HUNTINGTON BANCSHARES INC/MD
Form 10-Q
August 04, 2015
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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, 2015

Commission File Number 1-34073

Huntington Bancshares Incorporated

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

41 South High Street, Columbus, Ohio 43287

Registrant s telephone number (614) 480-8300

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. x 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). x 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	x	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

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

There were 803,065,757 shares of Registrant s common stock ($0.01 par value) outstanding on June 30, 2015.

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HUNTINGTON BANCSHARES INCORPORATED

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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:

ABL	Asset Based Lending
ACL	Allowance for Credit Losses
AFCRE	Automobile Finance and Commercial Real Estate
AFS	Available-for-Sale
ALCO	Asset-Liability Management Committee
ALLL	Allowance for Loan and Lease Losses
ARM	Adjustable Rate Mortgage
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
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
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
CFTC	Commodity Futures Trading Commission
CMO	Collateralized Mortgage Obligations
CRE	Commercial Real Estate
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
DTA/DTL	Deferred Tax Asset/Deferred Tax Liability
EFT	Electronic Fund Transfer
EPS	Earnings Per Share
EVE	Economic Value of Equity
FASB	Financial Accounting Standards Board
Fannie Mae	(see FNMA)
FDIC	Federal Deposit Insurance Corporation
FDICIA	Federal Deposit Insurance Corporation Improvement Act of 1991
FHA	Federal Housing Administration
FHLB	Federal Home Loan Bank

FHLMC	Federal Home Loan Mortgage Corporation
FICO	Fair Isaac Corporation
FNMA	Federal National Mortgage Association
FRB	Federal Reserve Bank
Freddie Mac	(see FHLMC)
FTE	Fully-Taxable Equivalent
FTP	Funds Transfer Pricing
GAAP	Generally Accepted Accounting Principles in the United States of America
GNMA	Government National Mortgage Association, or Ginnie Mae
HAMP	Home Affordable Modification Program

HARP	Home Affordable Refinance Program
HIP	Huntington Investment and Tax Savings Plan
HQLA	High Quality Liquid Asset
HTM	Held-to-Maturity
HTF	Huntington Technology Finance (formerly Macquarie)
IRS	Internal Revenue Service
LCR	Liquidity Coverage Ratio
LIBOR	London Interbank Offered Rate
LGD	Loss-Given-Default
LIHTC	Low Income Housing Tax Credit
LTV	Loan to Value
Macquarie	Macquarie Equipment Finance, Inc. (U.S. operations)
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
NCO	Net Charge-off
NIM	Net Interest Margin
NPA	Nonperforming Asset
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
Plan	Huntington Bancshares Retirement Plan
Problem Loans	Includes nonaccrual loans and leases (Table 15), troubled debt restructured loans (Table 16), accruing loans and leases past due 90 days or more (aging analysis section of Footnote 3), and Criticized commercial loans (credit quality indicators section of Footnote 3).
RBHPCG	Regional Banking and The Huntington Private Client Group
RCSA	Risk and Control Self-Assessments
REIT	Real Estate Investment Trust

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
SSFA	Simplified Supervisory Formula Approach
TCE	Tangible Common Equity
TDR	Troubled Debt Restructured Loan

U.S. Treasury	U.S. Department of the Treasury
UCS	Uniform Classification System
UDAP	Unfair or Deceptive Acts or Practices
UPB	Unpaid Principal Balance
USDA	U.S. Department of Agriculture
VIE	Variable Interest Entity
XBRL	eXtensible Business Reporting Language

PART I. FINANCIAL INFORMATION

When we refer to we , our , and us 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 149 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, equipment leasing, investment management, trust services, brokerage services, insurance service programs, and other financial products and services. Our 735 branches are located in Ohio, Michigan, Pennsylvania, Indiana, West Virginia, and Kentucky. Selected financial services and other activities are also conducted in various other states. International banking services are available through the headquarters office in Columbus, Ohio and a limited purpose office located in the Cayman Islands and another limited purpose office located in Hong Kong. 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 2014 Form 10-K should be read in conjunction with this MD&A as this discussion provides only material updates to the 2014 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.

Our discussion is divided into key segments:

Executive Overview Provides a summary of our current financial performance and business overview, including our thoughts on the impact of the economy, legislative and regulatory initiatives, and recent industry developments. This section also provides our outlook regarding our expectations for the next several quarters.

Discussion of Results of Operations Reviews financial performance from a consolidated Company perspective. It also includes a Significant Items section that summarizes key issues helpful for understanding performance trends. Key consolidated average balance sheet and income statement trends are also discussed in this section.

Risk Management and Capital Discusses credit, market, liquidity, operational, and compliance risks, including how these are managed, as well as performance trends. It also includes a discussion of liquidity policies, how we obtain funding, and related performance. In addition, there is a discussion of guarantees and / or commitments made for items such as standby letters of credit and commitments to sell loans, and a discussion that reviews the adequacy of capital, including regulatory capital requirements.

Business Segment Discussion Provides an overview of financial performance for each of our major business segments and provides additional discussion of trends underlying consolidated financial performance.

Additional Disclosures Provides comments on important matters including forward-looking statements, critical accounting policies and use of significant estimates, and recent accounting pronouncements and developments.

A reading of each section is important to understand fully the nature of our financial performance and prospects.

EXECUTIVE OVERVIEW

Summary of 2015 Second Quarter Results Compared to 2014 Second Quarter

For the quarter, we reported net income of $196.2 million, or $0.23 per common share, compared with $164.6 million, or $0.19 per common share, in the year-ago quarter (*see Table 1*).

Fully-taxable equivalent net interest income was $498.6 million, up $32.0 million, or 7%. The results reflected the benefit from a $5.5 billion, or 10%, increase in average earning assets, partially offset by an 8 basis point reduction in the net interest margin to 3.20%. Average earning asset growth included a $2.9 billion, or 6%, increase in average loans and leases, a $1.6 billion, or 14%, increase in average securities, and a $1.0 billion increase in average loans held-for-sale. The NIM contraction reflected an 8 basis point decrease related to the mix and yield of earning assets and a 2 basis point increase in funding costs, partially offset by a 2 basis point increase in the benefit from noninterest-bearing funds. While not affecting average balances, $0.8 billion of bank-level senior debt was issued at the end of the 2015 second quarter.

The provision for credit losses was $20.4 million, down $9.0 million, or 31%. NCOs were $25.4 million, down $3.3 million, or 11%. NCOs represented an annualized 0.21% of average loans and leases in the current quarter down from 0.25%. We remain pleased with the net charge-off performance across the entire portfolio. Consumer credit metrics continue to show an improving trend, while the commercial portfolios continue to experience some quarter-to-quarter volatility.

Noninterest income was $281.8 million, up $31.7 million, or 13%. The increase primarily reflected an increase in mortgage banking income of $15.8 million, or 70%, including an increase in origination and secondary marketing revenues, reflecting a higher gain on sale margin, and a net benefit from MSR hedging activities. In addition, other noninterest income increased $8.6 million, or 24%, primarily reflecting equipment operating lease income related to Macquarie Equipment Finance, which we have re-branded Huntington Technology Finance (HTF). Also, gain on sale of loans increased $8.5 million, or 218%, including the $5.3 million gain from the $0.8 billion automobile loan securitization and sale completed in the 2015 second quarter.

Noninterest expense was $491.8 million, up $33.1 million, or 7%. The increase primarily reflected an increase in personnel costs of $21.5 million, or 8%, reflecting the May implementation of annual merit increases, the addition of HTF employees, and an increase in benefits expense. In addition, other noninterest expense increased $7.8 million, or 23%, primarily reflecting operating lease expense related to HTF.

The tangible common equity to tangible assets ratio was 7.91% at June 30, 2015, down 47 basis points. On a Basel III transitional basis, the regulatory common equity tier 1 (CET1) risk-based capital ratio was 9.65% at June 30, 2015, and the regulatory tier 1 risk-based capital ratio was 10.41%. On a Basel I basis, the tier 1 common risk-based capital ratio was 10.26% at June 30, 2014, and the regulatory tier 1 risk-based capital ratio was 11.56%. All capital ratios were impacted by the repurchase of 22.8 million common shares over the last four 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 relationships across all business segments, (4) continue to strengthen risk management and reduce volatility, and (5) maintain strong capital and liquidity positions.

We reported good quarterly earnings that are increasingly being driven by our differentiated strategy and disciplined execution. Total revenue increased 9% year-over-year with net interest income and fee income contributing meaningfully to revenue performance. We received an immediate benefit to our earnings from HTF, while robust mortgage lending volume drove growth in mortgage banking income. Our capital markets and treasury management businesses, among others, also produced strong results.

The success we are seeing on the revenue front provides us the important opportunity to invest further in our business, though we continue to pace these investments to ensure attainment of full-year positive operating leverage. We also remain pleased with the credit performance of our portfolio.

Economy

Our regional economy has experienced strong growth, generally in line with or exceeding the national average. Economic and employment growth in some of our large metro areas has been well above the national average. Resulting in part from cyclically high vehicle sales and production, economic growth has been especially strong in Michigan and Indiana. Ohio s diverse economy should benefit from a strong services sector and rising domestic demand for automobiles and other Ohio produced products. The diverse economies of Pennsylvania and Kentucky are fundamentally strong and expected to continue solid growth into next year.

Low energy prices are generally a net benefit to the large manufacturing economies of Michigan, Ohio and Indiana, as much of the manufacturing in these areas has high petroleum inputs. However, low energy prices have been more challenging for high energy production areas. These areas are generally concentrated in localities in Eastern Ohio, Western Pennsylvania and especially in West Virginia where low coal prices have had a relatively large macroeconomic impact.

Home purchase prices are rising in our footprint states and the nation. In addition, office vacancy rates in our largest MSAs continue to improve. Further, industrial vacancy rates in most of our largest footprint MSAs have been below the national average, reflecting generally healthy industrial real estate markets.

Legislative and Regulatory

Regulatory reforms continue to be adopted, including the 2015 first quarter implementation of the Basel III regulatory capital requirements.

Basel III Regulatory Capital Requirements In 2013, the Federal Reserve voted to adopt final capital rules implementing Basel III requirements for U.S. Banking organizations, which were effective for us beginning January 1, 2015. The final rules establish an integrated regulatory capital framework and implement in the United States the Basel III regulatory capital reforms from the Basel Committee on Banking Supervision and certain changes required by the Dodd-Frank Act. Consistent with the international Basel framework, the final rule includes a new regulatory minimum ratio of common equity tier 1 capital to risk-weighted assets. The rule also raises the minimum ratio of tier 1 capital to risk-weighted assets and includes a minimum leverage ratio of 4%. The Basel III capital rules establish two methodologies for calculating risk-weighted assets, the advanced and standardized approaches. We are subject to the standardized approach for calculating risk-weighted assets. The implementation of the Basel III capital requirements is transitional and phases-in through the end of 2018.

Conforming Covered Activities to Implement the Volcker Rule On December 10, 2013, the Federal Reserve, the OCC, the FDIC, the CFTC and the SEC issued final rules to implement the Volcker Rule contained in section 619 of the Dodd-Frank Act, and established July 21, 2015, as the end of the conformance period. The Volcker Rule prohibits an insured depository institution and any company that controls an insured depository institution (such as a bank holding company), and any of their subsidiaries and affiliates (referred to as banking entities) from: (i) engaging in proprietary trading and (ii) investing in or sponsoring certain types of funds (covered funds) subject to certain limited exceptions. These prohibitions impact the ability of U.S. banking entities to provide investment management products and services that are competitive with nonbanking firms generally and with non-U.S. banking organizations in overseas markets. The rule also effectively prohibits short-term trading strategies by any U.S. banking entity if those strategies involve instruments other than those specifically permitted for trading. Because the Company has over $50 billion in assets, it is subject to Volcker enhanced compliance requirements. As such the company has completed Volcker Rule due diligence, built its compliance program, and implemented training and on-going reporting requirements. Huntington believes it has achieved required conformance on July 21, 2015 and will deliver the required attestation on or before March 31, 2016.

Expectations 2015

We are bullish about the Midwest economy creating increasing opportunities for us with both our consumer and business customers. We saw momentum build across our businesses as loan and deposit growth accelerated in the back half of the quarter and our pipelines grew. We will continue to grow our loan portfolio prudently while remaining aligned with our aggregate moderate-to-low risk appetite. We also will deliver full-year positive operating leverage as we balance investment in the businesses for the long term, including digital technology, data analytics, and in-store branches, with the near-term revenue outlook.

The commitment to positive operating leverage for full-year 2015, excluding Significant Items and net MSR activity, is both inclusive and exclusive of the impact of HTF. We continue to expect noninterest expense growth of 2-4% for the year, excluding Significant Items and the recurring expense related to HTF. On a reported basis, we expect quarterly noninterest expense will remain near the 2015 second quarter level for the remainder of 2015.

Overall, asset quality metrics are expected to remain near current levels across the portfolio. Moderate quarterly volatility is expected given the absolute low level of problem assets and credit costs. We anticipate NCOs will remain within or below our long-term normalized range of 35 to 55 basis points.

The effective tax rate for the remainder of 2015 is expected to be in the range of 24% to 27%.

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.

Table 1 Selected Quarterly Income Statement Data (1)

	2015		2014		
(dollar amounts in thousands, except per share amounts)	Second	First	Fourth	Third	Second
Interest income	$ 529,795	$ 502,096	$ 507,625	$ 501,060	$ 495,322
Interest expense	39,109	34,411	34,373	34,725	35,274
Net interest income	490,686	467,685	473,252	466,335	460,048
Provision for credit losses	20,419	20,591	2,494	24,480	29,385
Net interest income after provision for credit losses	470,267	447,094	470,758	441,855	430,663
Service charges on deposit accounts	70,118	62,220	67,408	69,118	72,633
Trust services	26,550	29,039	28,781	28,045	29,581
Electronic banking	30,259	27,398	27,993	27,275	26,491
Mortgage banking income	38,518	22,961	14,030	25,051	22,717
Brokerage income	15,184	15,500	16,050	17,155	17,905
Insurance income	17,637	15,895	16,252	16,729	15,996
Bank owned life insurance income	13,215	13,025	14,988	14,888	13,865
Capital markets fees	13,192	13,905	13,791	10,246	10,500
Gain on sale of loans	12,453	4,589	5,408	8,199	3,914
Securities gains (losses)	82		(104)	198	490
Other income	44,565	27,091	28,681	30,445	35,975
Total noninterest income	281,773	231,623	233,278	247,349	250,067
Personnel costs	282,135	264,916	263,289	275,409	260,600
Outside data processing and other services	58,508	50,535	53,685	53,073	54,338
Net occupancy	28,861	31,020	31,565	34,405	28,673
Equipment	31,694	30,249	31,981	30,183	28,749
Professional services	12,593	12,727	15,665	13,763	17,896
Marketing	15,024	12,975	12,466	12,576	14,832
Deposit and other insurance expense	11,787	10,167	13,099	11,628	10,599
Amortization of intangibles	9,960	10,206	10,653	9,813	9,520
Other expense	41,215	36,062	50,868	39,468	33,429
Total noninterest expense	491,777	458,857	483,271	480,318	458,636
Income before income taxes	260,263	219,860	220,765	208,886	222,094
Provision for income taxes	64,057	54,006	57,151	53,870	57,475
Net income	$ 196,206	$ 165,854	$ 163,614	$ 155,016	$ 164,619
Dividends on preferred shares	7,968	7,965	7,963	7,964	7,963
Net income applicable to common shares	$ 188,238	$ 157,889	$ 155,651	$ 147,052	$ 156,656

Average common shares basic	**806,891**	**809,778**	811,967	816,497	821,546
Average common shares diluted	**820,238**	**823,809**	825,338	829,623	834,687
Net income per common share basic	**$ 0.23**	**$ 0.19**	$ 0.19	$ 0.18	$ 0.19
Net income per common share diluted	**0.23**	**0.19**	0.19	0.18	0.19
Cash dividends declared per common share	**0.06**	**0.06**	0.06	0.05	0.05
Return on average total assets	**1.16%**	**1.02%**	1.00%	0.97%	1.07%
Return on average common shareholders equity	**12.3**	**10.6**	10.3	9.9	10.8
Return on average tangible common shareholders equity (2)	**14.4**	**12.2**	11.9	11.4	12.4
Net interest margin (3)	**3.20**	**3.15**	3.18	3.20	3.28
Efficiency ratio (4)	**61.7**	**63.5**	66.2	65.3	62.7
Effective tax rate	**24.6**	**24.6**	25.9	25.8	25.9
Revenue FTE					
Net interest income	**$ 490,686**	**$ 467,685**	$ 473,252	$ 466,335	$ 460,048
FTE adjustment	**7,962**	**7,560**	7,522	7,506	6,637
Net interest income (3)	**498,648**	**475,245**	480,774	473,841	466,685
Noninterest income	**281,773**	**231,623**	233,278	247,349	250,067
Total revenue (3)	**$ 780,421**	**$ 706,868**	$ 714,052	$ 721,190	$ 716,752

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[1] Comparisons for presented periods are impacted by a number of factors. Refer to the Significant Items for additional discussion regarding these key factors.

[2] Net income excluding expense for amortization of intangibles for the period divided by average tangible common 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.

Table 2 Selected Year to Date Income Statement Data (1)

	Six Months Ended June 30,		Change	
(dollar amounts in thousands, except per share amounts)	**2015**	2014	Amount	Percent
Interest income	**$ 1,031,891**	$ 967,777	$ 64,114	7%
Interest expense	**73,520**	70,223	3,297	5
Net interest income	**958,371**	897,554	60,817	7
Provision for credit losses	**41,010**	54,015	(13,005)	(24)
Net interest income after provision for credit losses	**917,361**	843,539	73,822	9
Service charges on deposit accounts	**132,338**	137,215	(4,877)	(4)
Trust services	**55,589**	59,146	(3,557)	(6)
Electronic banking	**57,657**	50,133	7,524	15
Mortgage banking income	**61,479**	45,807	15,672	34
Brokerage income	**30,684**	35,072	(4,388)	(13)
Insurance income	**33,532**	32,492	1,040	3
Bank owned life insurance income	**26,240**	27,172	(932)	(3)
Capital markets fees	**27,097**	19,694	7,403	38
Gain on sale of loans	**17,042**	7,484	9,558	128
Securities gains (losses)	**82**	17,460	(17,378)	(100)
Other income	**71,656**	66,877	4,779	7
Total noninterest income	**513,396**	498,552	14,844	3
Personnel costs	**547,051**	510,077	36,974	7
Outside data processing and other services	**109,043**	105,828	3,215	3
Net occupancy	**59,881**	62,106	(2,225)	(4)
Equipment	**61,943**	57,499	4,444	8
Professional services	**25,320**	30,127	(4,807)	(16)
Marketing	**27,999**	25,518	2,481	10
Deposit and other insurance expense	**21,954**	24,317	(2,363)	(10)
Amortization of intangibles	**20,166**	18,811	1,355	7
Other expense	**77,277**	84,474	(7,197)	(9)
Total noninterest expense	**950,634**	918,757	31,877	3
Income before income taxes	**480,123**	423,334	56,789	13
Provision for income taxes	**118,063**	109,572	8,491	8
Net income	**$ 362,060**	$ 313,762	$ 48,298	15%
Dividends declared on preferred shares	**15,933**	15,927	6	
Net income applicable to common shares	**$ 346,127**	$ 297,835	$ 48,292	16%
Average common shares basic	**808,335**	825,603	(17,268)	(2)%
Average common shares diluted	**822,023**	838,546	(16,523)	(2)
Per common share				
Net income per common share basic	**$ 0.43**	$ 0.36	$ 0.07	19%
Net income per common share diluted	**0.42**	0.36	0.06	17
Cash dividends declared	**0.12**	0.10	0.02	20

Revenue FTE				
Net interest income	**$ 958,371**	$ 897,554	$ 60,817	7%
FTE adjustment	**15,522**	12,522	3,000	24
Net interest income (2)	**973,893**	910,076	63,817	7
Noninterest income	**513,396**	498,552	14,844	3
Total revenue (2)	**$ 1,487,289**	$ 1,408,628	$ 78,661	6%

[1] Comparisons for presented periods are impacted by a number of factors. Refer to the Significant Items for additional discussion regarding these key factors.

[2] On a fully taxable equivalent (FTE) basis assuming a 35% tax rate.

Significant Items

Definition of 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.

Significant Items Influencing Financial Performance Comparisons

Earnings comparisons were impacted by the Significant Items summarized below:

1. **Merger and Acquisition.** Significant events relating to mergers and acquisitions, and the impacts of those events on our reported results, were as follows**:**

    During the 2014 second quarter, $0.8 million of noninterest expense was recorded related to the acquisition of 24 Bank of America branches.

    During the 2014 first quarter, $12.6 million of noninterest expense and $0.8 million of noninterest income was recorded related to the acquisition of Camco Financial. This net $11.8 million resulted in a negative impact of $0.01 per common share.

2. **Litigation Reserve.** During the 2014 first quarter, $9.0 million of net additions to litigation reserves were recorded as other noninterest expense. This resulted in a negative impact of $0.01 per common share.

The following table reflects the earnings impact of the above-mentioned Significant Items for periods affected by this Results of Operations discussion:

Table 3 Significant Items Influencing Earnings Performance Comparison

			Three Months Ended			
	June 30, 2015 (4)		March 31, 2015 (4)		June 30, 2014	
(dollar amounts in thousands, except per share amounts)	**After-tax**	**EPS (2)(3)**	After-tax	EPS (2)(3)	After-tax	EPS (2)(3)
Net income	**$ 196,206**		$ 165,854		$ 164,619	
Earnings per share, after-tax		**$ 0.23**		$ 0.19		$ 0.19
Significant Items favorable (unfavorable) impact:	**Earnings (1)**	**EPS (2)(3)**	Earnings (1)	EPS (2)(3)	Earnings (1)	EPS (2)(3)
Mergers and acquisitions, net	**$**	**$**	$	$	$ (775)	$

[1] Pretax.

