities, equity, income, and expenses are not included within Huntington's Unaudited Condensed Consolidated Financial Statements. These trusts have been formed for the sole purpose of issuing trust-preferred securities, from which the proceeds are then invested in Huntington junior subordinated debentures, which are reflected in Huntington's Unaudited Condensed Consolidated Balance Sheets as subordinated notes. The trust securities are the obligations of the trusts, and as such, are not consolidated within Huntington's Unaudited Condensed Consolidated Financial Statements. A list of trust preferred securities outstanding at June 30, 2017 follows:

(dollar amounts in thousands)	Rate	Principal amount of subordinated note/ debenture issued to trust (1)	Investment in unconsolidated subsidiary
Huntington Capital I	1.87% (2)	\$ 69,730	\$ 6,186
Huntington Capital II	1.87 (3)	32,093	3,093
Sky Financial Capital Trust III	2.70 (4)	72,165	2,165
Sky Financial Capital Trust IV	2.55 (4)	74,320	2,320
Camco Financial Trust	3.69 (5)	4,260	155
Total		\$ 252,568	\$ 13,919

(1) Represents the principal amount of debentures issued to each trust, including unamortized original issue discount.

(2) Variable effective rate at June 30, 2017, based on three-month LIBOR +0.70%.

(3) Variable effective rate at June 30, 2017, based on three-month LIBOR +0.625%.

(4) Variable effective rate at June 30, 2017, based on three-month LIBOR +1.40%.

(5) Variable effective rate at June 30, 2017, based on three-month LIBOR +1.33%.

Each issue of the junior subordinated debentures has an interest rate equal to the corresponding trust securities distribution rate. Huntington has the right to defer payment of interest on the debentures at any time, or from time-to-time for a period not exceeding five years provided that no extension period may extend beyond the stated maturity of the related debentures. During any such extension period, distributions to the trust securities will also be deferred and Huntington's ability to pay dividends on its common stock will be restricted. Periodic cash payments and payments upon liquidation or redemption with respect to trust securities are guaranteed by Huntington to the extent of funds held by the trusts. The guarantee ranks subordinate and junior in right of payment to all indebtedness of the Company to the same extent as the junior subordinated debt. The guarantee does not place a limitation on the amount of additional indebtedness that may be incurred by Huntington.

**Low Income Housing Tax Credit Partnerships**

Huntington makes certain equity investments in various limited partnerships that sponsor affordable housing projects utilizing the Low Income Housing Tax Credit (LIHTC) pursuant to Section 42 of the Internal Revenue Code. The purpose of these investments is to achieve a satisfactory return on capital, to facilitate the sale of additional affordable housing product offerings, and to assist in achieving goals associated with the Community Reinvestment Act. The primary activities of the limited partnerships include the identification, development, and operation of multi family housing that is leased to qualifying residential tenants. Generally, these types of investments are funded through a combination of debt and equity.

Huntington uses the proportional amortization method to account for all qualified investments in these entities. These investments are included in accrued income and other assets. Investments that do not meet the requirements of the

proportional amortization method are recognized using the equity method. Investment gains/losses related to these investments are included in noninterest-income in the Unaudited Condensed Consolidated Statements of Income.



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The following table presents the balances of Huntington's affordable housing tax credit investments and related unfunded commitments at June 30, 2017 and December 31, 2016:

(dollar amounts in thousands)	June 30, 2017	December 31, 2016
Affordable housing tax credit investments	\$942,769	\$ 877,237
Less: amortization	(327,078 )	(300,357 )
Net affordable housing tax credit investments	\$615,691	\$ 576,880
Unfunded commitments	\$327,793	\$ 292,721

The following table presents other information relating to Huntington's affordable housing tax credit investments for the three-month and six-month periods ended June 30, 2017 and 2016:

(dollar amounts in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Tax credits and other tax benefits recognized	\$22,671	\$18,150	\$45,955	\$36,434
Proportional amortization method				
Tax credit amortization expense included in provision for income taxes	17,220	12,499	34,182	24,905
Equity method				
Tax credit investment (gains) losses included in non-interest income	—	132	109	264

Huntington recognized immaterial impairment losses on tax credit investments during the three-month and six-month periods ended June 30, 2017 and 2016. The impairment losses recognized related to the fair value of the tax credit investments that were less than carrying value.

**Other Investments**

Other investments determined to be VIE's include investments in New Market Tax Credit Investments, Historic Tax Credit Investments, Small Business Investment Companies, Rural Business Investment Companies, certain equity method investments and other miscellaneous investments.

**14. COMMITMENTS AND CONTINGENT LIABILITIES****Commitments to extend credit**

In the ordinary course of business, Huntington makes various commitments to extend credit that are not reflected in the Unaudited Condensed Consolidated Financial Statements. The contract amounts of these financial agreements at June 30, 2017 and December 31, 2016, were as follows:

(dollar amounts in thousands)	June 30, 2017	December 31, 2016
Contract amount represents credit risk:		
Commitments to extend credit		
Commercial	\$15,684,661	\$15,190,056
Consumer	12,727,316	12,235,943
Commercial real estate	1,474,831	1,697,671
Standby letters-of-credit	559,903	637,182
Commercial letters-of-credit	11,952	4,610

Commitments to extend credit generally have fixed expiration dates, are variable-rate, and contain clauses that permit Huntington to terminate or otherwise renegotiate the contracts in the event of a significant deterioration in the customer's credit quality. These arrangements normally require the payment of a fee by the customer, the pricing of which is based on prevailing market conditions, credit quality, probability of funding, and other relevant factors. Since many of these commitments are expected to expire without being drawn upon, the contract amounts are not necessarily indicative of future cash requirements. The interest rate risk arising from these financial instruments is insignificant as a result of their predominantly short-term, variable-rate nature.



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Standby letters-of-credit are conditional commitments issued to guarantee the performance of a customer to a third party. These guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. Most of these arrangements mature within two years. The carrying amount of deferred revenue associated with these guarantees was \$8 million and \$8 million at June 30, 2017 and December 31, 2016, respectively.

Commercial letters-of-credit represent short-term, self-liquidating instruments that facilitate customer trade transactions and generally have maturities of no longer than 90 days. The goods or cargo being traded normally secures these instruments.

### Commitments to sell loans

Activity related to our mortgage origination activity supports the hedging of the mortgage pricing commitments to customers and the secondary sale to third parties. At June 30, 2017 and December 31, 2016, Huntington had commitments to sell residential real estate loans of \$1.1 billion and \$0.8 billion, respectively. These contracts mature in less than one year.

### Litigation

The nature of Huntington's business ordinarily results in a certain amount of pending as well as threatened claims, litigation, investigations, regulatory and legal and administrative cases, matters and proceedings, all of which are considered incidental to the normal conduct of business. When the Company determines it has meritorious defenses to the claims asserted, it vigorously defends itself. The Company considers settlement of cases when, in Management's judgment, it is in the best interests of both the Company and its shareholders to do so.

On at least a quarterly basis, Huntington assesses its liabilities and contingencies in connection with threatened and outstanding legal cases, matters and proceedings, utilizing the latest information available. For cases, matters and proceedings where it is both probable the Company will incur a loss and the amount can be reasonably estimated, Huntington establishes an accrual for the loss. Once established, the accrual is adjusted as appropriate to reflect any relevant developments. For cases, matters or proceedings where a loss is not probable or the amount of the loss cannot be estimated, no accrual is established.

In certain cases, matters and proceedings, exposure to loss exists in excess of the accrual to the extent such loss is reasonably possible, but not probable. Management believes an estimate of the aggregate range of reasonably possible losses, in excess of amounts accrued, for current legal proceedings is up to \$70 million at June 30, 2017. For certain other cases, and matters, Management cannot reasonably estimate the possible loss at this time. Any estimate involves significant judgment, given the varying stages of the proceedings (including the fact that many of them are currently in preliminary stages), the existence of multiple defendants in several of the current proceedings whose share of liability has yet to be determined, the numerous unresolved issues in many of the proceedings, and the inherent uncertainty of the various potential outcomes of such proceedings. Accordingly, Management's estimate will change from time-to-time, and actual losses may be more or less than the current estimate. \$0

While the final outcome of legal cases, matters, and proceedings is inherently uncertain, based on information currently available, advice of counsel, and available insurance coverage, Management believes that the amount it has already accrued is adequate and any incremental liability arising from the Company's legal cases, matters, or proceedings will not have a material negative adverse effect on the Company's consolidated financial position as a whole. However, in the event of unexpected future developments, it is possible that the ultimate resolution of these cases, matters, and proceedings, if unfavorable, may be material to the Company's consolidated financial position in a particular period.