[2] Based on average outstanding diluted common shares.

[3] After-tax.

[4] The 2015 first and second quarter included $3.4 million and $1.5 million, respectively, of merger-related expense that was not a Significant Item for the first six-month period of 2015, but merger-related expense is expected to be a Significant Item for the 2015 full year.

		Six Months Ended		
	June 30, 2015 (4)		June 30, 2014	
(dollar amounts in thousands)	**After-tax**	**EPS (2)(3)**	After-tax	EPS (2)(3)
Net income	**$ 362,060**		$ 313,762	
Earnings per share, after-tax		**$ 0.42**		$ 0.36
Significant Items favorable (unfavorable) impact:	**Earnings (1)**	**EPS (2)(3)**	Earnings (1)	EPS (2)(3)
Merger and acquisition, net	**$**	**$**	$ (12,598)	$ (0.01)
Net Additions to Litigation Reserve			(9,000)	(0.01)

[1] Pretax unless otherwise noted.

[2] Based on average outstanding diluted common shares.

[3] After-tax.

[4] The 2015 first and second quarter included $3.4 million and $1.5 million, respectively, of merger-related expense that was not a Significant Item for the first six-month period of 2015, but merger-related expense is expected to be a Significant Item for the 2015 full year.

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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 Quarterly Average Balance Sheets

	Average Balances					Change	
	2015		2014			2Q15 vs. 2Q14	
(dollar amounts in millions)	**Second**	**First**	Fourth	Third	Second	Amount	Percent
Assets:							
Interest-bearing deposits in banks	**$ 89**	**$ 94**	$ 85	$ 82	$ 91	$ (2)	(2)%
Loans held for sale	**1,272**	**381**	374	351	288	984	342
Securities:							
Available-for-sale and other securities:							
Taxable	**7,916**	**7,664**	7,291	6,935	6,662	1,254	19
Tax-exempt	**2,028**	**1,874**	1,684	1,620	1,290	738	57
Total available-for-sale and other securities	**9,944**	**9,538**	8,975	8,555	7,952	1,992	25
Trading account securities	**41**	**53**	49	50	45	(4)	(9)
Held-to-maturity securities taxable	**3,324**	**3,347**	3,435	3,556	3,677	(353)	(10)
Total securities	**13,309**	**12,938**	12,459	12,161	11,674	1,635	14
Loans and leases: (1)							
Commercial:							
Commercial and industrial	**19,819**	**19,116**	18,880	18,581	18,262	1,557	9
Commercial real estate:							
Construction	**970**	**887**	822	775	702	268	38
Commercial	**4,214**	**4,275**	4,262	4,188	4,345	(131)	(3)
Commercial real estate	**5,184**	**5,162**	5,084	4,963	5,047	137	3
Total commercial	**25,003**	**24,278**	23,964	23,544	23,309	1,694	7
Consumer:							
Automobile	**8,083**	**8,783**	8,512	8,012	7,349	734	10
Home equity	**8,503**	**8,484**	8,452	8,412	8,376	127	2
Residential mortgage	**5,859**	**5,810**	5,751	5,747	5,608	251	4
Other consumer	**451**	**425**	413	398	382	69	18
Total consumer	**22,896**	**23,502**	23,128	22,569	21,715	1,181	5
Total loans and leases	**47,899**	**47,780**	47,092	46,113	45,024	2,875	6
Allowance for loan and lease losses	**(608)**	**(612)**	(631)	(633)	(642)	34	(5)
Net loans and leases	**47,291**	**47,168**	46,461	45,480	44,382	2,909	7
Total earning assets	**62,569**	**61,193**	60,010	58,707	57,077	5,492	10
Cash and due from banks	**926**	**935**	929	887	872	54	6
Intangible assets	**745**	**593**	602	583	591	154	26
All other assets	**4,251**	**4,142**	4,022	3,929	3,932	319	8

Total assets	**$ 67,883**	**$ 66,251**	$ 64,932	$ 63,473	$ 61,830	$ 6,053	10%
Liabilities and Shareholders Equity:							
Deposits:							
Demand deposits noninterest-bearing	**$ 15,893**	**$ 15,253**	$ 15,179	$ 14,090	$ 13,466	$ 2,427	18%
Demand deposits interest-bearing	**6,584**	**6,173**	5,948	5,913	5,945	639	11
Total demand deposits	**22,477**	**21,426**	21,127	20,003	19,411	3,066	16
Money market deposits	**18,803**	**19,368**	18,401	17,929	17,680	1,123	6
Savings and other domestic deposits	**5,273**	**5,169**	5,052	5,020	5,086	187	4
Core certificates of deposit	**2,639**	**2,814**	3,058	3,167	3,434	(795)	(23)
Total core deposits	**49,192**	**48,777**	47,638	46,119	45,611	3,581	8
Other domestic time deposits of $250,000 or more	**184**	**195**	201	223	262	(78)	(30)
Brokered deposits and negotiable CDs	**2,701**	**2,600**	2,434	2,262	2,070	631	30
Deposits in foreign offices	**562**	**557**	479	374	315	247	78
Total deposits	**52,639**	**52,129**	50,752	48,978	48,258	4,381	9
Short-term borrowings	**2,153**	**1,882**	2,683	3,193	2,788	(635)	(23)
Long-term debt	**5,144**	**4,374**	3,956	3,967	3,523	1,621	46
Total interest-bearing liabilities	**44,043**	**43,132**	42,212	42,048	41,103	2,940	7
All other liabilities	**1,430**	**1,450**	1,167	1,043	1,033	397	38
Shareholders equity	**6,517**	**6,416**	6,374	6,292	6,228	289	5
Total liabilities and shareholders equity	**$ 67,883**	**$ 66,251**	$ 64,932	$ 63,473	$ 61,830	$ 6,053	10%

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

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Table 5 Consolidated Quarterly Net Interest Margin Analysis

	Average Yield Rates (2)				
	2015		2014		
Fully-taxable equivalent basis (1)	**Second**	**First**	Fourth	Third	Second
Assets:					
Interest-bearing deposits in banks	**0.08%**	**0.18%**	0.23%	0.19%	0.04%
Loans held for sale	**3.32**	**3.69**	3.82	3.98	4.27
Securities:					
Available-for-sale and other securities:					
Taxable	**2.60**	**2.50**	2.61	2.48	2.52
Tax-exempt	**3.13**	**3.05**	3.26	3.02	3.15
Total available-for-sale and other securities	**2.71**	**2.61**	2.73	2.59	2.63
Trading account securities	**1.00**	**1.17**	1.05	0.85	0.70
Held-to-maturity securities taxable	**2.50**	**2.47**	2.45	2.45	2.46
Total securities	**2.65**	**2.57**	2.65	2.54	2.57
Loans and leases: (3)					
Commercial:					
Commercial and industrial	**3.61**	**3.33**	3.35	3.45	3.49
Commercial real estate:					
Construction	**3.60**	**3.81**	4.30	4.38	4.29
Commercial	**3.41**	**3.57**	3.47	3.60	4.16
Commercial real estate	**3.45**	**3.62**	3.60	3.72	4.17
Total commercial	**3.58**	**3.39**	3.40	3.51	3.64
Consumer:					
Automobile	**3.20**	**3.24**	3.33	3.41	3.47
Home equity	**3.97**	**4.03**	4.05	4.07	4.12
Residential mortgage	**3.72**	**3.75**	3.84	3.78	3.77
Other consumer	**8.45**	**8.20**	7.68	7.31	7.34
Total consumer	**3.73**	**3.74**	3.80	3.82	3.87
Total loans and leases	**3.65**	**3.56**	3.60	3.66	3.75
Total earning assets	**3.45%**	**3.38%**	3.41%	3.44%	3.53%
Liabilities:					
Deposits:					
Demand deposits noninterest-bearing	**%**	**%**	%	%	%
Demand deposits interest-bearing	**0.06**	**0.05**	0.04	0.04	0.04
Total demand deposits	**0.02**	**0.01**	0.01	0.01	0.01
Money market deposits	**0.22**	**0.21**	0.22	0.23	0.24
Savings and other domestic deposits	**0.14**	**0.15**	0.16	0.16	0.17
Core certificates of deposit	**0.78**	**0.76**	0.75	0.74	0.81
Total core deposits	**0.22**	**0.22**	0.23	0.23	0.25

Other domestic time deposits of $250,000 or more	**0.44**	**0.42**	0.43	0.44	0.43
Brokered deposits and negotiable CDs	**0.17**	**0.17**	0.18	0.20	0.24
Deposits in foreign offices	**0.13**	**0.13**	0.13	0.13	0.13
Total deposits	**0.22**	**0.22**	0.23	0.23	0.25
Short-term borrowings	**0.14**	**0.12**	0.12	0.11	0.10
Long-term debt	**1.44**	**1.31**	1.35	1.35	1.44
Total interest-bearing liabilities	**0.36%**	**0.32%**	0.32%	0.33%	0.34%
Net interest rate spread	**3.09%**	**3.06%**	3.09%	3.11%	3.19%
Impact of noninterest-bearing funds on margin	**0.11**	**0.09**	0.09	0.09	0.09
Net interest margin	**3.20%**	**3.15%**	3.18%	3.20%	3.28%

[1] FTE yields are calculated assuming a 35% tax rate.

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

[3] For purposes of this analysis, NALs are reflected in the average balances of loans.

2015 Second Quarter versus 2014 Second Quarter

Fully-taxable equivalent net interest income increased $32.0 million, or 7%, from the 2014 second quarter. This reflected the benefit from the $5.5 billion, or 10%, increase in average earning assets partially offset by an 8 basis point reduction in the fully-taxable equivalent net interest margin to 3.20%. Average earning asset growth included a $2.9 billion, or 6%, increase in average loans and leases, a $1.6 billion, or 14%, increase in average securities, and a $1.0 billion increase in average loans held-for-sale. The NIM contraction reflected an 8 basis point decrease related to the mix and yield of earning assets and 2 basis point increase in funding costs, partially offset by the 2 basis point increase in the benefit from noninterest-bearing funds.

Average earning assets increased $5.5 billion, or 10%, from the year-ago quarter, driven by:

$1.6 billion, or 9%, increase in average C&I loans and leases, primarily reflecting the $0.8 billion of equipment finance leases acquired in the HTF transaction as well as growth in the international vertical and corporate banking.

$1.6 billion, or 14%, increase in average securities, reflecting an increase of $1.8 billion of Liquidity Coverage Ratio (LCR) Level 1 qualified securities. The 2015 second quarter s average balance also included $1.7 billion of direct purchase municipal instruments originated by our Commercial segment, up $0.8 billion from the year-ago quarter.

$1.0 billion increase in average loans held-for-sale primarily related to automobile loans that were subsequently securitized and sold late in the quarter.

$0.7 billion, or 10%, increase in average Automobile loans, despite the impact of the previously mentioned automobile loan securitization. The 2015 second quarter represented the sixth consecutive quarter of greater than $1.0 billion in automobile loan originations.

Average total deposits increased $4.4 billion, or 9%, from the year-ago quarter, including a $3.6 billion, or 8%, increase in average total core deposits. The growth in average total core deposits more than fully funded the year-over-year increase in average total loans and leases. The increase in total deposits included $0.7 billion of deposits acquired in the Bank of America branch acquisition. Average total interest-bearing liabilities increased $2.9 billion, or 7%, from the year-ago quarter. Year-over-year changes in total liabilities reflected:

$2.4 billion, or 18%, increase in noninterest-bearing deposits, reflecting a $2.1 billion, or 19%, increase in commercial noninterest bearing deposits and a $0.4 billion, or 15%, increase in consumer noninterest bearing deposits.

$1.1 billion, or 6%, increase in money market deposits, reflecting continued banker focus across all segments on obtaining our customers full deposit relationship.

$1.0 billion, or 16%, increase in short-and long-term borrowings, primarily reflecting a cost-effective method of funding LCR-related securities growth. The increase reflected the issuance of $1.0 billion and $0.8 billion of bank-level senior debt during the 2015 first quarter and 2014 second quarter, respectively, as well as $0.5 billion of debt assumed in the HTF acquisition, partially offset by a $0.6 billion reduction in short-term borrowings. While not affecting average balances, $0.8 billion of bank-level senior debt was issued in late June 2015.

$0.6 billion, or 30%, increase in brokered deposits and negotiable CDs, which were used to efficiently finance balance sheet growth while continuing to manage the overall cost of funds.

Partially offset by:

$0.8 billion, or 23%, decrease in average core certificates of deposit due to the strategic focus on changing the funding sources to low-and no-cost demand deposits and money market deposits.

2015 Second Quarter versus 2015 First Quarter

Compared to the 2015 first quarter, FTE net interest income increased $23.4 million, or 5%. Average earning assets increased $1.4 billion, or 2%, sequentially, while the NIM increased 5 basis points. The increase in the NIM primarily reflected the addition of higher yielding assets from the HTF acquisition, which contributed 7 basis points to the NIM expansion, partially offset by continued pricing pressure across all asset classes. During the 2015 second quarter, FTE net interest income and the NIM also benefitted by $3.4 million and 2 basis points, respectively, from prepayment penalties within the securities portfolio.

Table 6 Consolidated YTD Average Balance Sheets and Net Interest Margin Analysis

	YTD Average Balances				YTD Average Rates (2)	
Fully-taxable equivalent basis (1)	**Six Months Ended June 30,**		Change		Six Months Ended June 30,	
(dollar amounts in millions)	**2015**	2014	Amount	Percent	**2015**	2014
Assets:						
Interest-bearing deposits in banks	**$ 91**	$ 87	$ 4	5%	**0.13%**	0.03%
Loans held for sale	**829**	283	546	193	**3.39**	4.01
Securities:						
Available-for-sale and other securities:						
Taxable	**7,791**	6,452	1,339	21	**2.55**	2.49
Tax-exempt	**1,952**	1,203	749	62	**3.09**	3.09
Total available-for-sale and other securities	**9,743**	7,655	2,088	27	**2.66**	2.59
Trading account securities	**47**	42	5	12	**1.10**	0.89
Held-to-maturity securities taxable	**3,335**	3,730	(395)	(11)	**2.48**	2.46
Total securities	**13,125**	11,427	1,698	15	**2.61**	2.54
Loans and leases: (3)						
Commercial:						
Commercial and industrial	**19,469**	17,948	1,521	8	**3.47**	3.53
Commercial real estate:						
Construction	**929**	657	272	41	**3.70**	4.15
Commercial	**4,244**	4,317	(73)	(2)	**3.49**	4.00
Commercial real estate	**5,173**	4,974	199	4	**3.53**	4.02
Total commercial	**24,642**	22,922	1,720	8	**3.48**	3.63
Consumer:						
Automobile	**8,431**	7,069	1,362	19	**3.22**	3.50
Home equity	**8,494**	8,358	136	2	**4.00**	4.12
Residential mortgage	**5,835**	5,494	341	6	**3.73**	3.78
Other consumer	**438**	385	53	14	**8.33**	7.08
Total consumer	**23,198**	21,306	1,892	9	**3.73**	3.88
Total loans and leases	**47,840**	44,228	3,612	8	**3.61**	3.75
Allowance for loan and lease losses	**(610)**	(645)	35	(5)		
Net loans and leases	**47,230**	43,583	3,647	8		
Total earning assets	**61,885**	56,025	5,860	10	**3.41%**	3.53%
Cash and due from banks	**930**	887	43	5		
Intangible assets	**670**	563	107	19		
All other assets	**4,197**	3,937	260	7		
Total assets	**$ 67,072**	$ 60,767	$ 6,305	10%		
Liabilities and Shareholders Equity:						

Deposits:						
Demand deposits noninterest-bearing	**$ 15,575**	$ 13,330	$ 2,245	17%	**%**	%
Demand deposits interest-bearing	**6,380**	5,860	520	9	**0.05**	0.04
Total demand deposits	**21,955**	19,190	2,765	14	**0.02**	0.01
Money market deposits	**19,084**	17,664	1,420	8	**0.22**	0.25
Savings and other domestic deposits	**5,220**	5,027	193	4	**0.14**	0.19
Core certificates of deposit	**2,726**	3,523	(797)	(23)	**0.77**	0.88
Total core deposits	**48,985**	45,404	3,581	8	**0.22**	0.27
Other domestic time deposits of $250,000 or more	**190**	273	(83)	(30)	**0.43**	0.42
Brokered deposits and negotiable CDs	**2,651**	1,927	724	38	**0.17**	0.26
Deposits in foreign offices	**559**	322	237	74	**0.13**	0.13
Total deposits	**52,385**	47,926	4,459	9	**0.22**	0.27
Short-term borrowings	**2,018**	2,581	(563)	(22)	**0.13**	0.10
Long-term debt	**4,761**	3,021	1,740	58	**1.38**	1.54
Total interest-bearing liabilities	**43,589**	40,198	3,391	8	**0.34**	0.35
All other liabilities	**1,441**	1,034	407	39		
Shareholders equity	**6,467**	6,205	262	4		
Total liabilities and shareholders equity	**$ 67,072**	$ 60,767	$ 6,305	10%		
Net interest rate spread					**3.07**	3.18
Impact of noninterest-bearing funds on margin					**0.10**	0.10
Net interest margin					**3.17%**	3.28%

[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.

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2015 First Six Months versus 2014 First Six Months

Fully-taxable equivalent net interest income for the first six-month period of 2015 increased $63.8 million, or 7% reflecting the benefit of a $5.9 billion, or 10%, increase in average total earning assets. The fully-taxable equivalent net interest margin decreased to 3.17% from 3.28%. The increase in average earning assets reflected:

- $3.6 billion, or 8%, increase in average total loans and leases.
- $1.7 billion, or 15%, increase in average securities reflecting an increase of $1.8 billion of Liquidity Coverage Ratio (LCR) Level 1 qualified securities.
- $0.5 billion, or 193%, increase in average loans held for sale, primarily related to automobile loans that were subsequently securitized and sold during the quarter.

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 2015 second quarter was $20.4 million compared with $20.6 million for the 2015 first quarter and $29.4 million for the 2014 second quarter. On a year-to-date basis, provision for credit losses for the first six-month period of 2015 was $41.0 million, a decrease of $13.0 million, or 24%, compared to year-ago period (See Credit Quality discussion). Given the low level of the provision for credit losses and the uneven nature of commercial charge-offs and recoveries, some degree of volatility on a quarter-to-quarter basis is expected.

Noninterest Income

The following table reflects noninterest income for each of the past five quarters:

Table 7 Noninterest Income

	2015		2014			2Q15 vs 2Q14		2Q15 vs 1Q15	
(dollar amounts in thousands)	**Second**	**First**	Fourth	Third	Second	Amount	Percent	Amount	Percent
Service charges on deposit accounts	**$ 70,118**	**$ 62,220**	$ 67,408	$ 69,118	$ 72,633	$ (2,515)	(3)%	$ 7,898	13%
Trust services	**26,550**	**29,039**	28,781	28,045	29,581	(3,031)	(10)	(2,489)	(9)
Electronic banking	**30,259**	**27,398**	27,993	27,275	26,491	3,768	14	2,861	10
Mortgage banking income	**38,518**	**22,961**	14,030	25,051	22,717	15,801	70	15,557	68
Brokerage income	**15,184**	**15,500**	16,050	17,155	17,905	(2,721)	(15)	(316)	(2)
Insurance income	**17,637**	**15,895**	16,252	16,729	15,996	1,641	10	1,742	11
Bank owned life insurance income	**13,215**	**13,025**	14,988	14,888	13,865	(650)	(5)	190	1
Capital markets fees	**13,192**	**13,905**	13,791	10,246	10,500	2,692	26	(713)	(5)
Gain on sale of loans	**12,453**	**4,589**	5,408	8,199	3,914	8,539	218	7,864	171
Securities gains (losses)	**82**		(104)	198	490	(408)	(83)	82	100
Other income	**44,565**	**27,091**	28,681	30,445	35,975	8,590	24	17,474	65
Total noninterest income	**$ 281,773**	**$ 231,623**	$ 233,278	$ 247,349	$ 250,067	$ 31,706	13%	$ 50,150	22%

2015 Second Quarter versus 2014 Second Quarter

Noninterest income increased $31.7 million, or 13%, from the year-ago quarter. HTF contributed $12.3 million of noninterest income during the 2015 second quarter. The year-over-year increase primarily reflected:

$15.8 million, or 70%, increase in mortgage banking income, including an 84% increase in origination and secondary marketing revenues, reflecting higher gain on sale margin and a $6.7 million net benefit from MSR hedging activities.

$8.6 million, or 24%, increase in other income, primarily reflecting equipment operating lease income related to HTF.

$8.5 million, or 218%, increase in gain on sale of loans, including the $5.3 million gain from the automobile loan securitization.

$3.8 million, or 14%, increase in electronic banking, due to higher card related income and underlying customer growth.

$2.7 million, or 26%, increase in capital market fees, primarily related to customer foreign exchange and commodities derivatives products.

Partially offset by:

$3.0 million, or 10%, decrease in trust services, primarily related to our fiduciary trust business moving to a more open architecture platform and a decline in assets under management in proprietary mutual funds following the 2014 second quarter transition of the fixed income Huntington Funds to a third party.

$2.7 million, or 15%, decrease in brokerage income, primarily reflecting a shift from upfront commission income to trail options and an increase in the sale of new open architecture advisory products.

$2.5 million, or 3%, decrease in service charges on deposit accounts as growth in commercial deposit service charges coupled with a 7% increase in consumer checking households partially offset the decline from the late July 2014 implementation of changes in consumer products.