*Meoli v. The Huntington National Bank (Cyberco Litigation).* The Bank has been named a defendant in a lawsuit arising from the Bank's commercial lending, depository, and equipment leasing relationships with Cyberco Holdings, Inc. (Cyberco), based in Grand Rapids, Michigan. In November 2004, an equipment leasing fraud was uncovered, whereby Cyberco sought financing from equipment lessors and financial institutions, including Huntington, allegedly to purchase computer equipment from Teleservices Group, Inc. (Teleservices). Cyberco created fraudulent documentation to close the financing transactions when, in fact, no computer equipment was ever purchased or leased from Teleservices, which later proved to be a shell corporation. Bankruptcy proceedings for both Cyberco and Teleservices later ensued.

On September 28, 2015, adopting the bankruptcy court's recommendation, the U.S. District Court for the Western District of Michigan entered a judgment against Huntington in the amount of \$72 million plus costs and pre- and post-judgment interest. Huntington increased its legal reserve by approximately \$38 million to fully accrue for the amount of the judgment in the third quarter of 2015 while appealing the decision to the U.S. Sixth Circuit Court of Appeals. On February 8, 2017, the appellate court reversed the district court decision in part and remanded the case to the district court for further proceedings. Consistent with its reading of the appellate court opinion, Huntington decreased its legal reserve by approximately \$42 million in the fourth quarter of 2016.

*Powell v. Huntington National Bank.* Huntington is a defendant in a class action filed on October 15, 2013 alleging Huntington charged late fees on mortgage loans in a method that violated West Virginia law and the loan documents. Plaintiffs

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seek statutory civil penalties, compensatory damages and attorney's fees. Huntington filed a motion for summary judgment on the plaintiffs' claims, which was granted by the U.S. District Court on December 28, 2016. Plaintiffs have filed a notice of appeal to the U.S. Fourth Circuit Court of Appeals and the appeal has been briefed. Oral arguments are scheduled for October 2017.

**FirstMerit Overdraft Litigation.** Commencing in December 2010, two separate lawsuits were filed in the Summit County Court of Common Pleas and the Lake County Court of Common Pleas against FirstMerit. The complaints were brought as class actions on behalf of Ohio residents who maintained a checking account at FirstMerit and who incurred one or more overdraft fees as a result of the alleged re-sequencing of debit transactions. The parties have reached a global settlement for approximately \$9 million cash to a common fund plus an additional \$7 million in debt forgiveness. Attorneys' fees will be paid from the fund, with any remaining funds going to charity. FirstMerit's insurer has reimbursed Huntington 49% of the approximately \$9 million, which totals approximately \$4.4 million. The court preliminarily approved the settlement on December 5, 2016 and the cash portion of the settlement was funded on December 12, 2016. The settlement received final approval on June 2, 2017 and there has been no appeal, so the settlement is final. The settlement administrator is in the process of assessing claims and it is anticipated claims will be paid from the settlement fund in the third quarter of 2017.

#### 15. SEGMENT REPORTING

Our business segments are based on our internally-aligned segment leadership structure, which is how we monitor results and assess performance. We have four major business segments: Consumer and Business Banking, Commercial Banking, Commercial Real Estate and Vehicle Finance (CREVF), Regional Banking and The Huntington Private Client Group, and (RBHPCG). The Treasury / Other function includes our technology and operations, other unallocated assets, liabilities, revenue, and expense.

Business segment results are determined based upon our management reporting system, which assigns balance sheet and income statement items to each of the business segments. The process is designed around our organizational and management structure and, accordingly, the results derived are not necessarily comparable with similar information published by other financial institutions. Additionally, because of the interrelationships of the various segments, the information presented is not indicative of how the segments would perform if they operated as independent entities. Revenue is recorded in the business segment responsible for the related product or service. Fee sharing is recorded to allocate portions of such revenue to other business segments involved in selling to, or providing service to customers. Results of operations for the business segments reflect these fee sharing allocations.