2015 Second Quarter versus 2015 First Quarter

Noninterest income increased $50.1 million, or 22%, from the 2015 first quarter, primarily reflecting:

Other income increased $17.5 million, or 65%, including $12.3 million related to HTF.

Mortgage banking income increased $15.6 million, or 68%, primarily driven by a $10.5 million increase in net MSR hedging activities as well as a $6.3 million, or 32%, increase in origination and secondary marketing income.

Service charges on deposit accounts increased $7.9 million, or 13%, as the quarter benefitted from continued growth in consumer households and business relationships, as well as seasonality.

Gain on sale of loans increased $7.9 million, or 171%, primarily reflecting a $5.3 million automobile loan securitization gain.

Table 8 Noninterest Income 2015 First Six Months vs. 2014 First Six Months

	Six Months Ended June 30,		Change	
(dollar amounts in thousands)	**2015**	2014	Amount	Percent
Service charges on deposit accounts	**$ 132,338**	$ 137,215	$ (4,877)	(4)%
Trust services	**55,589**	59,146	(3,557)	(6)
Electronic banking	**57,657**	50,133	7,524	15
Mortgage banking income	**61,479**	45,806	15,673	34
Brokerage income	**30,684**	35,072	(4,388)	(13)
Insurance income	**33,532**	32,492	1,040	3
Bank owned life insurance income	**26,240**	27,172	(932)	(3)
Capital markets fees	**27,097**	19,694	7,403	38
Gain on sale of loans	**17,042**	7,484	9,558	128

Securities gains (losses)	**82**	17,460	(17,378)	(100)
Other income	**71,656**	66,878	4,778	7
Total noninterest income	**$ 513,396**	$ 498,552	$ 14,844	3%

The $14.8 million, or 3%, increase in total noninterest income reflected:

$15.7 million, or 34%, increase in mortgage banking income. This primarily reflected a $17.6 million, or 61%, increase in origination and secondary marketing income as originations increased 49%.

$9.6 million, or 128%, increase in gain on sale of loans, including the $5.3 million automobile loan securitization gain.

$7.5 million, or 15%, increase in electronic banking income, due to higher card related income and underlying customer growth.

$7.4 million, or 38%, increase in capital market fees, primarily related to an increase in foreign exchange fees, underwriting fees, commodities revenue, and derivative trading income.

$4.8 million, or 7%, increase in other income, primarily reflecting equipment operating lease income related to HTF.

Partially offset by:

$17.4 million, or 100%, decrease in securities gains.

$4.9 million, or 4%, decrease in service charges on deposit accounts, as growth in commercial deposit service charges coupled with an increase in consumer households partially offset the decline from the late July 2014 implementation of changes in consumer products.

$4.4 million, or 13%, decrease in brokerage income, primarily reflecting a shift from upfront commission income to trail options and an increase in the sale of new open architecture advisory products.

$3.6 million, or 6%, decrease in trust services, primarily related to our fiduciary trust businesses moving to a more open architecture platform and a decline in assets under management in proprietary mutual funds following the 2014 second quarter transition of the fixed income Huntington Funds to a third party.

Noninterest Expense

(This section should be read in conjunction with Significant Item 1 and 2.)

The following table reflects noninterest expense for each of the past five quarters:

Table 9 Noninterest Expense

	2015		2014			2Q15 vs 2Q14		2Q15 vs 1Q15	
(dollar amounts in thousands)	**Second**	**First**	Fourth	Third	Second	Amount	Percent	Amount	Percent
Personnel costs	**$ 282,135**	**$ 264,916**	$ 263,289	$ 275,409	$ 260,600	$ 21,535	8%	$ 17,219	6%
Outside data processing and other services	**58,508**	**50,535**	53,685	53,073	54,338	4,170	8	7,973	16
Net occupancy	**28,861**	**31,020**	31,565	34,405	28,673	188	1	(2,159)	(7)
Equipment	**31,694**	**30,249**	31,981	30,183	28,749	2,945	10	1,445	5
Professional services	**12,593**	**12,727**	15,665	13,763	17,896	(5,303)	(30)	(134)	(1)
Marketing	**15,024**	**12,975**	12,466	12,576	14,832	192	1	2,049	16
Deposit and other insurance expense	**11,787**	**10,167**	13,099	11,628	10,599	1,188	11	1,620	16
Amortization of intangibles	**9,960**	**10,206**	10,653	9,813	9,520	440	5	(246)	(2)
Other expense	**41,215**	**36,062**	50,868	39,468	33,429	7,786	23	5,153	14
Total noninterest expense	**$ 491,777**	**$ 458,857**	$ 483,271	$ 480,318	$ 458,636	$ 33,141	7%	$ 32,920	7%
Number of employees (average full-time equivalent)	**12,274**	**11,914**	11,875	11,946	12,000	274	2	360	3

Impacts of Significant Items:

	2015		2014
(dollar amounts in thousands)	**Second (1)**	**First (1)**	Second
Personnel costs	**$ 319**	**$ 1**	$
Outside data processing and other services	**755**	**51**	618
Net occupancy			59
Equipment			1
Professional services	**374**	**3,286**	50
Marketing	**27**	**1**	30
Other expense	**26**	**12**	17
Total noninterest expense adjustments	**$ 1,501**	**$ 3,351**	$ 775

(1) The 2015 first and second quarter included $3.4 million and $1.5 million, respectively, of merger-related expense that was not a Significant Item for the first six-month period of 2015, but merger-related expense is expected to be a Significant Item for the 2015 full year.

Adjusted Noninterest Expense (Non-GAAP):

	2015		2014	2Q15 vs 2Q14		2Q15 vs 1Q15	
(dollar amounts in thousands)	**Second**	**First**	Second	Amount	Percent	Amount	Percent

Personnel costs	**$ 281,816**	**$ 264,915**	$ 260,600	$ 21,216	8%	$ 16,901	6%
Outside data processing and other services	**57,753**	**50,484**	53,720	4,033	8	7,269	14
Net occupancy	**28,861**	**31,020**	28,614	247	1	(2,159)	(7)
Equipment	**31,694**	**30,249**	28,748	2,946	10	1,445	5
Professional services	**12,219**	**9,441**	17,846	(5,627)	(32)	2,778	29
Marketing	**14,997**	**12,974**	14,802	195	1	2,023	16
Deposit and other insurance expense	**11,787**	**10,167**	10,599	1,188	11	1,620	16
Amortization of intangibles	**9,960**	**10,206**	9,520	440	5	(246)	(2)
Other expense	**41,189**	**36,050**	33,412	7,777	23	5,139	14
Total adjusted noninterest expense	**$ 490,276**	**$ 455,506**	$ 457,861	$ 32,415	7%	$ 34,770	8%

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2015 Second Quarter versus 2014 Second Quarter

Reported noninterest expense increased $33.1 million, or 7%, from the year-ago quarter. HTF contributed $15.7 million of noninterest expense during the 2015 second quarter. Changes in reported noninterest expense primarily reflect:

- $21.5 million, or 8%, increase in personnel costs, related to a $17.9 million increase in salaries, reflecting the May implementation of annual merit increases and a 2% increase in the number of average full-time equivalent employees, and a $3.6 million increase in benefits expense. HTF accounted for $7.1 million of incremental personnel expense and 167 of the average full-time equivalent employees.

- $7.8 million, or 23%, increase in other expense, primarily reflecting $6.8 million of equipment operating lease expense from HTF.

- $4.2 million, or 8%, increase in outside data processing and other services expense, primarily related to technology investments.

Partially offset by

- $5.3 million, or 30%, decrease in professional services expense, as the year-ago quarter included $5.0 million of one-time consulting expense related to strategic planning.

2015 Second Quarter versus 2015 First Quarter

Reported noninterest expense increased $32.9 million, or 7%, from the 2015 first quarter. On a reported basis, personnel costs increased $17.2 million, or 6%, as a result of annual merit increases implemented in May and a 3% increase in the number of average full-time equivalent employees as well as the incremental $7.1 million of personnel expense related to HTF. Outside data processing and other services expense increased $8.0 million, or 16%, primarily related to ongoing technology investments. Other expense increased $5.2 million, or 14%, from the prior quarter, primarily reflecting equipment operating lease expense related to HTF.

Table 10 Noninterest Expense 2015 First Six Months vs. 2014 First Six Months

	Six Months Ended June 30,		Change	
(dollar amounts in thousands)	**2015**	2014	Amount	Percent
Personnel costs	**$ 547,051**	$ 510,077	$ 36,974	7%
Outside data processing and other services	**109,043**	105,828	3,215	3
Net occupancy	**59,881**	62,106	(2,225)	(4)
Equipment	**61,943**	57,499	4,444	8
Professional services	**25,320**	30,127	(4,807)	(16)
Marketing	**27,999**	25,518	2,481	10
Deposit and other insurance expense	**21,954**	24,317	(2,363)	(10)
Amortization of intangibles	**20,166**	18,811	1,355	7
Other expense	**77,277**	84,474	(7,197)	(9)
Total noninterest expense	**$ 950,634**	$ 918,757	$ 31,877	3%

Impacts of Significant Items:

	Six Months Ended June 30,	
(dollar amounts in thousands)	**2015 (1)**	2014
Personnel costs	**$ 320**	$ 2,341
Outside data processing and other services	**806**	4,909
Net occupancy		1,801
Equipment		135
Professional services	**3,660**	2,222
Marketing	**28**	560
Other expense	**38**	10,410
Total noninterest expense adjustments	**$ 4,852**	$ 22,378

(1) The first six-month period of 2015 included $4.9 million of merger-related expense that was not a Significant Item, but merger-related expense is expected to be a Significant Item for the 2015 full year.

Adjusted Noninterest Expense (Non-GAAP):

	Six Months Ended June 30,		Change	
(dollar amounts in thousands)	**2015**	2014	Amount	Percent
Personnel costs	**$ 546,731**	$ 507,736	$ 38,995	8%
Outside data processing and other services	**108,237**	100,919	7,318	7
Net occupancy	**59,881**	60,305	(424)	(1)

Equipment	**61,943**	57,364	4,579	8
Professional services	**21,660**	27,905	(6,245)	(22)
Marketing	**27,971**	24,958	3,013	12
Deposit and other insurance expense	**21,954**	24,317	(2,363)	(10)
Amortization of intangibles	**20,166**	18,811	1,355	7
Other expense	**77,239**	74,064	3,175	4
Total noninterest expense adjustments	**$ 945,782**	$ 896,379	$ 49,403	6%

Reported noninterest expense increased $31.9 million, or 3%. Excluding the impact of Significant Items, noninterest expense increased $49.4 million, or 6%. Changes in reported noninterest expense primarily reflect:

$37.0 million, or 7%, increase in personnel costs. Excluding the impact of significant items, personnel costs increased $39.0 million, or 8%, primarily related to a $25.9 million increase in salaries reflecting the May implementation of annual merit increases and a 1% increase in the number of average full-time equivalent employees, and a $6.6 million increase in benefits expense. HTF accounted for $7.1 million of incremental personnel expense.

$4.4 million, or 8%, increase in equipment. Excluding the impact of significant items, equipment increased $4.6 million, or 8%, primarily reflecting an increase in depreciation related to technology investments.

$3.2 million, or 3%, increase in outside data processing and other services. Excluding the impact of significant items, outside data processing and other services increased $7.3 million, or 7%, primarily related to technology investments.

Partially offset by

$7.2 million, or 9%, decrease in other expense. Excluding the impact of significant items, other expense increased $3.2 million, or 4%, primarily related to equipment operating lease expense from HTF.

$4.8 million, or 16%, decrease in professional services. Excluding the impact of significant items, professional services decreased $6.2 million, or 22%, as the year-ago period included $6.5 million of one-time consulting expense related to strategic planning.

Provision for Income Taxes

The provision for income taxes in the 2015 second quarter was $64.1 million. This compared with a provision for income taxes of $57.5 million in the 2014 second quarter and $54.0 million in the 2015 first quarter. The provision for income taxes for the six month periods ended June 30, 2015 and June 30, 2014 was $118.1 million and $109.6 million, respectively. All periods included the benefits from tax-exempt income, tax-advantaged investments, release of capital loss carryforward valuation allowance, general business credits, and investments in qualified affordable housing projects. At June 30, 2015 there is no capital loss carryforward valuation allowance remaining. The net federal deferred tax asset was $30.6 million and the net state deferred tax asset was $42.8 million at June 30, 2015.

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. In the first quarter of 2013, the IRS began an examination of 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, 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.

We identify primary risks, and the sources of those risks, across the Company. We utilize Risk and Control Self-Assessments (RCSA) to identify exposure risks. Through this RCSA process, we continually assess the effectiveness of controls associated with the identified risks, regularly monitor risk profiles and material exposure to losses, and identify stress events and scenarios to which we may be exposed. Our chief risk officer is responsible for ensuring that appropriate systems of controls are in place for managing and monitoring risk across the Company. Potential risk concerns are shared with the Risk Management Committee, Risk Oversight Committee, and the board of directors, as appropriate. Our internal audit department performs on-going independent reviews of the risk management process and ensures the adequacy of documentation. The results of these reviews are regularly reported to the audit committee and board of directors. In addition, our Credit Review group performs ongoing independent testing of our loan portfolio, the results of which are regularly reviewed with our Risk Oversight Committee.

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 2014 Form 10-K and subsequent filings with the SEC. The MD&A included in our 2014 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 2014 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 additional quantitative measurement capabilities utilizing external data sources, enhanced use of 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 treatment strategies for delinquent or stressed borrowers.

Loan and Lease Credit Exposure Mix

At June 30, 2015, loans and leases totaled $48.8 billion, an increase of $1.1 billion from December 31, 2014. There was continued growth in the C&I portfolio, primarily as a result of an increase in equipment leases of $0.8 billion related to the acquisition of HTF. In addition, residential mortgage increased by $0.2 billion as a result of strong originations. The CRE portfolio remained relatively consistent, as a result of continued runoff offset by new production within the requirements associated with achieving an acceptable return, our internal concentration limits and increased competition for projects sponsored by high quality developers.

At June 30, 2015, commercial loans and leases totaled $25.2 billion and represented 52% of our total loan and lease credit exposure. Our commercial portfolio is diversified along product type, customer size, and geography within our footprint, and is comprised of the following (*see Commercial Credit discussion).*

C&I C&I loans and leases are made to commercial customers for use in normal business operations to finance working capital needs, equipment purchases, or other projects. The majority of these borrowers are customers doing business within our geographic regions. C&I loans and leases are generally underwritten individually and secured with the assets of the company and/or the personal guarantee of the business owners. The financing of owner occupied facilities is considered a C&I loan even though there is improved real estate as collateral. This treatment is a result of the credit decision process, which focuses on cash flow from operations of the business to repay the debt. The operation, sale, rental, or refinancing of the real estate is not considered the primary repayment source for these types of loans. As we have expanded our C&I portfolio, we have developed a series of   vertical specialties   to ensure that new products or lending types are embedded within a structured, centralized Commercial Lending area with designated, experienced credit officers. These specialties are comprised of either targeted industries (for example, Healthcare, Food & Agribusiness, Energy, etc.) and/or lending disciplines (Equipment Finance, ABL, etc.), all of which requires a high degree of expertise and oversight to effectively mitigate and monitor risk. As such, we have dedicated colleagues and teams focused on bringing value added expertise to these specialty clients.

CRE CRE loans consist of loans to developers and REITs supporting income-producing or for-sale commercial real estate properties. We mitigate our risk on these loans by requiring collateral values that exceed the loan amount and underwriting the loan with projected cash flow in excess of the debt service requirement. These loans are made to finance properties such as apartment buildings, office and industrial buildings, and retail shopping centers, and are repaid through cash flows related to the operation, sale, or refinance of the property.

Construction CRE Construction CRE loans are loans to developers, companies, or individuals used for the construction of a commercial or residential property for which repayment will be generated by the sale or permanent financing of the property. Our construction CRE portfolio primarily consists of retail, multi family, office, and warehouse project types. Generally, these loans are for construction projects that have been presold or preleased, or have secured permanent financing, as well as loans to real estate companies with significant equity invested in each project. These loans are underwritten and managed by a specialized real estate lending group that actively monitors the construction phase and manages the loan disbursements according to the predetermined construction schedule.

Total consumer loans and leases were $23.5 billion at June 30, 2015, and represented 48% of our total loan and lease credit exposure. The consumer portfolio is comprised primarily of automobile loans, home equity loans and lines-of-credit, and residential mortgages *(see Consumer Credit discussion)*. The increase from December 31, 2014, primarily relates to growth in residential mortgage and other consumer, partially offset by a slight decrease in the automobile portfolio relating to the $0.8 billion securitization and sale of automobile loans late in the 2015 second quarter.

Automobile Automobile loans are comprised primarily of loans made through automotive dealerships and include exposure in selected states outside of our primary banking markets. The exposure outside of our primary banking markets represents 21% of the total exposure, with no individual state representing more than 6%. Applications are underwritten using an automated underwriting system that applies consistent policies and processes across the portfolio.

Home equity Home equity lending includes both home equity loans and lines-of-credit. This type of lending, which is secured by a first-lien or junior-lien on the borrower s residence, allows customers to borrow against the equity in their home or refinance existing mortgage debt. Products include closed-end loans which are generally fixed-rate with principal and interest payments, and variable-rate, interest-only lines-of-credit which do not require payment of principal during the 10-year revolving period. The home equity line of credit may convert to a 20-year amortizing structure at the end of the revolving period. Applications are underwritten centrally in conjunction with an automated underwriting system. The home equity underwriting criteria is based on minimum credit scores, debt-to-income ratios, and LTV ratios, with current collateral valuations. The underwriting for the floating rate lines of credit also incorporate a stress analysis for a rising interest rate.

Residential mortgage Residential mortgage loans represent loans to consumers for the purchase or refinance of a residence. These loans are generally financed over a 15-year to 30-year term, and in most cases, are extended to borrowers to finance their primary residence. Applications are underwritten centrally using consistent credit policies and processes. All residential mortgage loan decisions utilize a full appraisal for collateral valuation. Huntington has not originated or acquired residential mortgages that allow negative amortization or allow the borrower multiple payment options.

Other consumer Other consumer loans primarily consists of consumer loans not secured by real estate, including personal unsecured loans, overdraft balances, and credit cards.

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

Table 11 Loan and Lease Portfolio Composition

	2015				2014					
(dollar amounts in millions)	**June 30,**		**March 31,**		December 31,		September 30,		June 30,	
Commercial:										
Commercial and industrial	**$ 20,003**	**41%**	**$ 20,109**	**42%**	$ 19,033	40%	$ 18,791	40%	$ 18,899	41%
Commercial real estate:										
Construction	**1,021**	**2**	**910**	**2**	875	2	850	2	757	2
Commercial	**4,192**	**9**	**4,157**	**9**	4,322	9	4,141	9	4,233	9
Total commercial real estate	**5,213**	**11**	**5,067**	**11**	5,197	11	4,991	11	4,990	11
Total commercial	**25,216**	**52**	**25,176**	**53**	24,230	51	23,782	51	23,889	52
Consumer:										
Automobile	**8,549**	**18**	**7,803**	**16**	8,690	18	8,322	18	7,686	17
Home equity	**8,526**	**17**	**8,492**	**18**	8,491	17	8,436	18	8,405	18
Residential mortgage	**5,987**	**12**	**5,795**	**12**	5,831	12	5,788	12	5,707	12
Other consumer	**474**	**1**	**430**	**1**	414	2	395	1	393	1
Total consumer	**23,536**	**48**	**22,520**	**47**	23,426	49	22,941	49	22,191	48
Total loans and leases	**$ 48,752**	**100%**	**$ 47,696**	**100%**	$ 47,656	100%	$ 46,723	100%	$ 46,080	100%

Our loan portfolio is diversified by consumer and commercial credit. At the corporate level, we manage the credit exposure in part via a credit concentration policy. The policy designates specific loan types, collateral types, and loan structures to be formally tracked and assigned limits as a percentage of capital. C&I lending by NAICS categories, specific limits for CRE primary 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. Currently there are no identified concentrations that exceed the established limit. Our concentration management process is approved by the Risk Oversight Committee 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 risk profile. Changes to existing concentration limits require the approval of the ROC prior to implementation, with specific information relating to the potential impact on the overall portfolio composition and performance metrics.

The table below provides our total loan and lease portfolio segregated by the type of collateral securing the loan or lease. The changes in the collateral composition from the prior quarter are consistent with the portfolio growth metrics, with increases noted in the real estate consumer and vehicle categories.

Table 12 Loan and Lease Portfolio by Collateral Type

	2015				2014					
(dollar amounts in millions)	**June 30,**		**March 31,**		December 31,		September 30,		June 30,	
Secured loans:										
Real estate commercial	**$ 8,479**	**17%**	**$ 8,463**	**18%**	$ 8,631	18%	$ 8,628	18%	$ 8,617	19%
Real estate consumer	**14,513**	**30**	**14,287**	**30**	14,322	30	14,224	30	14,113	31
Vehicles	**10,527**	**22**	**9,938**[1]	**21**	10,932	23	10,268	22	9,782	21
Receivables/Inventory	**6,064**	**12**	**6,090**	**13**	5,968	13	6,023	13	5,932	13
Machinery/Equipment	**4,779**	**10**	**4,708**[2]	**10**	3,863	8	3,305	7	3,267	7
Securities/Deposits	**1,095**	**2**	**956**	**2**	964	2	1,232	3	1,349	3
Other	**1,076**	**2**	**1,167**	**2**	919	2	918	2	940	2
Total secured loans and leases	**46,533**	**95**	**45,609**	**96**	45,599	96	44,598	95	44,000	96
Unsecured loans and leases	**2,219**	**5**	**2,087**	**4**	2,057	4	2,125	5	2,080	4
Total loans and leases	**$ 48,752**	**100%**	**$ 47,696**	**100%**	$ 47,656	100%	$ 46,723	100%	$ 46,080	100%

[1] Reflects the transfer of approximately $1.0 billion in automobile loans to loans held-for-sale.