The management accounting process that develops the business segment reporting utilizes various estimates and allocation methodologies to measure the performance of the business segments. Expenses are allocated to business segments using a two-phase approach. The first phase consists of measuring and assigning unit costs (activity-based costs) to activities related to product origination and servicing. These activity-based costs are then extended, based on volumes, with the resulting amount allocated to business segments that own the related products. The second phase consists of the allocation of overhead costs to all four business segments from Treasury / Other. We utilize a full-allocation methodology, where all Treasury / Other expenses, except reported Significant Items, and a small amount of other residual unallocated expenses, are allocated to the four business segments.

The management accounting policies and processes utilized in compiling segment financial information are highly subjective and, unlike financial accounting, are not based on authoritative guidance similar to GAAP. As a result, reported segment results are not necessarily comparable with similar information reported by other financial institutions. Furthermore, changes in management structure or allocation methodologies and procedures result in changes in reported segment

financial data. Accordingly, certain amounts have been reclassified to conform to the current period presentation. We use an active and centralized Funds Transfer Pricing (FTP) methodology to attribute appropriate income to the business segments. The intent of the FTP methodology is to transfer interest rate risk from the business segments by providing matched duration funding of assets and liabilities. The result is to centralize the financial impact, management, and reporting of interest rate risk in the Treasury / Other function where it can be centrally monitored and managed. The Treasury / Other function charges (credits) an internal cost of funds for assets held in (or pays for funding provided by) each business segment. The FTP rate is based on prevailing market interest rates for comparable

duration assets (or liabilities).

We announced a change within our executive leadership team, which became effective during the 2017 second quarter. As a result, the previously reported Home Lending segment is now included as an operating unit in the Consumer and Business Banking segment. Additionally, the Insurance operating unit previously included in Commercial Banking was realigned to RBHPCG during the quarter. Prior period results have been reclassified to conform to the current period presentation.

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Consumer and Business Banking - The Consumer and Business Banking segment, including Home Lending, provides a wide array of financial products and services to consumer and small business customers including but not limited to checking accounts, savings accounts, money market accounts, certificates of deposit, mortgage loans, consumer loans, credit cards, and small business loans and investment products. Other financial services available to consumer and small business customers include mortgages, insurance, interest rate risk protection, foreign exchange, and treasury management. Business Banking is defined as serving companies with revenues up to \$20 million and consists of approximately 254,000 businesses. Home Lending supports origination and servicing of consumer loans and mortgages for customers who are generally located in our primary banking markets across all segments.

Commercial Banking - Through a relationship banking model, this segment provides a wide array of products and services to the middle market, large corporate, and government public sector customers located primarily within our geographic footprint. The segment is divided into six business units: middle market, large corporate, specialty banking, asset finance, capital markets and treasury management.

Commercial Real Estate and Vehicle Finance - This segment provides lending and other banking products and services to customers outside of our traditional retail and commercial banking segments. Our products and services include providing financing for the purchase of automobiles, light-duty trucks, recreational vehicles and marine craft at franchised dealerships, financing the acquisition of new and used vehicle inventory of franchised automotive dealerships, and financing for land, buildings, and other commercial real estate owned or constructed by real estate developers, automobile dealerships, or other customers with real estate project financing needs. Products and services are delivered through highly specialized relationship-focused bankers and product partners.

Regional Banking and The Huntington Private Client Group - The core business of The Huntington Private Client Group is The Huntington Private Bank, which consists of Private Banking, Wealth & Investment Management, and Retirement plan services. The Huntington Private Bank provides high net-worth customers with deposit, lending (including specialized lending options), and banking services. The Huntington Private Bank delivers wealth management and legacy planning through investment and portfolio management, fiduciary administration, and trust services. This group also provides retirement plan services to corporate businesses. The Huntington Private Client Group provides corporate trust services and institutional and mutual fund custody services and insurance services.