[2] Reflects the addition of approximately $0.8 billion in equipment leases related to the acquisition of HTF.

Commercial Credit

Refer to the   Commercial Credit   section of our 2014 Form 10-K for our commercial credit underwriting and on-going credit management processes.

C&I PORTFOLIO

The C&I portfolio continues to have solid origination activity as evidenced by the growth over the past 12 months. The credit quality of the portfolio remains strong as we maintain a focus on high quality originations. Problem loans had trended downward over the last several years, reflecting a combination of proactive risk identification and effective workout strategies implemented by the SAD. However, over the past year, C&I problem loans have begun to increase as the portfolio has increased in size. We continue to maintain a proactive approach to identifying borrowers that may be facing financial difficulty in order to maximize the potential solutions. Subsequent to the origination of the loan, the Credit Review group provides an independent review and assessment of the quality of the underwriting and risk of new loan originations.

CRE PORTFOLIO

We manage the risks inherent in this portfolio specific to CRE lending, focusing on the quality of the developer and the specifics associated with each project. Generally, we: (1) limit our loans to 80% of the appraised value of the commercial real estate at origination, (2) require net operating cash flows to be 125% of required interest and principal payments, and (3) if the commercial real estate is nonowner occupied, require that at least 50% of the space of the project be preleased. We actively monitor both geographic and project-type concentrations and performance metrics of all CRE loan types, with a focus on loans identified as higher risk based on the risk rating methodology. Both macro-level and loan-level stress-test scenarios based on existing and forecast market conditions are part of the on-going portfolio management process for the CRE portfolio.

Dedicated real estate professionals originate and manage the portfolio. The portfolio is diversified by project type and loan size, and this diversification represents a significant portion of the credit risk management strategies employed for this portfolio. Subsequent to the origination of the loan, the Credit Review group provides an independent review and assessment of the quality of the underwriting and risk of new loan originations.

Appraisal values are obtained in conjunction with all originations and renewals, and on an as needed basis, in compliance with regulatory requirements and to ensure appropriate decisions regarding the on-going management of the portfolio reflect the changing market conditions. Appraisals are obtained from approved vendors and are reviewed by an internal appraisal review group comprised of certified appraisers to ensure the quality of the valuation used in the underwriting process. We continue to perform on-going portfolio level reviews within the CRE portfolio. These reviews generate action plans based on occupancy levels or sales volume associated with the projects being reviewed. This highly individualized process requires working closely with all of our borrowers, as well as an in-depth knowledge of CRE project lending and the market environment.

Consumer Credit

Refer to the Consumer Credit section of our 2014 Form 10-K for our consumer credit underwriting and on-going credit management processes.

AUTOMOBILE PORTFOLIO

Our strategy in the automobile portfolio continues to focus on high quality borrowers as measured by both FICO and internal custom scores, combined with appropriate LTVs, terms, and profitability. Our strategy and operational capabilities allow us to appropriately manage the origination quality across the entire portfolio, including our newer markets. Although increased origination volume and entering new markets can be associated with increased risk levels, we believe our disciplined strategy and operational processes significantly mitigate these risks.

We have continued to consistently execute our value proposition and take advantage of available market opportunities. Importantly, we have maintained our high credit quality standards while expanding the portfolio.

RESIDENTIAL REAL ESTATE SECURED PORTFOLIOS

The properties securing our residential mortgage and home equity portfolios are primarily located within our geographic footprint. Huntington continues to support our local markets with consistent underwriting across all residential secured products. The residential-secured portfolio originations continue to be of high quality, with the majority of the negative credit impact coming from loans originated in 2006 and earlier. Our portfolio management strategies associated with our Home Savers group allow us to focus on effectively helping our customers with appropriate solutions for their specific circumstances.

Table 13 Selected Home Equity and Residential Mortgage Portfolio Data

(dollar amounts in millions)

	Home Equity				Residential Mortgage	
	Secured by first-lien		Secured by junior-lien			
	06/30/15	12/31/14	**06/30/15**	12/31/14	**06/30/15**	12/31/14
Ending balance	**$ 5,205**	$ 5,129	**$ 3,321**	$ 3,362	**$ 5,987**	$ 5,831
Portfolio weighted average LTV ratio[1]	**72%**	71%	**81%**	81%	**75%**	74%
Portfolio weighted average FICO score[2]	**760**	759	**755**	752	**751**	752

	Home Equity				Residential Mortgage (3)	
	Secured by first-lien		Secured by junior-lien			
			Six Months Ended June 30,			
	2015	2014	**2015**	2014	**2015**	2014
Originations	**$ 840**	$ 726	**$ 438**	$ 396	**$ 771**	$ 585
Origination weighted average LTV ratio[1]	**74%**	73%	**84%**	82%	**84%**	84%
Origination weighted average FICO score[2]	**779**	764	**768**	763	**755**	755

(1) The LTV ratios for home equity loans and home equity lines-of-credit are cumulative and reflect the balance of any senior loans. LTV ratios reflect collateral values at the time of loan origination.

(2) Portfolio weighted average FICO scores reflect currently updated customer credit scores whereas origination weighted average FICO scores reflect the customer credit scores at the time of loan origination.

(3) Represents only owned-portfolio originations.

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Home Equity Portfolio

Within the home equity portfolio, the standard product is a 10-year interest-only draw period with a 20-year fully amortizing term at the end of the draw period. Prior to 2007, the standard product was a 10-year draw period with a balloon payment. In either case, after the 10-year draw period, the borrower must reapply, subject to full underwriting guidelines, to continue with the interest only revolving structure or begin repaying the debt in a term structure.

The principal and interest payment associated with the term structure will be higher than the interest-only payment, resulting in maturity risk. Our maturity risk can be segregated into two distinct segments: (1) home equity lines-of-credit underwritten with a balloon payment at maturity and (2) home equity lines-of-credit with an automatic conversion to a 20-year amortizing loan. We manage this risk based on both the actual maturity date of the line-of-credit structure and at the end of the 10-year draw period. This maturity risk is embedded in the portfolio which we address with proactive contact strategies beginning one year prior to maturity. In certain circumstances, our Home Saver group is able to provide payment and structure relief to borrowers experiencing significant financial hardship associated with the payment adjustment. Our existing home equity line-of-credit (HELOC) maturity strategy is consistent with recent regulatory guidance.

The table below summarizes our home equity line-of-credit portfolio by maturity date based on the balloon structure described above:

Table 14 Maturity Schedule of Home Equity Line-of-Credit Portfolio

	June 30, 2015					
(dollar amounts in millions)	**1 year or less**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**More than 4 years**	**Total**
Secured by first-lien	**$ 10**	**$ 2**	**$ 2**	**$ 1**	**$ 3,047**	**$ 3,062**
Secured by junior-lien	**144**	**111**	**50**	**15**	**2,646**	**2,966**
Total home equity line-of-credit	**$ 154**	**$ 113**	**$ 52**	**$ 16**	**$ 5,693**	**$ 6,028**
	December 31, 2014					
Total home equity line-of-credit	$ 229	$ 123	$ 105	$ 19	$ 5,391	$ 5,867

The reduction in maturities presented in over 1-year categories is a result of our change to a product with a 20-year amortization period after 10-year draw period structure. Home equity lines-of-credit with balloon payment risk are essentially eliminated after 2015. The amounts maturing in more than four years primarily consist of exposure with a 20-year amortization period after the 10-year draw period.

Historically, less than 30% of our home equity lines-of-credit that are one year or less from maturity actually reach the maturity date.

Residential Mortgages Portfolio

Huntington underwrites all applications centrally, with a focus on higher quality borrowers. We do not originate residential mortgages that allow negative amortization or allow the borrower multiple payment options and have incorporated regulatory requirements and guidance into our underwriting process. Residential mortgages are originated based on a completed full appraisal during the credit underwriting process. We update values in compliance with applicable regulations to facilitate our portfolio management, as well as our workout and loss mitigation functions.

Several government programs continued to impact the residential mortgage portfolio, including various refinance programs such as HARP and HAMP, which positively affected the availability of credit for the industry. During the six-month period ended June 30, 2015, we closed $119.2 million in HARP residential mortgages and $2.4 million in HAMP residential mortgages. The HARP and HAMP residential mortgage loans are part of our residential mortgage portfolio or serviced for others.

We are subject to repurchase risk associated with residential mortgage loans sold in the secondary market. An appropriate level of reserve for representations and warranties related to residential mortgage loans sold has been established to address this repurchase risk inherent in the portfolio *(see Operational Risk discussion).*

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 2015 second quarter reflected continued strong performance in the total net charge-offs and overall consumer performance metrics. This was partially offset by some of the commercial performance metrics. While NPA s decreased 1% from the prior quarter to $396 million, net charge-offs increased by $0.9 million or 4% from the prior quarter, as a result of an increase in the CRE segment and criticized loans increased in the C&I segment. As a result of the overall continued credit quality improvement, the ACL to total loans ratio declined slightly by 4 basis points to 1.34%.

NPAs, NALs, AND TDRs

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

NPAs and NALs

NPAs consist of (1) NALs, which represent loans and leases no longer accruing interest, (2) OREO properties, and (3) other NPAs. Any loan in our portfolio may be placed on nonaccrual status prior to the policies described below when collection of principal or interest is in doubt. Also, when a borrower with discharged non-reaffirmed debt in a Chapter 7 bankruptcy is identified and the loan is determined to be collateral dependent, the loan is placed on nonaccrual status.

C&I and CRE loans (except for purchased credit impaired loans) are placed on nonaccrual status at 90-days past due, or earlier if repayment of principal and interest is in doubt.

Of the $193.6 million of CRE and C&I-related NALs at June 30, 2015, $119.9 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 and other consumer loans are generally charged-off prior to the loan reaching 120-days past due.

When loans are placed on nonaccrual, accrued interest income is reversed with current year accruals charged to interest income and prior year amounts generally charged-off as a credit loss. When, in our judgment, the borrower s ability to make required interest and principal payments has resumed and collectability is no longer in doubt, the loan or lease could be returned to accrual status.

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

Table 15 Nonaccrual Loans and Leases and Nonperforming Assets

	2015		2014		
(dollar amounts in thousands)	**June 30,**	**March 31,**	December 31,	September 30,	June 30,
Nonaccrual loans and leases:					
Commercial and industrial	**$ 149,713**	**$ 133,363**	$ 71,974	$ 90,265	$ 75,274
Commercial real estate	**43,888**	**49,263**	48,523	59,812	65,398
Automobile	**4,190**	**4,448**	4,623	4,834	4,384
Residential mortgage	**91,198**	**98,093**	96,564	98,139	110,635
Home equity	**75,350**	**79,246**	78,560	72,715	69,266
Total nonaccrual loans and leases	**364,339**	**364,413**	300,244	325,765	324,957
Other real estate owned, net					
Residential	**25,660**	**30,544**	29,291	30,661	31,761
Commercial	**3,572**	**3,407**	5,748	5,609	2,934
Total other real estate owned, net	**29,232**	**33,951**	35,039	36,270	34,695
Other nonperforming assets[1]	**2,440**	**2,440**	2,440	2,440	2,440
Total nonperforming assets	**$ 396,011**	**$ 400,804**	$ 337,723	$ 364,475	$ 362,092
Nonaccrual loans as a % of total loans and leases	**0.75%**	**0.76%**	0.63%	0.70%	0.71%
Nonperforming assets ratio[2]	**0.81**	**0.84**	0.71	0.78	0.79
(NPA+90days)/(Loan+OREO)[3]	**1.03**	**1.08**	0.98	1.08	1.08

[1] Other nonperforming assets includes certain impaired investment securities.

[2] This ratio is calculated as nonperforming assets divided by the sum of loans and leases, other nonperforming assets, and net other real estate owned.

[3] This ratio is calculated as the sum of nonperforming assets and total accruing loans and leases past due 90 days or more divided by the sum of loans and leases and net other real estate owned.

2015 Second Quarter versus 2015 First Quarter

Total NPAs decreased by $4.8 million, or 1% compared with March 31, 2015.

$6.9 million, or 7%, decrease in residential mortgage NALs, reflecting improved delinquency trends.

$5.4 million, or 11%, decrease in CRE NALs, reflecting improved delinquency trends and successful workout strategies implemented by our commercial loan workout group.

$3.9 million, or 5%, decrease in home equity NALs, reflecting improved delinquency trends.

$4.7 million, or 14%, decrease in OREO, specifically associated with the sale of residential properties.

Primarily offset by:

$16.4 million, or 12%, increase in C&I NALs, primarily reflecting the addition of two C&I relationships to nonaccrual status. Given the absolute low level of problem credits in the portfolio, some volatility should be expected.

2015 Second Quarter versus 2014 Fourth Quarter.

The $58.3 million, or 17%, increase in NPAs compared with December 31, 2014, represents the net impact of increases in the commercial portfolio:

$77.7 million increase in C&I NALs, primarily reflecting the addition of several high dollar C&I relationships to nonaccrual status.

TDR Loans

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

TDRs are modified loans where a concession was provided to a borrower experiencing financial difficulties. TDRs can be classified as either accrual or nonaccrual loans. Nonaccrual TDRs are included in NALs whereas accruing TDRs are excluded from NALs, as it is probable that all contractual principal and interest due under the restructured terms will be collected. TDRs primarily reflect our loss mitigation efforts to proactively work with borrowers in financial difficulty or regulatory regulations regarding the treatment of certain bankruptcy filing situations.

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

Table 16 Accruing and Nonaccruing Troubled Debt Restructured Loans

	2015		2014		
(dollar amounts in thousands)	**June 30,**	**March 31,**	December 31,	September 30,	June 30,
Troubled debt restructured loans accruing:					
Commercial and industrial	**$ 233,346**	**$ 162,207**	$ 116,331	$ 89,783	$ 90,604
Commercial real estate	**158,056**	**161,515**	177,156	186,542	212,736
Automobile	**24,774**	**25,876**	26,060	31,480	31,833
Home equity	**279,864**	**265,207**	252,084	229,500	221,539
Residential mortgage	**266,986**	**268,441**	265,084	271,762	289,239
Other consumer	**4,722**	**4,879**	4,018	3,313	3,496
Total troubled debt restructured loans accruing	**967,748**	**888,125**	840,733	812,380	849,447
Troubled debt restructured loans nonaccruing:					
Commercial and industrial	**46,303**	**21,246**	20,580	19,110	6,677
Commercial real estate	**19,490**	**28,676**	24,964	28,618	24,396
Automobile	**4,030**	**4,283**	4,552	4,817	4,287
Home equity	**26,568**	**26,379**	27,224	25,149	22,264
Residential mortgage	**65,415**	**69,799**	69,305	72,729	81,546
Other consumer	**160**	**165**	70	74	120
Total troubled debt restructured loans nonaccruing	**161,966**	**150,548**	146,695	150,497	139,290
Total troubled debt restructured loans	**$ 1,129,714**	**$ 1,038,673**	$ 987,428	$ 962,877	$ 988,737

Our strategy is to structure TDRs in a manner that avoids new concessions subsequent to the initial TDR terms. However, there are times when subsequent modifications are required, such as when the modified loan matures. Often the loans are performing in accordance with the TDR terms, and a new note is originated with similar modified terms. These loans are subjected to the normal underwriting standards and processes for other similar credit extensions, both new and existing. If the loan is not performing in accordance with the existing TDR terms, typically an individualized approach to repayment is established. In accordance with ASC 310-20-35, the refinanced note is evaluated to determine if it is considered a new loan or a continuation of the prior loan. A new loan is considered for removal of the TDR designation. A continuation of the prior note requires the continuation of the TDR designation, and because the refinanced note constitutes a new or amended debt instrument, it is included in our TDR activity table (below) as a new TDR and a restructured TDR removal during the period. The types of concessions granted are consistent with those granted on new TDRs and include interest rate reductions, amortization or maturity date changes beyond what the collateral supports, and principal forgiveness based on the borrower s specific needs at a point in time. Our policy does not limit the number of times a loan may be modified. A loan may be modified multiple times if it is considered to be in the best interest of both the borrower and Huntington.

Commercial loans are not automatically considered to be accruing TDRs upon the granting of a new concession. If the loan is in accruing status and no loss is expected based on the modified terms, the modified TDR remains in accruing status. For loans that are on nonaccrual status before the modification, collection of both principal and interest must not be in doubt, and the borrower must be able to exhibit sufficient cash flows for at least a six-month period of time to service the debt in order to return to accruing status. This six-month period could extend before or after the restructure date.

TDRs in the home equity and residential mortgage portfolio may continue to increase in the near term as we continue to appropriately manage the portfolio and work with our borrowers. Any granted change in terms or conditions that are not readily available in the market for that borrower requires the designation as a TDR. There are no provisions for the removal of the TDR designation based on payment activity for consumer loans. A loan may be returned to accrual status when all contractually due interest and principal has been paid and the borrower demonstrates the financial capacity to continue to pay as agreed, with the risk of loss diminished.

The following table reflects TDR activity for each of the past five quarters:

Table 17 Troubled Debt Restructured Loan Activity

	2015			2014	
(dollar amounts in thousands)	**Second**	**First**	Fourth	Third	Second
TDRs, beginning of period	**$ 1,038,673**	**$ 987,428**	$ 962,877	$ 988,737	$ 975,602
New TDRs	**259,911**	**209,376**	137,397	126,238	184,025
Payments	**(64,468)**	**(35,272)**	(51,908)	(78,717)	(66,530)
Charge-offs	**(12,307)**	**(8,364)**	(8,611)	(10,631)	(5,134)
Sales	**(4,508)**	**(5,148)**	(3,303)	(1,951)	(4,001)
Transfer to OREO	**(3,383)**	**(2,369)**	(2,978)	(3,554)	(3,539)
Restructured TDRs accruing[1]	**(61,570)**	**(85,700)**	(26,350)	(47,277)	(83,586)
Restructured TDRs nonaccruing[1]	**(20,456)**	**(20,849)**	(16,309)	(2,212)	(4,146)
Other	**(2,178)**	**(429)**	(3,387)	(7,756)	(3,954)
TDRs, end of period	**$ 1,129,714**	**$ 1,038,673**	$ 987,428	$ 962,877	$ 988,737

[1] Represents existing TDRs that were re-underwritten with new terms providing a concession. A corresponding amount is included in the New TDRs amount above.

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 loan losses or increased risk levels resulting from loan risk-rating downgrades, while 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 transaction reserve process to the unfunded portion of the loan exposures adjusted by an applicable funding expectation.

During the 2015 first quarter, we reviewed our existing commercial and consumer credit models and enhanced certain processes and methods of ACL estimation. During this review, we analyzed the loss emergence periods used for consumer receivables collectively evaluated for impairment and, as a result, extended our loss emergence periods for products within these portfolios. As part of these enhancements to our credit reserve process, we evaluated the methods used to separately estimate economic risks inherent in our portfolios and decided to no longer utilize these separate estimation techniques. Economic risks are now incorporated in our loss estimates elsewhere in our reserve calculation. The enhancements made to our credit reserve processes during the 2015 first quarter allow for increased segmentation and analysis of the estimated incurred losses within our loan portfolios. The net ACL impact of these enhancements was immaterial.

We regularly evaluate the appropriateness of the ACL by performing on-going evaluations of the loan and lease portfolio, including such factors as the differing economic risks associated with each loan category, the financial condition of specific borrowers, the level of delinquent loans, the value of any collateral and, where applicable, the existence of any guarantees or other documented support. We evaluate the impact of changes in interest rates and overall economic conditions on the ability of borrowers to meet their financial obligations when quantifying our exposure to credit losses and assessing the appropriateness of our ACL at each reporting date. In addition to general economic conditions and the other factors described above, additional factors also considered include: the impact of increasing or decreasing residential real estate values; the diversification of CRE loans; the development of new or expanded Commercial business verticals such as healthcare, ABL, and energy, and the overall condition of the manufacturing industry. A provision for credit losses is recorded to adjust the ACL to the level we have determined to be appropriate to absorb credit losses inherent in our loan and lease portfolio.

Our ACL evaluation process includes the on-going assessment of credit quality metrics, and a comparison of certain ACL benchmarks to current performance. While the total ACL balance has declined in recent quarters, all of the relevant benchmarks remain strong.

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

Table 18 Allocation of Allowance for Credit Losses (1)

	2015				2014					
(dollar amounts in thousands)	**June 30,**		**March 31,**		December 31,		September 30,		June 30,	
Commercial										
Commercial and industrial	**$ 285,041**	**41%**	**$ 284,573**	**42%**	$ 286,995	40%	$ 291,401	40%	$ 278,512	41%
Commercial real estate	**92,060**	**11**	**100,752**	**11**	102,839	11	115,472	11	137,346	11
Total commercial	**377,101**	**52**	**385,325**	**53**	389,834	51	406,873	51	415,858	52
Consumer										
Automobile	**39,102**	**18**	**37,125**	**16**	33,466	18	30,732	18	27,158	17
Home equity	**111,178**	**17**	**110,280**	**18**	96,413	18	100,375	18	105,943	18
Residential mortgage	**51,679**	**12**	**55,380**	**12**	47,211	12	52,658	12	47,191	12
Other consumer	**20,482**	**1**	**17,016**	**1**	38,272	1	40,398	1	38,951	1
Total consumer	**222,441**	**48**	**219,801**	**47**	215,362	49	224,163	49	219,243	48
Total allowance for loan and lease losses	**599,542**	**100%**	**605,126**	**100%**	605,196	100%	631,036	100%	635,101	100%
Allowance for unfunded loan commitments	**55,371**		**54,742**		60,806		55,449		56,927	
Total allowance for credit losses	**$ 654,913**		**$ 659,868**		$ 666,002		$ 686,485		$ 692,028	
Total allowance for loan and leases losses as % of:										
Total loans and leases		**1.23%**		**1.27%**		1.27%		1.35%		1.38%
Nonaccrual loans and leases		**165**		**166**		202		194		195
Nonperforming assets		**151**		**151**		179		173		175
Total allowance for credit losses as % of:										
Total loans and leases		**1.34%**		**1.38%**		1.40%		1.47%		1.50%
Nonaccrual loans and leases		**180**		**181**		222		211		213
Nonperforming assets		**165**		**165**		197		188		191

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

2015 Second Quarter versus 2014 Fourth Quarter

The $11.1 million, or 2%, decline in the ACL compared with December 31, 2014, was driven by:

$17.8 million or 46% decline in the ACL of the other consumer portfolio. The decline was driven by our assessment of consumer overdraft reserve factors and the impact of no longer utilizing separate methods to estimate economic risks inherent in our portfolios.

$10.8 million or 10% decline in the ACL of the CRE portfolio. The decline was driven by a reduction in reserves associated with SAD resolutions during the period and the decision to no longer utilize separate methods to estimate economic risks inherent in our portfolio. However, the impact was largely offset by the increases to our reserve factors for high dollar exposure CRE credits.

$2.0 million or 1% decline in the ACL of the C&I portfolios. The decline was driven by the decision to no longer utilize separate methods to estimate economic risks inherent in our portfolio. However, the impact was largely offset by the increases to our reserve factors for high dollar exposure C&I credits.

Partially offset by:

- $14.8 million or 15% increase in the ACL of the home equity portfolio. The increase was driven by the extension of loss emergence periods associated with our home equity products. It was partially offset by the impact of no longer utilizing separate methods to estimate economic risks inherent in our portfolio.

- $5.6 million, or 17% increase in the ACL of the automobile portfolio. The increase was driven by the extension of loss emergence periods associated with the automobile products. It was partially offset by the impact of no longer utilizing separate methods to estimate economic risks inherent in our portfolio.

The ACL to total loans ratio declined to 1.34% at June 30, 2015, compared to 1.40% at December 31, 2014. Management believes the decline in the ratio is appropriate given the continued improvement in the risk profile of our loan portfolio. Further, the continued focus on early identification of loans with changes in credit metrics and proactive action plans for these loans, originating high quality new loans, and SAD resolutions will contribute to maintaining our strong key credit quality metrics.

Given the combination of these noted positive and negative factors, 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 prior to the policies described below if a loss confirming event has occurred. 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 at the time of discharge.

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 administrative small ticket lease delinquencies. Automobile loans and other consumer loans are 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.

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

Table 19 Quarterly Net Charge-off Analysis

	2015		2014		
(dollar amounts in thousands)	**Second**	**First**	Fourth	Third	Second
Net charge-offs (recoveries) by loan and lease type:					
Commercial:					
Commercial and industrial	**$ 4,411**	**$ 11,403**	$ 333	$ 12,587	$ 10,597
Commercial real estate:					
Construction	**164**	**(383)**	(1,747)	2,171	(171)
Commercial	**5,361**	**(3,629)**	1,565	(8,178)	(2,020)
Commercial real estate	**5,525**	**(4,012)**	(182)	(6,007)	(2,191)
Total commercial	**9,936**	**7,391**	151	6,580	8,406
Consumer:					
Automobile	**3,442**	**4,248**	6,024	3,976	2,926
Home equity	**4,650**	**4,625**	6,321	6,448	8,491
Residential mortgage	**2,142**	**2,816**	3,059	5,428	3,406
Other consumer	**5,205**	**5,352**	7,420	7,591	5,414
Total consumer	**15,439**	**17,041**	22,824	23,443	20,237
Total net charge-offs	**$ 25,375**	**$ 24,432**	$ 22,975	$ 30,023	$ 28,643
Net charge-offs (recoveries) annualized percentages:					
Commercial:					
Commercial and industrial	**0.09%**	**0.24%**	0.01%	0.27%	0.23%
Commercial real estate:					
Construction	**0.07**	**(0.17)**	(0.85)	1.12	(0.10)
Commercial	**0.51**	**(0.34)**	0.15	(0.78)	(0.19)
Commercial real estate	**0.43**	**(0.31)**	(0.01)	(0.48)	(0.17)
Total commercial	**0.16**	**0.12**		0.11	0.14
Consumer:					
Automobile	**0.17**	**0.19**	0.28	0.20	0.16
Home equity	**0.22**	**0.22**	0.30	0.31	0.41
Residential mortgage	**0.15**	**0.19**	0.21	0.38	0.24
Other consumer	**4.61**	**5.03**	7.20	7.61	5.66
Total consumer	**0.27**	**0.29**	0.39	0.42	0.37
Net charge-offs as a % of average loans	**0.21%**	**0.20%**	0.20%	0.26%	0.25%

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 that necessary to satisfactorily resolve the problem 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.

All residential mortgage loans greater than 150-days past due are charged-down to the estimated value of the collateral, less anticipated selling costs. The remaining balance is in delinquent status until a modification can be completed, or the loan goes through the foreclosure process. For the home equity portfolio, virtually all of the defaults represent full charge-offs, as there is no remaining equity, creating a lower delinquency rate but a higher NCO impact.

2015 Second Quarter versus 2015 First Quarter

NCOs were an annualized 0.21% of average loans and leases in the current quarter, essentially flat with 0.20% in the 2015 first quarter, and still below our long-term expectation of 0.35% - 0.55%. Given the low level of C&I and CRE NCO s, there will continue to be 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, 2015 and 2014:

Table 20 Year to Date Net Charge-off Analysis

	Six Months Ended June 30,	
(dollar amounts in thousands)	**2015**	2014
Net charge-offs by loan and lease type:		
Commercial:		
Commercial and industrial	**$ 15,814**	$ 19,203
Commercial real estate:		
Construction	**(219)**	747
Commercial	**1,732**	(3,925)
Commercial real estate	**1,513**	(3,178)
Total commercial	**17,327**	16,025
Consumer:		
Automobile	**7,690**	7,568
Home equity	**9,275**	24,178
Residential mortgage	**4,958**	11,265
Other consumer	**10,557**	12,593
Total consumer	**32,480**	55,604
Total net charge-offs	**$ 49,807**	$ 71,629
Net charge-offs annualized percentages:		
Commercial:		
Commercial and industrial	**0.16%**	0.21%
Commercial real estate:		
Construction	**(0.05)**	0.23
Commercial	**0.08**	(0.18)
Commercial real estate	**0.06**	(0.13)
Total commercial	**0.14**	0.14
Consumer:		
Automobile	**0.18**	0.21
Home equity	**0.22**	0.58
Residential mortgage	**0.17**	0.41
Other consumer	**4.81**	6.55
Total consumer	**0.28**	0.52
Net charge-offs as a % of average loans	**0.21%**	0.32%

2015 First Six Months versus 2014 First Six Months

NCOs decreased $21.8 million in the first six-month period of 2015 to $49.8 million, primarily as a result of continued credit quality improvement in the home equity and residential mortgage portfolios.

Market Risk

Market risk represents the risk of loss due to changes in market values of assets and liabilities. We incur market risk in the normal course of business through exposures to market interest rates, foreign exchange rates, equity prices, and credit spreads. We have identified two primary sources of market risk: interest rate risk and price risk.

Interest Rate Risk

OVERVIEW

Huntington actively manages interest rate risk, as changes in market interest rates can have a significant impact on reported earnings. The interest rate risk process is designed to compare income simulations in market scenarios designed to alter the direction, magnitude, and speed of interest rate changes, as well as the slope of the yield curve. These scenarios are designed to illustrate the embedded optionality in the balance sheet from, among other things, faster or slower mortgage, and mortgage backed securities prepayments, and changes in funding mix.

INCOME SIMULATION AND ECONOMIC VALUE ANALYSIS

Interest rate risk measurement is calculated and reported to the ALCO monthly and ROC at least quarterly. The information reported includes period-end results and identifies any policy limits exceeded, along with an assessment of the policy limit breach and the action plan and timeline for resolution, mitigation, or assumption of the risk.

Huntington uses two approaches to model interest rate risk: Net Interest Income at Risk (NII at Risk) and Economic Value of Equity at Risk (EVE). Under NII at Risk, net interest income is modeled utilizing various assumptions for assets, liabilities, and derivative positions under various interest rate scenarios over a one-year time horizon. EVE measures the period end market value of assets minus the market value of liabilities and the change in this value as rates change. EVE is a period end measurement.

Table 21 Net Interest Income at Risk

	Net Interest Income at Risk (%)		
Basis point change scenario	-25	+100	+200
Board policy limits		-2.0%	-4.0%
June 30, 2015	**-0.2%**	**0.6%**	**0.5%**
December 31, 2014	-0.2%	0.5%	0.2%

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 one-year period. 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.

Huntington is within board of director 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 reported at June 30, 2015, shows that Huntington s earnings are not particularly sensitive to these types of changes in interest rates over the next year. In the recent period, the amount of variable rate assets, primarily commercial loans, increased resulting in an increase in asset sensitivity. This increase is somewhat offset by our portfolio of mortgage-related loans and securities, whose expected maturities lengthen as rates rise.

As of June 30, 2015, Huntington had $9.3 billion of notional value in receive fixed-generic asset conversion swaps used for asset and liability management purposes. These derivative instruments mature from 2015 through 2018, for $1.0 billion, $3.6 billion, $4.6 billion, and $0.1 billion, in each year, respectively.

Table 22 Economic Value of Equity at Risk

	Economic Value of Equity at Risk (%)		
Basis point change scenario	-25	+100	+200
Board policy limits		-5.0%	-12.0%
June 30, 2015	**-0.4%**	**-0.3%**	**-2.0%**
December 31, 2014	-0.6%	0.4%	-1.5%

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 many assets and liabilities reach zero percent.

Huntington is within board of director policy limits for the +100 and +200 basis point scenarios. There is no policy limit for the -25 basis point scenario. The EVE reported at June 30, 2015 shows that as interest rates increase (decrease) immediately, the economic value of equity position will decrease (increase). When interest rates rise, fixed rate assets generally lose economic value; the longer the duration, the greater the value lost. The opposite is true when interest rates fall. When interest rates rise, fixed rate liabilities generally increase economic value; the longer the duration, the greater the value gained. The opposite is true when interest rates fall. The EVE at risk reported as of June 30, 2015 for the +200 basis points scenario shows a change to a more liability sensitive position compared with December 31, 2014. The primary factor contributing to this change was the addition of longer duration HQLA in preparation for LCR compliance, principally driven by GNMA securities.

MSRs

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

At June 30, 2015, we had a total of $163.8 million of capitalized MSRs representing the right to service $15.7 billion in mortgage loans. Of this $163.8 million, $20.7 million was recorded using the fair value method and $143.1 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 strategies to reduce the risk of MSR fair value changes or impairment. However, volatile changes in interest rates can diminish 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 accrued income and other assets 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, investments in securities backed by mortgage loans, and marketable equity securities held by our insurance subsidiaries. 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 by the insurance subsidiaries.

Liquidity Risk

Liquidity risk is the risk of loss due to the possibility that funds may not be available to satisfy current or future commitments. Please see the Liquidity Risk section in Item 1A of our 2014 Form 10-K for more details. In addition, the mix and maturity structure of Huntington s balance sheet, the amount of on-hand cash, unencumbered securities, and the availability of contingent sources of funding can have an impact on

Huntington s ability to satisfy current or future funding commitments. We manage liquidity risk at both the Bank and the parent company.

The overall objective of liquidity risk management is to ensure that we can obtain cost-effective funding to meet current and future obligations, and can maintain sufficient levels of on-hand liquidity, under both normal business-as-usual and unanticipated stressed circumstances. The ALCO was appointed by the ROC to oversee liquidity risk management and the establishment of liquidity risk policies and limits. Contingency funding plans are in place, which measure forecasted sources and uses of funds under various scenarios in order to prepare for unexpected liquidity shortages. Liquidity risk is reviewed monthly for the Bank and the parent company, as well as its subsidiaries. In addition, liquidity working groups meet regularly to identify and monitor liquidity positions, provide policy guidance, review funding strategies, and oversee the adherence to, and maintenance of, the contingency funding plans.

Investment Securities Portfolio

The expected weighted average maturities of our AFS and HTM portfolios are significantly shorter than their contractual maturities as reflected in Note 4 and Note 5 of the Notes to Unaudited Condensed Consolidated Financial Statements. Particularly regarding the mortgage-backed securities and asset-backed securities, prepayments of principal and interest that historically occur in advance of scheduled maturities will shorten the expected life of these portfolios. The expected weighted average maturities, which take into account expected prepayments of principal and interest under existing interest rate conditions, are shown in the following table:

Table 23 Expected Life of Investment Securities

	June 30, 2015			
	Available-for-Sale & Other Securities		**Held-to-Maturity Securities**	
(dollar amounts in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Under 1 year	**$ 458,037**	**$ 446,814**	**$**	**$**
1 - 5 years	**3,273,081**	**3,322,638**	**638,225**	**638,300**
6 - 10 years	**5,133,966**	**5,153,706**	**2,477,544**	**2,484,483**
Over 10 years	**993,220**	**986,062**	**188,391**	**186,696**
Other securities	**344,880**	**345,651**		
Total	**$ 10,203,184**	**$ 10,254,871**	**$ 3,304,160**	**$ 3,309,479**

Bank Liquidity and Sources of Funding

Our primary sources of funding for the Bank are retail and commercial core deposits. At June 30, 2015, these core deposits funded 73% of total assets (103% of total loans). At June 30, 2015 and December 31, 2014, total core deposits represented 94% of total deposits. 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 $18.8 million and $18.7 million at June 30, 2015 and December 31, 2014, respectively.

The following tables reflect deposit composition and short-term borrowings detail for each of the last five quarters:

Table 24 Deposit Composition

	2015				2014					
(dollar amounts in millions)	**June 30,**		**March 31,**		December 31,		September 30,		June 30,	
By Type:										
Demand deposits noninterest-bearing	**$ 17,011**	**32%**	**$ 15,960**	**30%**	$ 15,393	30%	$ 14,754	29%	$ 14,151	29%
Demand deposits interest-bearing	**6,627**	**12**	**6,537**	**13**	6,248	12	6,052	12	5,921	12
Money market deposits	**18,580**	**35**	**18,933**	**36**	18,986	37	18,174	36	17,563	36
Savings and other domestic deposits	**5,240**	**10**	**5,288**	**10**	5,048	10	5,038	10	5,036	10
Core certificates of deposit	**2,580**	**5**	**2,709**	**5**	2,936	5	3,150	6	3,272	7
Total core deposits:	**50,038**	**94**	**49,427**	**94**	48,611	94	47,168	93	45,943	94
Other domestic deposits of $250,000 or more	**178**		**189**		198		202	1	241	
Brokered deposits and negotiable CDs	**2,705**	**5**	**2,682**	**5**	2,522	5	2,357	5	2,198	5
Deposits in foreign offices	**552**	**1**	**535**	**1**	401	1	402	1	367	1
Total deposits	**$ 53,473**	**100%**	**$ 52,833**	**100%**	$ 51,732	100%	$ 50,129	100%	$ 48,749	100%
Total core deposits:										
Commercial	**$ 24,103**	**48%**	**$ 23,061**	**47%**	$ 22,725	47%	$ 21,753	46%	$ 20,629	45%
Consumer	**25,935**	**52**	**26,366**	**53**	25,886	53	25,415	54	25,314	55
Total core deposits	**$ 50,038**	**100%**	**$ 49,427**	**100%**	$ 48,611	100%	$ 47,168	100%	$ 45,943	100%

Table 25 Federal Funds Purchased and Repurchase Agreements

	2015		2014		
(dollar amounts in millions)	**June 30,**	**March 31,**	December 31,	September 30,	June 30,
Balance at period-end					
Federal Funds purchased and securities sold under agreements to repurchase	**$ 1,101**	**$ 1,112**	$ 1,058	$ 1,491	$ 1,223
Federal Home Loan Bank advances	**375**	**875**	1,325	1,650	2,375
Other short-term borrowings	**35**	**20**	14	40	29
Weighted average interest rate at period-end					
Federal Funds purchased and securities sold under agreements to repurchase	**0.05%**	**0.06%**	0.08%	0.05%	0.05%
Federal Home Loan Bank advances	**0.15**	**0.15**	0.15	0.22	0.15
Other short-term borrowings	**0.17**	**0.15**	1.11	1.06	1.41
Maximum amount outstanding at month-end during the period					
Federal Funds purchased and securities sold under agreements to repurchase	**$ 1,101**	**$ 1,120**	$ 1,176	$ 1,491	$ 1,223
Federal Home Loan Bank advances	**1,850**	**1,450**	1,325	1,975	2,375
Other short-term borrowings	**35**	**43**	26	40	29
Average amount outstanding during the period					
Federal Funds purchased and securities sold under agreements to repurchase	**$ 898**	**$ 1,057**	$ 1,089	$ 1,072	$ 910
Federal Home Loan Bank advances	**1,236**	**796**	1,569	2,101	1,848
Other short-term borrowings	**19**	**29**	25	20	29
Weighted average interest rate during the period					
Federal Funds purchased and securities sold under agreements to repurchase	**0.07%**	**0.07%**	0.08%	0.07%	0.06%
Federal Home Loan Bank advances	**0.16**	**0.15**	0.17	0.29	0.09
Other short-term borrowings	**1.94**	**0.75**	1.37	2.22	1.64

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 $17.2 billion and $18.0 billion at June 30, 2015 and December 31, 2014, respectively.

For further information related to debt issuances please see Note 8 of Notes to Unaudited Condensed Consolidated Financial Statements.

At June 30, 2015, total wholesale funding was $10.8 billion, an increase from $9.9 billion at December 31, 2014. The increase from prior year-end primarily relates to an increase in other long-term debt, partially offset by a decrease in FHLB advances and short-term borrowings.

Liquidity Coverage Ratio

On October 24, 2013, the U.S. banking regulators jointly issued a proposal that would implement a quantitative liquidity requirement consistent with the Liquidity Coverage Ratio (LCR) standard established by the Basel Committee on Banking Supervision. The LCR is designed to promote the short-term resilience of the liquidity risk profile of banks to which it applies.

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 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 begins on January 1, 2016, with Huntington required to maintain HQLA equal to 90 percent of the stated requirement. The ratio increases to 100 percent on January 1, 2017. Huntington expects to be compliant with the Modified LCR requirement within the transition periods established in the Modified LCR rule.

At June 30, 2015, we believe the Bank had sufficient liquidity to meet its cash flow obligations for the foreseeable future.

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 and equity securities.

At June 30, 2015 and December 31, 2014, the parent company had $0.9 billion and $0.7 billion, respectively, in cash and cash equivalents.

On July 22, 2015, the board of directors declared a quarterly common stock cash dividend of $0.06 per common share. The dividend is payable on October 1, 2015, to shareholders of record on September 17, 2015. Based on the current quarterly dividend of $0.06 per common share, cash demands required for common stock dividends are estimated to be approximately $48.2 million per quarter. On July 22, 2015, the board of directors declared a quarterly Series A and Series B Preferred Stock dividend payable on October 15, 2015 to shareholders of record on October 1, 2015. Based on the current dividend, cash demands required for Series A Preferred Stock are estimated to be approximately $7.7 million per quarter. Cash demands required for Series B Preferred Stock are expected to be approximately $0.3 million per quarter.

During the quarter, the Bank paid dividends of $147.0 million to the holding company. The Bank declared a dividend to the holding company of $187.0 million in the third quarter of 2015. To help meet any additional liquidity needs, we have an open-ended, automatic shelf registration statement filed and effective with the SEC, which permits the parent company to issue an unspecified amount of debt or equity securities.

With the exception of the items discussed above, the parent company does not have any significant cash demands. It is our policy to keep operating cash on hand at the parent company to satisfy expected cash demands for at least the next 18 months. Considering the factors discussed above, and other analyses that we have performed, we believe the parent company has sufficient liquidity to meet its cash flow obligations for the foreseeable future.

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, interest rate swaps, financial guarantees contained in standby letters-of-credit issued by the Bank, and commitments by the Bank to sell mortgage loans.

COMMITMENTS TO EXTEND CREDIT

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. See Note 17 for more information.

INTEREST RATE SWAPS

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 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. See Note 15 for more information.

STANDBY LETTERS-OF-CREDIT

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 and are expected to expire without being drawn upon. Standby letters-of-credit are included in the determination of the amount of risk-based capital that the parent company and the Bank are required to hold. Through our credit process, we monitor the credit risks of outstanding standby letters-of-credit. When it is probable that a standby letter-of-credit will be drawn and not repaid in full, a loss is recognized in the provision for credit losses. See Note 17 for more information.

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. In addition, we have commitments to sell residential real estate loans. These contracts mature in less than one year. See Note 17 for more information.

We believe that off-balance sheet arrangements are properly considered in our liquidity risk management process.

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 their own goals. To this end we employ a set of defense in-depth strategies, which include efforts to make Huntington 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 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 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.

Representation and Warranty Reserve

We primarily conduct our mortgage loan sale and securitization activity with FNMA and FHLMC. In connection with these and other securitization transactions, we make certain representations and warranties that the loans meet certain criteria, such as collateral type and underwriting standards. We may be required to repurchase individual loans and / or indemnify these organizations against losses due to a loan not meeting the established criteria. We have a reserve for such losses and exposure, which is included in accrued expenses and other liabilities. The reserves are estimated based on historical and expected repurchase activity, average loss rates, and current economic trends. The level of mortgage loan repurchase losses depends upon economic factors, investor demand strategies and other external conditions containing a level of uncertainty and risk that may change over the life of the underlying loans. We currently do not have sufficient information to estimate the range of reasonably possible loss related to representation and warranty exposure.