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Listed below is certain operating basis financial information reconciled to Huntington's June 30, 2017, December 31, 2016, and June 30, 2016, reported results by business segment:

Income Statements (dollar amounts in thousands)	Three Months Ended June 30,					
	Consumer & Business Banking	Commercial Banking	CREVF	RBHPCG	Treasury / Other	Huntington Consolidated
2017						
Net interest income	\$420,210	\$168,814	\$140,367	\$48,749	\$(33,628)	\$744,512
Provision for (reduction in allowance) credit losses	17,000	(10,339)	20,793	(2,477)	1	24,978
Noninterest income	184,199	59,926	12,559	46,385	22,149	325,218
Noninterest expense	412,400	101,184	55,946	60,885	63,949	694,364
Income taxes	61,253	48,263	26,665	12,854	(70,388)	78,647
Net income	\$113,756	\$89,632	\$49,522	\$23,872	\$(5,041)	\$271,741
2016						
Net interest income	\$284,896	\$106,971	\$95,617	\$35,499	\$(17,102)	\$505,881
Provision for (reduction in allowance) credit losses	20,848	(5,630)	9,740	(448)	(1)	24,509
Noninterest income	152,242	51,158	10,640	40,097	16,975	271,112
Noninterest expense	310,924	80,842	41,185	53,757	36,953	523,661
Income taxes	36,879	29,021	19,366	7,801	(38,784)	54,283
Net income	\$68,487	\$53,896	\$35,966	\$14,486	\$1,705	\$174,540
Income Statements (dollar amounts in thousands)	Six Months Ended June 30,					
	Consumer & Business Banking	Commercial Banking	CREVF	RBHPCG	Treasury / Other	Huntington Consolidated
2017						
Net interest income	\$828,936	\$343,285	\$279,700	\$95,492	\$(72,926)	\$1,474,487
Provision for credit losses	50,181	11,798	30,342	295	—	92,616
Noninterest income	354,970	117,573	23,768	94,395	46,975	637,681
Noninterest expense	824,048	201,382	108,635	123,934	143,787	1,401,786
Income taxes	108,387	86,687	57,572	22,980	(137,695)	137,931
Net income	\$201,290	\$160,991	\$106,919	\$42,678	\$(32,043)	\$479,835
2016						
Net interest income	\$562,423	\$212,240	\$191,214	\$70,503	\$(27,433)	\$1,008,947
Provision for (reduction in allowance) credit losses	30,750	29,423	(6,909)	(1,173)	—	52,091
Noninterest income	284,002	95,484	17,950	79,403	36,140	512,979
Noninterest expense	616,981	159,050	80,922	109,172	48,616	1,014,741
Income taxes	69,543	41,738	47,303	14,667	(64,011)	109,240
Net income	\$129,151	\$77,513	\$87,848	\$27,240	\$24,102	\$345,854
(dollar amounts in thousands)	Assets at	Deposits at				
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016		
Consumer & Business Banking	\$25,820,232	\$25,332,635	\$45,971,574	\$45,355,745		
Commercial Banking	24,021,962	24,121,689	17,867,356	18,053,208		



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CREVF	24,431,788	23,576,832	1,943,670	1,893,072
RBHPCG	5,570,436	5,327,622	5,882,745	6,214,250
Treasury / Other	21,562,361	21,355,319	4,268,028	4,091,442
Total	\$101,406,779	\$99,714,097	\$75,933,373	\$75,607,717

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Item 3: Quantitative and Qualitative Disclosures about Market Risk

Quantitative and qualitative disclosures for the current period can be found in the Market Risk section of this report, which includes changes in market risk exposures from disclosures presented in Huntington's 2016 Form 10-K.

Item 4: Controls and Procedures

Disclosure Controls and Procedures

Huntington maintains disclosure controls and procedures designed to ensure that the information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, are recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Huntington's Management, with the participation of its Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of Huntington's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon such evaluation, Huntington's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, Huntington's disclosure controls and procedures were effective.

There have not been any changes in Huntington's internal controls over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, Huntington's internal controls over financial reporting.

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**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 1: Legal Proceedings**

Information required by this item is set forth in Note 14 of the Notes to Unaudited Condensed Consolidated Financial Statements included in Item 1 of this report and incorporated herein by reference.

**Item 1A: Risk Factors**

Information required by this item is set forth in Part 1 Item 2- Management's Discussion and Analysis of Financial Condition and Results of Operations of this report and incorporated herein by reference.

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## Item 6. Exhibits

## Exhibit Index

This report incorporates by reference the documents listed below that we have previously filed with the SEC. The SEC allows us to incorporate by reference information in this document. The information incorporated by reference is considered to be a part of this document, except for any information that is superseded by information that is included directly in this document.