The tables below reflect activity in the representations and warranties reserve:

Table 26 Summary of Reserve for Representations and Warranties on Mortgage Loans Serviced for Others

	2015			2014	
(dollar amounts in thousands)	**Second**	**First**	Fourth	Third	Second
Reserve for representations and warranties, beginning of period	**$ 11,520**	**$ 12,677**	$ 13,816	$ 15,249	$ 17,094
Reserve charges	**(536)**	**(1,359)**	(518)	(499)	(1,047)
Provision for representations and warranties	**(385)**	**202**	(621)	(934)	(798)
Reserve for representations and warranties, end of period	**$ 10,599**	**$ 11,520**	$ 12,677	$ 13,816	$ 15,249

Table 27 Mortgage Loan Repurchase Statistics

	2015			2014	
(dollar amounts in thousands)	**Second**	**First**	Fourth	Third	Second
Number of loans sold	**6,802**	**4,421**	4,544	4,880	4,599
Amount of loans sold (UPB)	**$ 1,022,202**	**$ 651,161**	$ 633,837	$ 660,133	$ 572,861
Number of loans repurchased (1)	**23**	**32**	19	18	33
Amount of loans repurchased (UPB) (1)	**$ 2,754**	**$ 3,883**	$ 1,935	$ 2,224	$ 3,766
Number of claims received	**64**	**60**	33	38	43
Successful dispute rate (2)	**59%**	**6%**	30%	25%	40%
Number of make whole payments (3)	**4**	**11**	7	4	20
Amount of make whole payments (3)	**$ 221**	**$ 625**	$ 197	$ 119	$ 844

[1] Loans repurchased are loans that fail to meet the purchaser s terms.

[2] Successful disputes are a percent of close out requests.

[3] Make whole payments are payments to reimburse for losses on foreclosed properties.

Compliance Risk

Financial institutions are subject to many laws, rules, and regulations at both the federal and state levels. In September 2014, for example, the Office of the Comptroller of the Currency issued its final rule formalizing its heightened expectations supervisory regime for the largest federally chartered depository institutions, including Huntington, to improve risk management and ensure boards can challenge decisions made by management. 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.

Regulatory Capital

Beginning in the 2015 first quarter, we became subject to the Basel III capital requirements including the standardized approach for calculating risk-weighted assets in accordance with subpart D of the final capital rule. The following table presents risk-weighted assets and other financial data necessary to calculate certain financial ratios, including the common equity tier 1 ratio on a Basel III basis, which we use to measure capital adequacy. The implementation of the Basel III capital requirements is transitional and phases-in from January 1, 2015 through the end of 2018.

The Basel III capital requirements emphasize common equity tier 1 capital, the most loss-absorbing form of capital, and implement strict eligibility criteria for regulatory capital instruments. Common equity tier 1 capital primarily includes common shareholders equity less certain deductions for goodwill and other intangibles net of related taxes, MSRs net of related taxes and DTAs that arise from tax loss and credit carryforwards. Tier 1 capital is primarily comprised of common equity tier 1 capital, perpetual preferred stock and certain qualifying capital instruments (TRUPS) that are subject to phase-out from tier 1 capital. Tier 2 capital primarily includes qualifying subordinated debt and qualifying ALLL.

Table 28 Capital Under Current Regulatory Standards (transitional Basel III basis)

	2015	
(dollar amounts in millions)	**June 30,**	**March 31,**
Common equity tier 1 risk-based capital ratio:		
Total shareholders equity	**$ 6,496**	**$ 6,462**
Regulatory capital adjustments:		
Shareholders preferred equity	**(386)**	**(386)**
Accumulated other comprehensive income offset	**186**	**161**
Goodwill and other intangibles, net of taxes	**(701)**	**(700)**
Deferred tax assets that arise from tax loss and credit carryforwards	**(15)**	**(36)**
Common equity tier 1 capital	**5,580**	**5,501**
Additional tier 1 capital		
Shareholders preferred equity	**386**	**386**
Qualifying capital instruments subject to phase-out	**76**	**76**
Other	**(22)**	**(53)**
Tier 1 capital	**6,020**	**5,910**
LTD and other tier 2 qualifying instruments	**623**	**648**
Qualifying allowance for loan and lease losses	**655**	**660**
Tier 2 capital	**1,278**	**1,308**
Total risk-based capital	**$ 7,298**	**$ 7,218**
Risk-weighted assets (RWA)	**$ 57,850**	**$ 57,840**
Common equity tier 1 risk-based capital ratio	**9.65%**	**9.51%**
Other regulatory capital data:		
Tier 1 leverage ratio	**8.98%**	**9.04%**
Tier 1 risk-based capital ratio	**10.41**	**10.22**
Total risk-based capital ratio	**12.62**	**12.48**

Table 29 Capital Adequacy Non-Regulatory

	2015		2014		
(dollar amounts in millions)	**June 30,**	**March 31,**	December 31,	September 30,	June 30,
Consolidated capital calculations:					
Common shareholders equity	**$ 6,110**	**$ 6,076**	$ 5,942	$ 5,898	$ 5,855
Preferred shareholders equity	**386**	**386**	386	386	386
Total shareholders equity	**6,496**	**6,462**	6,328	6,284	6,241
Goodwill	**(678)**	**(678)**	(523)	(523)	(505)
Other intangible assets	**(63)**	**(73)**	(75)	(85)	(81)
Other intangible assets deferred tax liability (1)	**22**	**25**	26	30	28
Total tangible equity	**5,777**	**5,736**	5,756	5,706	5,683
Preferred shareholders equity	**(386)**	**(386)**	(386)	(386)	(386)
Total tangible common equity	**$ 5,391**	**$ 5,350**	$ 5,370	$ 5,320	$ 5,297
Total assets	**$ 68,846**	**$ 68,003**	$ 66,298	$ 64,331	$ 63,797
Goodwill	**(678)**	**(678)**	(523)	(523)	(505)
Other intangible assets	**(63)**	**(73)**	(75)	(85)	(81)
Other intangible assets deferred tax liability (1)	**22**	**25**	26	30	28
Total tangible assets	**$ 68,127**	**$ 67,277**	$ 65,726	$ 63,753	$ 63,239
Tier 1 capital (2)	**$ N.A.**	**$ N.A.**	$ 6,266	$ 6,180	$ 6,132
Preferred shareholders equity	**N.A.**	**N.A.**	(386)	(386)	(386)
Trust preferred securities	**N.A.**	**N.A.**	(304)	(304)	(304)
Tier 1 common equity (2)	**$ N.A.**	**$ N.A.**	$ 5,576	$ 5,490	$ 5,442
Risk-weighted assets (RWA) (2)	**$ N.A.**	**$ N.A.**	$ 54,479	$ 53,239	$ 53,035
Tier 1 common equity / RWA ratio (2)	**N.A.%**	**N.A.%**	10.23%	10.31%	10.26%
Tangible equity / tangible asset ratio	**8.48**	**8.53**	8.76	8.95	8.99
Tangible common equity / tangible asset ratio	**7.91**	**7.95**	8.17	8.35	8.38

[1] Other intangible assets are net of deferred tax liability, and calculated assuming a 35% tax rate.

[2] Ratios are calculated on a Basel I basis.

N.A. On January 1, 2015, we became subject to the Basel III capital requirements including the standardized approach for calculating risk-weighted assets in accordance with subpart D of the final capital rule.

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

Table 30 Regulatory Capital Data (1)

		Basel III		Basel I		
		2015		2014		
(dollar amounts in millions)		**June 30,**	**March 31,**	December 31,	September 30,	June 30,
Total risk-weighted assets	Consolidated	**$ 57,850**	**$ 57,840**	$ 54,479	$ 53,239	$ 53,035
	Bank	**57,772**	**57,752**	54,387	53,132	53,005
Common equity tier I risk-based capital	Consolidated	**5,580**	**5,501**	N.A.	N.A.	N.A.
	Bank	**5,497**	**5,448**	N.A.	N.A.	N.A.
Tier 1 risk-based capital	Consolidated	**6,020**	**5,910**	6,266	6,180	6,132
	Bank	**5,716**	**5,664**	6,136	5,963	5,982
Tier 2 risk-based capital	Consolidated	**1,278**	**1,308**	1,122	1,122	1,118
	Bank	**747**	**776**	820	821	819
Total risk-based capital	Consolidated	**7,298**	**7,218**	7,388	7,302	7,250
	Bank	**6,463**	**6,440**	6,956	6,784	6,801
Tier 1 leverage ratio	Consolidated	**8.98%**	**9.04%**	9.74%	9.83%	10.01%
	Bank	**8.54**	**8.67**	9.56	9.49	9.78
Common equity tier I risk-based capital ratio	Consolidated	**9.65**	**9.51**	N.A.	N.A.	N.A.
	Bank	**9.51**	**9.43**	N.A.	N.A.	N.A.
Tier 1 risk-based capital ratio	Consolidated	**10.41**	**10.22**	11.50	11.61	11.56
	Bank	**9.89**	**9.81**	11.28	11.22	11.29
Total risk-based capital ratio	Consolidated	**12.62**	**12.48**	13.56	13.72	13.67
	Bank	**11.19**	**11.15**	12.79	12.77	12.83

[1] On January 1, 2015, we became subject to the Basel III capital requirements including the standardized approach for calculating risk-weighted assets in accordance with subpart D of the final capital rule. Amounts presented prior to January 1, 2015 are calculated using the Basel I capital requirements.

At June 30, 2015, we maintained Basel III transitional capital ratios in excess of the well-capitalized standards established by the FRB. All capital ratios were impacted by the repurchase of 13.8 million common shares 2015.

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 $6.5 billion at June 30, 2015, an increase of $0.2 billion when compared with December 31, 2014.

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.

On July 22, 2015, our board of directors declared a quarterly cash dividend of $0.06 per common share, payable on October 1, 2015. Also, cash dividends of $0.06 per share were declared on April 21, 2015 and January 22, 2015.

On July 22, 2015, our board of directors also declared a quarterly cash dividend on our 8.50% Series A Non-Cumulative Perpetual Convertible Preferred Stock of $21.25 per share. The dividend is payable on October 15, 2015. Also, cash dividends of $21.25 per share were declared on April 21, 2015 and January 22, 2015.

On July 22, 2015, our board of directors also declared a quarterly cash dividend on our Floating Rate Series B Non-Cumulative Perpetual Preferred Stock of $7.47 per share. The dividend is payable on October 15, 2015. Also, cash dividends of $7.44 per share and $7.38 per share were declared on April 21, 2015 and January 22, 2015, respectively.

Share Repurchases

From time to time the board of directors authorizes the Company to repurchase shares of our common stock. Although we announce when the board of directors authorizes share repurchases, we typically do not give any public notice before we repurchase our shares. Future stock repurchases may be private or open-market repurchases, including block transactions, accelerated or delayed block transactions, forward transactions, and similar transactions. Various factors determine the amount and timing of our share repurchases, including our capital requirements, the number of shares we expect to issue for employee benefit plans and acquisitions, market conditions (including the trading price of our stock), and regulatory and legal considerations, including the FRB s response to our annual capital plan.

On March 11, 2015, Huntington announced that the Federal Reserve did not object to the proposed capital actions included in Huntington s capital plan submitted to the FRB in January 2015. These actions included a 17% increase in the quarterly dividend per common share to $0.07, starting in the fourth quarter of 2015, and the potential repurchase of up to $366 million of common stock over the five-quarter period through the second quarter of 2016. During the 2015 second quarter, we repurchased 8.8 million shares, with a weighted average price of $11.20. Total share repurchases during the six-month period ended June 30, 2015 were 13.8 million shares, with a weighted average price of $10.92. We have approximately $267.0 million remaining under the current authorization.

Fair Value

Fair Value Measurements

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Assets and liabilities carried at fair value inherently result in a higher degree of financial statement volatility. We estimate the fair value of a financial instrument using a variety of valuation methods. Where financial instruments are actively traded and have quoted market prices, quoted market prices are used for fair value. We characterize active markets as those where transaction volumes are sufficient to provide objective pricing information, with reasonably narrow bid/ask spreads, and where received quoted prices do not vary widely. When the financial instruments are not actively traded, other observable market inputs, such as quoted prices of securities with similar characteristics, may be used, if available, to determine fair value. Inactive markets are characterized by low transaction volumes, price quotations that vary substantially among market participants, or in which minimal information is released publicly. When observable market prices do not exist, we estimate fair value primarily by using cash flow and other financial modeling methods. Our valuation methods consider factors such as liquidity and concentration concerns and, for the derivatives portfolio, counterparty credit risk. Other factors such as model assumptions, market dislocations, and unexpected correlations can affect estimates of fair value. Changes in these underlying factors, assumptions, or estimates in any of these areas could materially impact the amount of revenue or loss recorded.

The FASB ASC Topic 820, Fair Value Measurements, establishes a framework for measuring the fair value of financial instruments that considers the attributes specific to particular assets or liabilities and establishes a three-level hierarchy for determining fair value based on the transparency of inputs to each valuation as of the fair value measurement date. The three levels are defined as follows:

Level 1 quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices of identical or similar assets or liabilities in markets that are not active, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 inputs that are unobservable and significant to the fair value measurement. Financial instruments are considered Level 3 when values are determined using pricing models, discounted cash flow methodologies, or similar techniques, and at least one significant model assumption or input is unobservable.

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 14 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 five major business segments: Retail and Business Banking, Commercial Banking, Automobile Finance and Commercial Real Estate (AFCRE), Regional Banking and The Huntington Private Client Group (RBHPCG), and Home Lending. A Treasury / Other function includes 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.

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 five 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 five 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).

Net Income by Business Segment

The segregation of net income by business segment for the first six-month period of June 30, 2015 and June 30, 2014 is presented in the following table:

Table 31 Net Income (Loss) by Business Segment

	Six Months Ended June 30,	
(dollar amounts in thousands)	**2015**	2014
Retail and Business Banking	**$ 111,273**	$ 81,985
Commercial Banking	**102,681**	66,706
AFCRE	**84,698**	96,668
RBHPCG	**4,468**	14,899
Home Lending	**353**	(11,695)
Treasury/Other	**58,587**	65,199

Total net income	**$ 362,060**	$ 313,762

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 five 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 certain corporate administrative, merger, 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.

Optimal Customer Relationship (OCR)

Our OCR strategy is focused on building and deepening relationships with our customers through superior interactions, product penetration, and quality of service. We will deliver high-quality customer and prospect interactions through a fully integrated sales culture which will include all partners necessary to deliver a total Huntington solution. The quality of our relationships will lead to our ability to be the primary bank for our customers, yielding quality, annuitized revenue and profitable share of customers overall financial services. We believe our relationship oriented approach will drive a competitive advantage through our local market delivery channels.

CONSUMER OCR PERFORMANCE

For consumer OCR performance, there are three key performance metrics: (1) the number of checking account households, (2) the number of product penetration per consumer checking household, and (3) the revenue generated from the consumer households of all business segments.

The growth in consumer checking account number of households is a result of both new sales of checking accounts and improved retention of existing checking account households. The overall objective is to grow the number of households, along with an increase in product penetration.

We use the checking account as a measure since it typically represents the primary banking relationship product. We count additional services by type, not number, of services. For example, a household that has one checking account and one mortgage, we count as having two services. A household with four checking accounts, we count as having one service. The household relationship utilizing 6+ services is viewed to be more profitable and loyal. The overall objective, therefore, is to decrease the percentage of 1-5 services per consumer checking account household, while increasing the percentage of those with 6+ services.

The following table presents consumer checking account household OCR metrics:

Table 32 Consumer Checking Household OCR Cross-sell Report

	2015		2014		
	Second	**First**	Fourth	Third	Second
Number of households (1) (2)	**1,491,967**	**1,475,241**	1,454,402	1,453,584	1,391,406
Product Penetration by Number of Services (3)					
1 Service	**2.5%**	**2.8%**	2.8%	3.3%	3.0%
2-3 Services	**17.0**	**17.3**	17.9	18.4	18.4
4-5 Services	**29.5**	**29.7**	29.9	29.6	29.9
6+ Services	**51.0**	**50.2**	49.4	48.7	48.7
Total revenue *(in millions)*	**$ 279.8**	**$ 260.5**	$ 260.5	$ 260.0	$ 256.6

(1) Checking account required.
(2) On September 12, 2014, Huntington acquired 37,939 Bank of America households.
(3) The definitions and measurements used in our OCR process are periodically reviewed and updated prospectively.

Our emphasis on cross-sell, coupled with customers being attracted to the benefits offered through our Fair Play banking philosophy with programs such as 24-Hour Grace® on overdrafts and Asterisk-Free Checking , are having a positive effect. The percent of consumer households with 6 or more product services at the end of the 2015 second quarter was 51.0%, up from 48.7% from the year-ago quarter due to increased product sales and services provided.

COMMERCIAL OCR PERFORMANCE

For commercial OCR performance, there are three key performance metrics: (1) the number of commercial relationships, (2) the number of services penetration per commercial relationship, and (3) the revenue generated. Commercial relationships include relationships from all business segments.

The growth in the number of commercial relationships is a result of both new sales of checking accounts and improved retention of existing commercial accounts. The overall objective is to grow the number of relationships, along with an increase in product service distribution.

The commercial relationship is defined as a business banking or commercial banking customer with a checking account relationship. We use this metric because we believe that the checking account anchors a business relationship and creates the opportunity to increase our cross-sell activity. Multiple sales of the same type of service are counted as one service, which is the same methodology described above for consumer.

The following table presents commercial relationship OCR metrics:

Table 33 Commercial Relationship OCR Cross-sell Report

	2015		2014		
	Second	**First**	Fourth	Third	Second
Commercial Relationships (1)	**168,088**	**166,710**	164,726	164,079	159,290
Product Penetration by Number of Services (2)					
1 Service	**14.3%**	**15.3%**	15.7%	16.6%	16.9%
2-3 Services	**42.3**	**42.0**	42.4	42.2	41.8
4+ Services	**43.4**	**42.7**	41.9	41.2	41.3
Total revenue *(in millions)*	**$ 222.0**	**$ 216.9**	$ 212.8	$ 213.1	$ 211.8

(1) Checking account required.

(2) The definitions and measurements used in our OCR process are periodically reviewed and updated prospectively.

By focusing on targeted relationships, we are able to achieve higher product service penetration among our commercial relationships and leverage these relationships to generate a deeper share of wallet. The percent of commercial relationships with 4 or more product services at the end of the 2015 second quarter was 43.4%, up from 41.3% from the year-ago quarter. Total commercial relationship revenue for the 2015 second quarter was $222.0 million, up $10.2 million, or 5%, from the year-ago quarter.

Table 34 Average Loans/Leases and Deposits by Business Segment

	Six Months Ended June 30, 2015						
(dollar amounts in millions)	Retail and Business Banking	Commercial Banking	AFCRE	RBHPCG	Home Lending	Treasury / Other	TOTAL
Average Loans/Leases							
Commercial and industrial	**$ 3,980**	**$ 12,142**	**$ 2,597**	**$ 640**	**$**	**$ 110**	**$ 19,469**
Commercial real estate	**321**	**331**	**4,376**	**146**		**(1)**	**5,173**
Total commercial	**4,301**	**12,473**	**6,973**	**786**		**109**	**24,642**
Automobile			**8,431**				**8,431**
Home equity	**7,626**		**1**	**708**	**156**	**3**	**8,494**
Residential mortgage	**1,255**			**1,405**	**3,175**		**5,835**
Other consumer	**399**	**3**	**17**	**11**	**5**	**3**	**438**
Total consumer	**9,280**	**3**	**8,449**	**2,124**	**3,336**	**6**	**23,198**
Total loans and leases	**$ 13,581**	**$ 12,476**	**$ 15,422**	**$ 2,910**	**$ 3,336**	**$ 115**	**$ 47,840**
Average Deposits							
Demand deposits noninterest-bearing	**$ 6,851**	**$ 5,386**	**$ 936**	**$ 1,742**	**$ 350**	**$ 310**	**$ 15,575**
Demand deposits interest-bearing	**4,996**	**840**	**70**	**452**		**22**	**6,380**
Money market deposits	**10,236**	**4,138**	**250**	**4,451**		**9**	**19,084**
Savings and other domestic deposits	**5,072**	**65**	**6**	**76**	**3**	**(2)**	**5,220**
Core certificates of deposit	**2,682**	**8**	**1**	**33**		**2**	**2,726**
Total core deposits	**29,837**	**10,437**	**1,263**	**6,754**	**353**	**341**	**48,985**
Other deposits	**90**	**551**	**169**	**3**	**1**	**2,586**	**3,400**
Total deposits	**$ 29,927**	**$ 10,988**	**$ 1,432**	**$ 6,757**	**$ 354**	**$ 2,927**	**$ 52,385**

	Six Months Ended June 30, 2014						
(dollar amounts in millions)	Retail and Business Banking	Commercial Banking	AFCRE	RBHPCG	Home Lending	Treasury / Other	TOTAL
Average Loans/Leases							
Commercial and industrial	$ 3,606	$ 11,201	$ 2,441	$ 617	$ 1	$ 82	$ 17,948
Commercial real estate	363	301	4,096	215		(1)	4,974
Total commercial	3,969	11,502	6,537	832	1	81	22,922
Automobile			7,070			(1)	7,069
Home equity	7,466	2	1	733	165	(9)	8,358
Residential mortgage	1,147			1,285	3,062		5,494
Other consumer	350	3	32	12	17	(29)	385
Total consumer	8,963	5	7,103	2,030	3,244	(39)	21,306
Total loans and leases	$ 12,932	$ 11,507	$ 13,640	$ 2,862	$ 3,245	$ 42	$ 44,228
Average Deposits							
Demand deposits noninterest-bearing	$ 5,850	$ 4,578	$ 707	$ 1,623	$ 277	$ 295	$ 13,330
Demand deposits interest-bearing	4,719	745	67	316		13	5,860
Money market deposits	9,879	3,703	263	3,813		6	17,664

Savings and other domestic deposits	4,861	82	5	80		(1)	5,027
Core certificates of deposit	3,459	14		48		2	3,523
Total core deposits	28,768	9,122	1,042	5,880	277	315	45,404
Other deposits	105	833	85	3		1,496	2,522
Total deposits	$ 28,873	$ 9,955	$ 1,127	$ 5,883	$ 277	$ 1,811	$ 47,926

Retail and Business Banking

Table 35 Key Performance Indicators for Retail and Business Banking

	Six Months Ended June 30,		Change	
(dollar amounts in thousands unless otherwise noted)	**2015**	2014	Amount	Percent
Net interest income	**$ 505,571**	$ 448,184	$ 57,387	13%
Provision for credit losses	**26,553**	41,434	(14,881)	(36)
Noninterest income	**208,696**	200,495	8,201	4
Noninterest expense	**516,525**	481,114	35,411	7
Provision for income taxes	**59,916**	44,146	15,770	36
Net income	**$ 111,273**	$ 81,985	$ 29,288	36%
Number of employees (average full-time equivalent)	**5,244**	5,156	88	2%
Total average assets *(in millions)*	**$ 15,536**	$ 14,701	$ 835	6
Total average loans/leases *(in millions)*	**13,581**	12,932	649	5
Total average deposits *(in millions)*	**29,927**	28,873	1,054	4
Net interest margin	**3.48%**	3.17%	0.31%	10
NCOs	**$ 27,093**	$ 46,028	$ (18,935)	(41)
NCOs as a % of average loans and leases	**0.40%**	0.71%	(0.31)%	(44)
Return on average common equity	**17.7**	12.2	5.5	45

2015 First Six Months vs. 2014 First Six Months

Retail and Business Banking reported net income of $111.3 million in the first six-month period of 2015. This was an increase of $29.3 million, or 36%, compared to the year-ago period. The increase in net income reflected a combination of factors described below.

The increase in net interest income from the year-ago period reflected:

$0.6 billion, or 5%, increase in average total loans combined with an 11 basis point increase in loan spreads, primarily as a result of a reduction in the funds transfer price rates assigned to loans and improved effective rates.

$1.1 billion, or 4%, increase in total average deposits combined with a 22 basis point increase in deposit spreads, primarily as a result of an increase in the funds transfer price rates assigned to deposits and lower effective rates.

The decrease in the provision for credit losses from the year-ago period reflected:

$18.9 million, or 41%, decrease in NCOs, partially offset by enhancements made to the ACL estimation process.

The increase in total average loans and leases from the year-ago period reflected:

$332 million, or 8%, increase in commercial loans, primarily due to the impact of core portfolio growth.

$317 million, or 4%, increase in consumer loans, primarily due to growth in home equity lines of credit, credit card, and residential mortgages, as well as the impact of the Camco acquisition in the 2014 first quarter.

The increase in total average deposits from the year-ago period reflected:

$876.4 million in combined deposit growth from the Camco acquisition in the 2014 first quarter and the Bank of America branch acquisition in the 2014 third quarter.

$183.9 million deposit growth from our In-store branch network.

The increase in noninterest income from the year-ago period reflected:

$7.5 million, or 15%, increase in electronic banking income, primarily due to higher debit card-related transaction volumes and an increase in the number of households.

$4.2 million, or 68%, increase in mortgage banking income, primarily driven by increased referrals to Home Lending due to an improved mortgage refinance market in the first six months of 2015 compared to the same period in 2014.

$2.9 million, or 40%, increase in gain on sale of loans, primarily due to increased SBA loan sale volumes.

Partially offset by:

$5.7 million, or 5%, decrease in service charges on deposit accounts, primarily reflecting the decline from the late July 2014 implementation of changes in consumer fees and changing customer usage patterns, partially offset by an increase in consumer households.

The increase in noninterest expense from the year-ago period reflected:

$16.9 million, or 8%, increase in other noninterest expense, primarily reflecting an increase in allocated overhead expense and additional expense related to the Bank of America branch and the Camco acquisitions.

$11.1 million, or 8%, increase in personnel costs, primarily due to the Bank of America branch acquisition in the 2014 third quarter and the Camco acquisition in the 2014 first quarter. The increase also reflects additional cost from increased employee benefit expense and annual merit salary adjustments and incentives.

$3.4 million, or 16%, increase in outside data processing and other services expense, mainly the result of transaction volumes associated with debit and credit card activity.

$3.2 million, or 14%, increase in marketing, primarily due to direct mail campaigns.

Commercial Banking

Table 36 Key Performance Indicators for Commercial Banking

	Six Months Ended June 30,		Change	
(dollar amounts in thousands unless otherwise noted)	**2015**	2014	Amount	Percent
Net interest income	**$ 169,331**	$ 147,923	$ 21,408	14%
Provision for credit losses	**3,807**	20,046	(16,239)	(81)
Noninterest income	**125,237**	100,621	24,616	24
Noninterest expense	**132,790**	125,873	6,917	5
Provision for income taxes	**55,290**	35,919	19,371	54
Net income	**$ 102,681**	$ 66,706	$ 35,975	54%
Number of employees (average full-time equivalent)	**1,097**	1,055	42	4%
Total average assets *(in millions)*	**$ 15,528**	$ 13,437	$ 2,091	16
Total average loans/leases *(in millions)*	**12,476**	11,507	969	8
Total average deposits *(in millions)*	**10,988**	9,955	1,033	10
Net interest margin	**2.60%**	2.58%	0.02%	1
NCOs	**$ 13,254**	$ 5,454	$ 7,800	143
NCOs as a % of average loans and leases	**0.21%**	0.09%	0.12%	133
Return on average common equity	**15.9**	9.6	6.3	66

2015 First Six Months vs. 2014 First Six Months

Commercial Banking reported net income of $102.7 million in the first six-month period of 2015. This was an increase of $36.0 million, or 54%, compared to the year-ago period. The increase in net income reflected a combination of factors described below.

The increase in net interest income from the year-ago period reflected:

$1.0 billion, or 8%, increase in average loans/leases.

$0.8 billion, or 115%, increase in average available-for-sale securities, primarily related to direct purchase municipal instruments.

$1.0 billion, or 10%, increase in average total deposits.

2 basis point increase in the net interest margin, due to a 9 basis point increase in the mix and yield on earning assets, primarily related to the HTF acquisition, partially offset by a 4 basis point increase related to FTP, and further offset by a 3 basis point increase in the mix and yield on total deposits primarily related to growth in non-interest bearing balances.

The decrease in the provision for credit losses from the year-ago period reflected:

Enhancements made to the ACL estimation process, partially offset by a $7.8 million, or 143%, increase in NCOs.

The increase in total average assets from the year-ago period reflected:

$0.9 billion, or 25%, increase in the Asset Finance loan and bond financing portfolio, which primarily reflected our focus on developing vertical strategies in public capital, business aircraft, rail industry, lender finance, and syndications, as well as the late 2015 first quarter acquisition of HTF.

$0.5 billion, or 18%, increase in the specialty verticals loan and bond financing portfolio, driven primarily by $0.5 billion, or 89%, increase in the international loan portfolio consisting of discounted bankers acceptances and foreign insured receivables, and $0.1 billion, or 8%, increase in the Healthcare loan and bond financing portfolio due to a strategic focus on the banking needs of the healthcare industry, specifically targeting alternate site real estate, seniors real estate, medical technology, community hospitals, metro hospitals, and health care services.

$0.3 billion, or 17%, increase in the Corporate Banking and Energy loan portfolio due to establishing relationships with targeted prospects within our footprint.

The increase in total average deposits from the year-ago period reflected:

$1.3 billion, or 14%, increase in core deposits, which primarily reflected a $0.8 billion, or 18%, increase in noninterest-bearing demand deposits. Middle market accounts, such as not-for-profit universities and healthcare, contributed $0.9 billion of the overall balance growth, while large corporate accounts contributed $0.4 billion.

Partially offset by:

$0.3 billion, or 34%, decrease in non-core deposits.

The increase in noninterest income from the year-ago period reflected:

$14.5 million, or 282%, increase in equipment finance related fee income, primarily reflecting the late 2015 first quarter acquisition of HTF.

$4.3 million, or 23%, increase in capital market fees, primarily reflecting a $1.9 million, or 43%, increase in foreign exchange revenue, $1.5 million, or 359%, increase in commodities revenue, and a $1.0 million, or 13%, increase in institutional brokerage revenue, partially offset by a $0.2 million, or 3%, decrease in customer interest rate derivatives.

$2.3 million, or 16%, increase in commitment and other loan related fees, primarily reflecting fee income acceleration on closed lines of credit.

$2.3 million, or 9%, increase in service charges on deposit accounts and other treasury management related revenue, primarily due to a new commercial card product implemented in late 2013, growth in merchant services revenue, and strong core cash management growth.

The increase in noninterest expense from the year-ago period reflected:

$9.3 million, or 13%, increase in personnel expense, primarily reflecting the 2015 first quarter acquisition of HTF. The increase also reflects additional cost from annual merit salary adjustments and incentives.

$5.0 million, or 589%, increase in operating lease expense primarily related to the 2015 first quarter acquisition of HTF.

Partially offset by:

$8.5 million, or 40%, decrease in allocated overhead expense.

Automobile Finance and Commercial Real Estate

Table 37 Key Performance Indicators for Automobile Finance and Commercial Real Estate

	Six Months Ended June 30,		Change	
(dollar amounts in thousands unless otherwise noted)	**2015**	2014	Amount	Percent
Net interest income	**$ 190,204**	$ 185,884	$ 4,320	2%
Provision (reduction in allowance) for credit losses	**2,115**	(26,149)	(28,264)	N.R.
Noninterest income	**16,249**	13,540	2,709	20
Noninterest expense	**74,033**	76,853	(2,820)	(4)
Provision for income taxes	**45,607**	52,052	(6,445)	(12)
Net income	**$ 84,698**	$ 96,668	$ (11,970)	(12)%
Number of employees (average full-time equivalent)	**293**	269	24	9%
Total average assets *(in millions)*	**$ 16,679**	$ 13,971	$ 2,708	19
Total average loans/leases *(in millions)*	**15,422**	13,640	1,782	13
Total average deposits *(in millions)*	**1,432**	1,127	305	27
Net interest margin	**2.38%**	2.69%	(0.31)%	(12)
NCOs	**$ 3,017**	$ 4,627	$ (1,610)	(35)
NCOs as a % of average loans and leases	**0.04%**	0.07%	(0.03)%	(43)
Return on average common equity	**25.0**	32.3	(7.3)	(23)

N.R. Not relevant.

2015 First Six Months vs. 2014 First Six Months

AFCRE reported net income of $84.7 million in the first six-month period of 2015. This was a decrease of $12.0 million, or 12%, compared to the year-ago period. The decrease in net income reflected a combination of factors described below.

The increase in net interest income from the year-ago period reflected:

$1.4 billion, or 19%, increase in average automobile loans, primarily due to continued strong origination volume, which has exceeded $1.0 billion for each of the last 6 quarters. This increase was partially offset by the movement of $1 billion of automobile loans to held for sale at the end of the 2015 first quarter in anticipation of an auto loan securitization that was completed in June 2015.

Partially offset by:

31 basis point decrease in the net interest margin, primarily due to a 29 basis point reduction in loan spreads. This decline continues to reflect the impact of competitive pricing pressures. Also, the prior year results included a $5.1 million, or 7 basis points, recovery from the unexpected pay-off of an acquired commercial real estate loan.

The decrease in the reduction in allowance for credit losses from the year-ago period reflected:

Less improvement in credit quality than what was experienced in the year-ago period, enhancements made to the ACL estimation process, partially offset by lower NCOs.

The increase in noninterest income from the year-ago period reflected:

- $5.3 million increase in gain on sale of loans, primarily due to the $0.8 billion automobile loan securitization and sale completed in the 2015 second quarter.

Partially offset by:

- $2.4 million, or 21%, decrease in other income, primarily due to lower market related gains associated with certain loans and investments.

The decrease in noninterest expense from the year-ago period reflected:

- $4.9 million, or 9%, decrease in other noninterest expense, primarily due to a decrease in allocated expenses.

Partially offset by:

- $1.8 million, or 13%, increase in personnel costs, primarily due to a higher number of employees, resulting from community development activities.

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Regional Banking and The Huntington Private Client Group

Table 38 Key Performance Indicators for Regional Banking and The Huntington Private Client Group

	Six Months Ended June 30,		Change	
(dollar amounts in thousands unless otherwise noted)	**2015**	2014	Amount	Percent
Net interest income	**$ 54,575**	$ 51,160	$ 3,415	7%
Provision for credit losses	**4,241**	2,174	2,067	95
Noninterest income	**78,388**	89,984	(11,596)	(13)
Noninterest expense	**121,848**	116,048	5,800	5
Provision for income taxes	**2,406**	8,023	(5,617)	(70)
Net income	**$ 4,468**	$ 14,899	$ (10,431)	(70)%
Number of employees (average full-time equivalent)	**963**	1,055	(92)	(9)%
Total average assets *(in millions)*	**$ 3,361**	$ 3,779	$ (418)	(11)
Total average loans/leases *(in millions)*	**2,910**	2,862	48	2
Total average deposits *(in millions)*	**6,757**	5,883	874	15
Net interest margin	**1.65%**	1.82%	(0.17)%	(9)
NCOs	**$ 4,028**	$ 4,993	$ (965)	(19)
NCOs as a % of average loans and leases	**0.28%**	0.35%	(0.07)%	(20)
Return on average common equity	**2.8**	6.0	(3.2)	(53)
Total assets under management *(in billions) eop*	**$ 14.1**	$ 16.8	$ (2.7)	(16)
Total trust assets *(in billions) eop*	**81.1**	81.1		

eop - End of Period.

2015 First Six Months vs. 2014 First Six Months

RBHPCG reported net income of $4.5 million in the first six-month period of 2015. This was a decrease of $10.4 million, or 70%, compared to the year-ago period. The decrease in net income reflected a combination of factors described below.

The increase in net interest income from the year-ago period reflected:

$0.9 billion, or 15%, increase in average total deposits, primarily due to growth in commercial money market deposits.

The increase in the provision for credit losses from the year-ago period reflected:

Enhancements made to the ACL process, partially offset by a $1.0 million, or 19%, decrease in NCOs.

The decrease in noninterest income from the year-ago period reflected:

$4.8 million, or 75%, decrease in other income, primarily related to the decrease in community lending activities, which corresponds to the transfer of Huntington Community Development to the AFCRE segment retroactive to the beginning of 2015.

$3.7 million, or 6%, decrease in trust services income, primarily related to our fiduciary trust businesses moving to a more open architecture platform and a decline in assets under management in proprietary mutual funds following the 2014 second quarter transition of the fixed income Huntington Funds to a third party.

$2.6 million, or 13%, decrease in brokerage income, primarily reflecting a shift from upfront commission income to trail options and an increase in the sale of new open architecture advisory products.

The increase in noninterest expense from the year-ago period reflected:

$13.7 million, or 53%, increase in other noninterest expense, primarily due to increased allocated product costs, losses and proprietary mutual fund expense reimbursements.

Partially offset by:

- $3.4 million, or 5%, decrease in personnel costs, primarily due to movement of certain trust colleagues to corporate operations. See related increase in allocated expenses above.

- $2.4 million, or 57%, decrease in professional services, primarily due to reduction in consulting expense.

- $1.5 million, or 16%, decrease in outside data processing and other services, primarily due to movement of trust system expenses to corporate operations. See related increase in allocated expenses above.

Home Lending

Table 39 Key Performance Indicators for Home Lending

	Six Months Ended June 30,		Change	
(dollar amounts in thousands unless otherwise noted)	**2015**	2014	Amount	Percent
Net interest income	**$ 31,630**	$ 27,377	$ 4,253	16%
Provision for credit losses	**4,294**	16,510	(12,216)	(74)
Noninterest income	**50,634**	39,107	11,527	29
Noninterest expense	**77,427**	67,966	9,461	14
Provision for income taxes	**190**	(6,297)	6,487	N.R.
Net income (loss)	**$ 353**	$ (11,695)	$ 12,048	N.R.
Number of employees (average full-time equivalent)	**949**	990	(41)	(4)%
Total average assets *(in millions)*	**$ 3,931**	$ 3,742	$ 189	5
Total average loans/leases *(in millions)*	**3,336**	3,245	91	3
Total average deposits *(in millions)*	**354**	277	77	28
Net interest margin	**1.70%**	1.57%	0.13%	8
NCOs	**$ 2,415**	$ 10,526	$ (8,111)	(77)
NCOs as a % of average loans and leases	**0.14%**	0.65%	(0.51)%	(78)
Return on average common equity	**0.4**	(13.5)	13.9	N.R.
Mortgage banking origination volume (in millions)	**$ 2,435**	$ 1,639	$ 796	49

N.R. Not relevant.

2015 First Six Months vs. 2014 First Six Months

Home Lending reported net income of $0.4 million in the first six-month period of 2015 compared to a net loss of $11.7 million in the year-ago period. Home Lending supports the origination and servicing of mortgage loans across all segments. The results reflected a combination of factors described below.

The increase in net interest income from the year-ago period reflected:

13 basis point increase in the net interest margin, primarily due an increase in loan spreads on consumer loans driven by lower funding costs.

$0.1 billion, or 3%, increase in average loans.

The decrease in provision for credit losses reflected:

An $8.1 million, or 77%, decrease in NCOs.

The increase in noninterest income from the year-ago period reflected:

$11.1 million, or 30%, increase in mortgage banking income, primarily related to an increase in origination and secondary marketing revenues.

The increase in noninterest expense from the year-ago period reflected:

$6.5 million, or 16%, increase in personnel costs, primarily due to commission expense related to higher origination volume.

$2.9 million, or 22%, increase in other noninterest expense, primarily due to higher allocated expenses related to volumes.

ADDITIONAL DISCLOSURES

Forward-Looking Statements

This report, including MD&A, contains certain forward-looking statements, including certain plans, expectations, goals, projections, and statements, which 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, 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: (1) worsening of credit quality performance due to a number of factors such as the underlying value of collateral that could prove less valuable than otherwise assumed and assumed cash flows may be worse than expected, (2) 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, (3) movements in interest rates, (4) competitive pressures on product pricing and services, (5) success, impact, and timing of our business strategies, including market acceptance of any new products or services implementing our Fair Play banking philosophy, (6) changes in accounting policies and principles and the accuracy of our assumptions and estimates used to prepare our financial statements, (7) extended disruption of vital infrastructure, (8) the final outcome of significant litigation, (9) 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, and (10) the outcome of judicial and regulatory decisions regarding practices in the residential mortgage industry, including among other things the processes followed for foreclosing residential mortgages. Additional factors that could cause results to differ materially from those described above can be found in our 2014 Annual Report on Form 10-K and documents subsequently filed by us with the Securities and Exchange Commission.

All forward-looking statements speak only as of the date they are made and are based on information available at that time. We assume no obligation to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements were made or to reflect the occurrence of unanticipated events 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-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,

Tier 1 common equity to risk-weighted assets using Basel I definitions, and

Tangible common equity to risk-weighted assets using Basel I and 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 2014 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, 2014 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, income taxes and deferred tax assets, and fair value measurements of investment securities, goodwill, pension, and other real estate owned. These significant accounting estimates and their related application are discussed in our December 31, 2014 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 2015 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)	**2015** **June 30,**	2014 December 31,
Assets		
Cash and due from banks	**$ 1,379,969**	$ 1,220,565
Interest-bearing deposits in banks	**71,409**	64,559
Trading account securities	**59,146**	42,191
Loans held for sale (includes $453,489 and $354,888 respectively, measured at fair value) [(1)]	**548,054**	416,327
Available-for-sale and other securities	**10,254,871**	9,384,670
Held-to-maturity securities	**3,304,160**	3,379,905
Loans and leases (includes $38,995 and $50,617 respectively, measured at fair value) [(1)]	**48,752,301**	47,655,726
Allowance for loan and lease losses	**(599,542)**	(605,196)
Net loans and leases	**48,152,759**	47,050,530
Bank owned life insurance	**1,735,627**	1,718,436
Premises and equipment	**615,436**	616,407
Goodwill	**678,369**	522,541
Other intangible assets	**62,705**	74,671
Accrued income and other assets	**1,983,143**	1,807,208
Total assets	**$ 68,845,648**	$ 66,298,010
Liabilities and shareholders equity		
Liabilities		
Deposits	**$ 53,473,179**	$ 51,732,151
Short-term borrowings	**1,511,444**	2,397,101
Long-term debt	**5,854,584**	4,335,962
Accrued expenses and other liabilities	**1,510,183**	1,504,626
Total liabilities	**62,349,390**	59,969,840
Shareholders equity		
Preferred stock authorized 6,617,808 shares:		
Series A, 8.50% fixed rate, non-cumulative perpetual convertible preferred stock, par value of $0.01, and liquidation value per share of $1,000	**362,507**	362,507
Series B, floating rate, non-voting, non-cumulative perpetual preferred stock, par value of $0.01, and liquidation value per share of $1,000	**23,785**	23,785
Common stock	**8,050**	8,131
Capital surplus	**7,109,493**	7,221,745
Less treasury shares, at cost	**(17,043)**	(13,382)
Accumulated other comprehensive loss	**(185,650)**	(222,292)
Retained (deficit) earnings	**(804,884)**	(1,052,324)
Total shareholders equity	**6,496,258**	6,328,170

Total liabilities and shareholders equity	**$ 68,845,648**	$ 66,298,010
Common shares authorized (par value of $0.01)	**1,500,000,000**	1,500,000,000
Common shares issued	**805,035,698**	813,136,321
Common shares outstanding	**803,065,757**	811,454,676
Treasury shares outstanding	**1,969,941**	1,681,645
Preferred shares issued	**1,967,071**	1,967,071
Preferred shares outstanding	**398,007**	398,007

(1) Amounts represent loans for which Huntington has elected the fair value option.