This information may be read and copied at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. The SEC also maintains an Internet web site that contains reports, proxy statements, and other information about issuers, like us, who file electronically with the SEC. The address of the site is <http://www.sec.gov>. The reports and other information filed by us with the SEC are also available at our Internet web site. The address of the site is <http://www.huntington.com>. Except as specifically incorporated by reference into this Quarterly Report on Form 10-Q, information on those web sites is not part of this report. You also should be able to inspect reports, proxy statements, and other information about us at the offices of the NASDAQ National Market at 33 Whitehall Street, New York, New York.

Exhibit Number	Document Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference
3.1	Articles of Restatement of Charter.	Annual Report on Form 10-K for the year ended December 31, 1993	000-02525	3 (i)
3.2	Articles of Amendment to Articles of Restatement of Charter.	Current Report on Form 8-K dated May 31, 2007	000-02525	3.1
3.3	Articles of Amendment to Articles of Restatement of Charter.	Current Report on Form 8-K dated May 7, 2008	000-02525	3.1
3.4	Articles of Amendment to Articles of Restatement of Charter.	Current Report on Form 8-K dated April 27, 2010	001-34073	3.1
3.5	Articles Supplementary of Huntington Bancshares Incorporated, as of April 22, 2008.	Current Report on Form 8-K dated April 22, 2008	000-02525	3.1
3.6	Articles Supplementary of Huntington Bancshares Incorporated, as of April 22, 2008.	Current Report on Form 8-K dated April 22, 2008	000-02525	3.2
3.7	Articles Supplementary of Huntington Bancshares Incorporated, as of November 12, 2008.	Current Report on Form 8-K dated November 12, 2008	001-34073	3.1
3.8	Articles Supplementary of Huntington Bancshares Incorporated, as of December 31, 2006.	Annual Report on Form 10-K for the year ended December 31, 2006	000-02525	3.4
3.9	Articles Supplementary of Huntington Bancshares Incorporated, as of December 28, 2011.	Current Report on Form 8-K dated December 28, 2011.	001-34073	3.1

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3.10	Articles Supplementary of Huntington Bancshares Incorporated, as of March 18, 2016.	Current Report on Form 8-K dated March 21, 2016.	001-34073	3.1
3.11	Articles Supplementary of Huntington Bancshares Incorporated, as of May 3, 2016.	Current Report on Form 8-K dated May 5, 2016.	001-34073	3.2
3.12	Articles Supplementary of Huntington Bancshares Incorporated, effective as of August 15, 2016.	Registration Statement on Form 8-A dated August 15, 2016	001-34073	3.12
3.13	Bylaws of Huntington Bancshares Incorporated, as amended and restated, as of July 19, 2017.	Current Report on Form 8-K dated July 21, 2017	001-34073	3.1

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Instruments defining the Rights of Security Holders—reference is made to Articles Fifth, Eighth, and Tenth  
4.1 of Articles of Restatement of Charter, as amended and supplemented. Instruments defining the rights of  
holders of long-term debt will be furnished to the Securities and Exchange Commission upon request.

10.2 \* Corrected First Amendment to the 2015 Long-Term Incentive Plan

31.1 \*\*Rule 13a-14(a) Certification – Chief Executive Officer.

31.2 \*\*Rule 13a-14(a) Certification – Chief Financial Officer.

32.1 \*\*\*Section 1350 Certification – Chief Executive Officer.

32.2 \*\*\*Section 1350 Certification – Chief Financial Officer.

101 \*\*The following material from Huntington’s Form 10-Q Report for the quarterly period ended June 30,  
2017, formatted in XBRL: (1) Unaudited Condensed Consolidated Balance Sheets, (2) Unaudited  
Condensed Consolidated Statements of Income, (3) Unaudited Condensed Consolidated Statements of  
Comprehensive Income (4) Unaudited Condensed Consolidated Statement of Changes in Shareholders’  
Equity, (5) Unaudited Condensed Consolidated Statements of Cash Flows, and (6) the Notes to Unaudited  
Condensed Consolidated Financial Statements.

\* Denotes management contract or compensatory plan or arrangement

\*\* Filed herewith

\*\*\*Furnished herewith

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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: July 31, 2017 /s/ Stephen D. Steinour  
Stephen D. Steinour  
Chairman, Chief Executive Officer and President

Date: July 31, 2017 /s/ Howell D. McCullough III  
Howell D. McCullough III  
Chief Financial Officer