See Notes to Unaudited Condensed Consolidated Financial Statements

Huntington Bancshares Incorporated

Condensed Consolidated Statements of Income

(Unaudited)

	Three Months Ended		**Six Months Ended**	
	June 30,		**June 30,**	
(dollar amounts in thousands, except per share amounts)	**2015**	2014	**2015**	2014
Interest and fee income:				
Loans and leases	**$ 436,564**	$ 420,938	**$ 857,177**	$ 823,446
Available-for-sale and other securities				
Taxable	**51,525**	42,028	**99,381**	80,484
Tax-exempt	**10,319**	6,605	**19,605**	12,089
Held-to-maturity securities taxable	**20,742**	22,614	**41,408**	45,934
Other	**10,645**	3,137	**14,320**	5,824
Total interest income	**529,795**	495,322	**1,031,891**	967,777
Interest expense:				
Deposits	**19,865**	21,846	**39,433**	45,784
Short-term borrowings	**731**	720	**1,273**	1,243
Federal Home Loan Bank advances	**71**	172	**447**	252
Subordinated notes and other long-term debt	**18,442**	12,536	**32,367**	22,944
Total interest expense	**39,109**	35,274	**73,520**	70,223
Net interest income	**490,686**	460,048	**958,371**	897,554
Provision for credit losses	**20,419**	29,385	**41,010**	54,015
Net interest income after provision for credit losses	**470,267**	430,663	**917,361**	843,539
Service charges on deposit accounts	**70,118**	72,633	**132,338**	137,215
Trust services	**26,550**	29,581	**55,589**	59,146
Electronic banking	**30,259**	26,491	**57,657**	50,133
Mortgage banking income	**38,518**	22,717	**61,479**	45,807
Brokerage income	**15,184**	17,905	**30,684**	35,072
Insurance income	**17,637**	15,996	**33,532**	32,492
Bank owned life insurance income	**13,215**	13,865	**26,240**	27,172
Capital markets fees	**13,192**	10,500	**27,097**	19,694
Gain on sale of loans	**12,453**	3,914	**17,042**	7,484
Net gains on sales of securities	**82**	490	**82**	17,460
Other noninterest income	**44,565**	35,975	**71,656**	66,877
Total noninterest income	**281,773**	250,067	**513,396**	498,552
Personnel costs	**282,135**	260,600	**547,051**	510,077
Outside data processing and other services	**58,508**	54,338	**109,043**	105,828
Net occupancy	**28,861**	28,673	**59,881**	62,106
Equipment	**31,694**	28,749	**61,943**	57,499
Professional services	**12,593**	17,896	**25,320**	30,127
Marketing	**15,024**	14,832	**27,999**	25,518
Deposit and other insurance expense	**11,787**	10,599	**21,954**	24,317
Amortization of intangibles	**9,960**	9,520	**20,166**	18,811

Other noninterest expense	**41,215**	33,429	**77,277**	84,474
Total noninterest expense	**491,777**	458,636	**950,634**	918,757
Income before income taxes	**260,263**	222,094	**480,123**	423,334
Provision for income taxes	**64,057**	57,475	**118,063**	109,572
Net income	**196,206**	164,619	**362,060**	313,762
Dividends on preferred shares	**7,968**	7,963	**15,933**	15,927
Net income applicable to common shares	**$ 188,238**	$ 156,656	**$ 346,127**	$ 297,835
Average common shares basic	**806,891**	821,546	**808,335**	825,603
Average common shares diluted	**820,238**	834,687	**822,023**	838,546
Per common share:				
Net income basic	**$ 0.23**	$ 0.19	**$ 0.43**	$ 0.36
Net income diluted	**0.23**	0.19	**0.42**	0.36
Cash dividends declared	**0.06**	0.05	**0.12**	0.10
OTTI losses for the periods presented:				
Total OTTI losses	**$**	$	**$**	$
Noncredit-related portion of loss recognized in OCI				
Impairment losses recognized in earnings on available-for-sale securities	**$**	$	**$**	$

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,	
(dollar amounts in thousands)	**2015**	2014	**2015**	2014
Net income	**$ 196,206**	$ 164,619	**$ 362,060**	$ 313,762
Other comprehensive income, net of tax:				
Unrealized gains on available-for-sale and other securities:				
Non-credit-related impairment recoveries on debt securities not expected to be sold	**8,720**	809	**12,110**	5,598
Unrealized net gains (losses) on available-for-sale and other securities arising during the period, net of reclassification for net realized gains	**(33,812)**	23,448	**5,140**	30,401
Total unrealized gains (losses) on available-for-sale and other securities	**(25,092)**	24,257	**17,250**	35,999
Unrealized gains (losses) on cash flow hedging derivatives	**(629)**	17,186	**17,586**	17,129
Change in accumulated unrealized losses for pension and other post-retirement obligations	**903**	577	**1,806**	1,154
Other comprehensive income (loss), net of tax	**(24,818)**	42,020	**36,642**	54,282
Comprehensive income	**$ 171,388**	$ 206,639	**$ 398,702**	$ 368,044

See Notes to Unaudited Condensed Consolidated Financial Statements

Huntington Bancshares Incorporated

Condensed Consolidated Statements of Changes in Shareholders Equity

(Unaudited)

	Preferred Stock									Accumulated		
			Series B							Other	Retained	
(All amounts in thousands, except for per share amounts)	Series A		Floating Rate		Common Stock		Capital	Treasury Stock		Comprehensive	Earnings	
	Shares	Amount	Shares	Amount	Shares	Amount	Surplus	Shares	Amount	Loss	(Deficit)	Total
Six Months Ended June 30, 2014												
Balance, beginning of period	363	$ 362,507	35	$ 23,785	832,217	$ 8,322	$ 7,398,515	(1,331)	$ (9,643)	$ (214,009)	$ (1,479,324)	$ 6,090,153
Net income											313,762	313,762
Other comprehensive income (loss)										54,282		54,282
Shares issued pursuant to acquisition					8,670	87	91,577					91,664
Shares issued to HIP					276	3	2,594					2,597
Repurchase of common stock					(26,666)	(267)	(246,722)					(246,989)
Cash dividends declared:												
Common ($0.10 per share)											(82,245)	(82,245)
Preferred Series A ($42.50 per share)											(15,407)	(15,407)
Preferred Series B ($14.68 per share)											(521)	(521)
Recognition of the fair value of share-based compensation							22,792					22,792
Other share-based compensation activity					2,942	29	8,700				(350)	8,379
Other					809	8	1,788	85	572		(44)	2,324
Balance, end of period	363	$ 362,507	35	$ 23,785	818,248	$ 8,182	$ 7,279,244	(1,246)	$ (9,071)	$ (159,727)	$ (1,264,129)	$ 6,240,791
Six Months Ended June 30, 2015												
Balance, beginning of period	**363**	**$ 362,507**	**35**	**$ 23,785**	**813,136**	**$ 8,131**	**$ 7,221,745**	**(1,682)**	**$ (13,382)**	**$ (222,292)**	**$ (1,052,324)**	**$ 6,328,170**
Net income											**362,060**	**362,060**
Other comprehensive income (loss)										**36,642**		**36,642**
Repurchases of common stock					**(13,783)**	**(138)**	**(150,709)**					**(150,847)**
Cash dividends declared:												
Common ($0.12 per share)											**(96,732)**	**(96,732)**
Preferred Series A ($42.50 per share)											**(15,407)**	**(15,407)**
Preferred Series B ($14.85 per share)											**(526)**	**(526)**
Recognition of the fair value of share-based compensation							**25,573**					**25,573**
Other share-based compensation activity					**5,642**	**57**	**12,227**				**(1,935)**	**10,349**

Other					**41**		**657**	**(288)**	**(3,661)**		**(20)**	**(3,024)**
Balance, end of period	**363**	**$ 362,507**	**35**	**$ 23,785**	**805,036**	**$ 8,050**	**$ 7,109,493**	**(1,970)**	**$ (17,043)**	**$ (185,650)**	**$ (804,884)**	**$ 6,496,258**

See Notes to Unaudited Condensed Consolidated Financial Statements

Huntington Bancshares Incorporated

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	Six Months Ended June 30,	
(dollar amounts in thousands)	**2015**	2014
Operating activities		
Net income	**$ 362,060**	$ 313,762
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment of goodwill		3,000
Provision for credit losses	**41,010**	54,015
Depreciation and amortization	**167,957**	152,867
Share-based compensation expense	**25,573**	22,792
Originations of loans held for sale	**(1,890,432)**	(1,087,825)
Principal payments on and proceeds from loans held for sale	**1,677,454**	1,071,980
Gain on sale of loans held for sale	**(17,424)**	(12,209)
Net gain on sales of securities	**(82)**	(17,460)
Net change in:		
Trading account securities	**(16,955)**	(14,968)
Accrued income and other assets	**(175,467)**	(108,154)
Deferred income taxes	**24,138**	(10,280)
Accrued expense and other liabilities	**(84,512)**	15,079
Other, net	**(27,225)**	
Net cash provided by (used for) operating activities	**86,095**	382,599
Investing activities		
Change in interest bearing deposits in banks	**(6,850)**	(12,591)
Cash paid for acquisition of a business, net of cash received	**(457,836)**	(13,452)
Proceeds from:		
Maturities and calls of available-for-sale and other securities	**916,486**	498,227
Maturities of held-to-maturity securities	**288,706**	212,679
Sales of available-for-sale and other securities	**20,126**	1,070,305
Purchases of available-for-sale and other securities	**(1,798,749)**	(2,603,602)
Purchases of held-to-maturity securities	**(215,447)**	
Net proceeds from securitization	**780,117**	
Net proceeds from sales of loans	**203,058**	132,074
Net loan and lease activity, excluding sales and purchases	**(1,172,432)**	(2,422,729)
Proceeds from sale of operating lease assets		377
Purchases of premises and equipment	**(43,093)**	(22,595)
Proceeds from sales of other real estate	**21,025**	17,326
Purchases of loans and leases	**(58,341)**	(205,603)
Purchase of customer list		(223)
Other, net	**1,327**	2,552
Net cash provided by (used for) investing activities	**(1,521,903)**	(3,347,255)
Financing activities		
Increase (decrease) in deposits	**1,821,169**	685,180
Increase (decrease) in short-term borrowings	**(888,979)**	1,278,468
Sale of deposits	**(47,521)**	

Proceeds from issuance of long-term debt	**1,746,938**	1,750,000
Maturity/redemption of long-term debt	**(789,408)**	(198,772)
Dividends paid on preferred stock	**(15,933)**	(15,929)
Dividends paid on common stock	**(97,310)**	(82,584)
Repurchases of common stock	**(150,847)**	(246,989)
Proceeds from stock options exercised	**6,517**	9,600
Net proceeds from issuance of common stock		2,597
Other, net	**10,586**	406
Net cash provided by (used for) financing activities	**1,595,212**	3,181,977
Increase (decrease) in cash and cash equivalents	**159,404**	217,321
Cash and cash equivalents at beginning of period	**1,220,565**	1,001,132
Cash and cash equivalents at end of period	**$ 1,379,969**	$ 1,218,453

Supplemental disclosures:		
Income taxes paid (refunded)	**$ 87,986**	$ 57,750
Interest paid	**67,381**	69,677
Non-cash activities		
Loans transferred to held-for-sale from portfolio	**111,588**	18,168
Loans transferred to portfolio from held-for-sale	**15,726**	45,240
Transfer of loans to OREO	**13,028**	
Dividends accrued, paid in subsequent quarter	**56,589**	46,645

See Notes to Unaudited Condensed Consolidated Financial Statements.

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 presentation 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 2014 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.

2. ACCOUNTING STANDARDS UPDATE

ASU 2014-04 Receivables (Topic 310): Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure. The ASU clarifies that an in substance repossession or foreclosure occurs upon either the creditor obtaining legal title to the residential real estate property or the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. The amendments were effective for annual periods, and interim reporting periods within those annual periods, beginning after December 15, 2014. The amendment did not have a material impact on Huntington s Unaudited Condensed Consolidated Financial Statements.

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 to be utilized for revenue recognition. The amendments were originally effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Subsequently, the FASB issued a one-year deferral for implementation, which results in new guidance being effective for annual and interim reporting periods beginning after December 15, 2017. The FASB, however, permitted adoption of the new guidance on the original effective date. Management is currently assessing the impact on Huntington s Consolidated Financial Statements.

ASU 2014-11 Transfers and Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures. The amendments in the ASU require repurchase-to-maturity transactions to be recorded and accounted for as secured borrowings. Amendments to Topic 860 also require separate accounting for a transfer of a financial asset executed contemporaneously with a repurchase agreement with the same counterparty (i.e., a repurchase financing), which will result in secured borrowing accounting for the repurchase agreement, as well as additional required disclosures. The accounting amendments and disclosures are effective for interim and annual periods beginning after December 15, 2014. The disclosures for repurchase agreements, securities lending transactions, and repurchase-to-maturity transactions accounted for as secured borrowings are required to be presented for annual periods beginning after December 15, 2014, and for interim periods beginning after March 15, 2015. The amendments did not have a material impact on Huntington s Unaudited Condensed Consolidated Financial Statements.

ASU 2014-12 Compensation Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period. The amendments require that a performance target that affects vesting, and that could be achieved after the requisite service period, be treated as a performance condition. Specifically, if the performance target becomes probable of being achieved before the end of the requisite service period, the remaining unrecognized compensation cost should be recognized prospectively over the remaining requisite service period. The amendments are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Management is currently assessing the impact on Huntington s Consolidated Financial Statements.

ASU 2014-14 Receivables Troubled Debt Restructurings by Creditors (Subtopic 310-40): Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure. The amendments require a mortgage loan to be derecognized and a separate receivable to be recognized upon foreclosure if the loan has a government guarantee that is non-separable from the loan before foreclosure, the creditor has the ability and intent to convey the real estate property to the guarantor, and any amount of the claim that is determined on the basis of the fair value of the real estate is fixed. Additionally, the separate other receivable should be measured based on the amount of the loan balance (principal and interest) expected to be recovered from the guarantor upon foreclosure. The amendments were effective for annual periods and interim periods within those annual periods beginning after December 15, 2014. The amendments did not have a material impact on Huntington s Unaudited Condensed Consolidated Financial Statements.

ASU 2015-02 Consolidation (Topic 810) Amendments to the Consolidation Analysis. The amendment applies to entities in all industries and provides a new scope exception for registered money market funds and similar unregistered money market funds. It also makes targeted amendments to the current consolidation guidance and ends the deferral granted to investment companies from applying the variable interest entity accounting guidance. The amendments are effective for annual periods beginning after December 15, 2015. Management is currently assessing the impact on Huntington s Consolidated Financial Statements.

ASU 2015-03 Imputation of Interest (Topic 835): Simplifying the Presentation of Debt Issuance Costs. This ASU was issued to simplify presentation of debt issuance costs. The amendments in this ASU require debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. The amendments are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The amendment is not expected to have a material impact on Huntington s Consolidated Financial Statements.

ASU 2015-10 Technical Corrections and Improvements. The technical corrections and improvements included in the ASU are issued in June 2015 with an objective to clarify the Accounting Standards Codification (Codification), correct unintended application of guidance, or make minor improvements to the Codification that are minor in nature. One of the corrections is related to disclosure of fair value for non-recurring items. The ASU requires disclosure of fair value for non-recurring items at the relevant measurement date where the fair value is not measured at the end of the reporting period. Also, for nonrecurring measurements estimated at a date during the reporting period other than the end of the reporting period, a reporting entity shall clearly indicate that the fair value information presented is not as of the period s end as well as the date or period that the measurement was taken. The technical correction is effective upon issuance. The correction in the ASU does not have a significant impact on Huntington s Unaudited Condensed 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 and leases are carried at the principal amount outstanding, net of unamortized deferred loan origination fees and costs. At June 30, 2015, and December 31, 2014, the aggregate amount of these net unamortized deferred loan origination fees and was $300.5 million and $178.7 million, respectively.

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Loan and Lease Portfolio Composition

The following table provides a detailed listing of Huntington s loan and lease portfolio at June 30, 2015 and December 31, 2014:

(dollar amounts in thousands)	**June 30, 2015**	December 31, 2014
Loans and leases:		
Commercial and industrial	**$ 20,002,676**	$ 19,033,146
Commercial real estate	**5,213,793**	5,197,403
Automobile	**8,549,081**	8,689,902
Home equity	**8,526,276**	8,490,915
Residential mortgage	**5,987,000**	5,830,609
Other consumer	**473,475**	413,751
Loans and leases	**48,752,301**	47,655,726
Allowance for loan and lease losses	**(599,542)**	(605,196)
Net loans and leases	**$ 48,152,759**	$ 47,050,530

As shown in the table above, the primary loan and lease portfolios are: C&I, CRE, automobile, home equity, residential mortgage, and other consumer. For ACL purposes, these portfolios are further disaggregated into classes. The classes within each portfolio are as follows:

Portfolio	Class
Commercial and industrial	Owner occupied Purchased credit-impaired Other commercial and industrial
Commercial real estate	Retail properties Multi family Office Industrial and warehouse Purchased credit-impaired Other commercial real estate
Automobile	NA (1)
Home equity	Secured by first-lien Secured by junior-lien
Residential mortgage	Residential mortgage Purchased credit-impaired
Other consumer	Other consumer Purchased credit-impaired

(1) Not applicable. The automobile loan portfolio is not further segregated into classes.

HTF acquisition

On March 31, 2015, Huntington completed its acquisition of Macquarie Equipment Finance, which was re-branded Huntington Technology Finance (HTF). Lease receivables with a fair value of $838.6 million, including a lease residual value of approximately $200 million, were acquired by Huntington. These leases were recorded at fair value. The fair values for the leases were estimated using discounted cash flow analyses using interest rates currently being offered for leases with similar terms (Level 3), and reflected an estimate of credit and other risk associated with the leases.

Camco Financial acquisition

On March 1, 2014, Huntington completed its acquisition of Camco Financial. Loans with a fair value of $559.4 million were transferred to Huntington.

Fidelity Bank acquisition

On March 30, 2012, Huntington acquired the loans of Fidelity Bank located in Dearborn, Michigan from the FDIC. Under the agreement, loans with a fair value of $523.9 million were acquired by Huntington.

Purchased Credit-Impaired Loans

Purchased loans with evidence of deterioration in credit quality since origination for which it is probable at acquisition that we will be unable to collect all contractually required payments are considered to be credit impaired. Purchased credit-impaired loans are initially recorded at fair value, which is estimated by discounting the cash flows expected to be collected at the acquisition date. Because the estimate of expected cash flows reflects an estimate of future credit losses expected to be incurred over the life of the loans, an allowance for credit losses is not recorded at the acquisition date. The excess of cash flows expected at acquisition over the estimated fair value, referred to as the accretable yield, is recognized in interest income over the remaining life of the loan, or pool of loans, on a level-yield basis. The difference between the contractually required payments at acquisition and the cash flows expected to be collected at acquisition is referred to as the nonaccretable difference. A subsequent decrease in the estimate of cash flows expected to be received on purchased credit-impaired loans generally results in the recognition of an allowance for credit losses. Subsequent increases in cash flows result in reversal of any nonaccretable difference (or allowance for loan and lease losses to the extent any has been recorded) with a positive impact on interest income subsequently recognized. The measurement of cash flows involves assumptions and judgments for interest rates, prepayments, default rates, loss severity, and collateral values. All of these factors are inherently subjective and significant changes in the cash flow estimates over the life of the loan can result.

The following table presents a rollforward of the accretable yield for purchased credit impaired loans by acquisition for the three-month and six-month periods ended June 30, 2015 and 2014:

	Three Months Ended June 30, 2015		**Six Months Ended June 30, 2015**	
(dollar amounts in thousands)	**2015**	2014	**2015**	2014
Fidelity Bank				
Balance, beginning of period	**$ 20,191**	$ 24,758	**$ 19,388**	$ 27,995
Accretion	**(2,990)**	(3,647)	**(5,864)**	(7,651)
Reclassification from nonaccretable difference	**2,111**	3,485	**5,788**	4,252
Balance, end of period	**$ 19,312**	$ 24,596	**$ 19,312**	$ 24,596
Camco Financial				
Balance, beginning of period	**$ 879**	$ 134	**$ 824**	$
Impact of acquisition/purchase on March 1, 2014				143
Accretion	**(914)**	(5,173)	**(1,250)**	(5,182)
Reclassification from nonaccretable difference	**716**	5,193	**1,107**	5,193
Balance, end of period	**$ 681**	$ 154	**$ 681**	$ 154

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The allowance for loan losses recorded on the purchased credit-impaired loan portfolio at June 30, 2015 and December 31, 2014 was $1.0 million and $4.1 million, respectively. The following table reflects the ending and unpaid balances of all contractually required payments and carrying amounts of the acquired loans by acquisition at June 30, 2015 and December 31, 2014:

	June 30, 2015		December 31, 2014	
(dollar amounts in thousands)	**Ending Balance**	**Unpaid Balance**	Ending Balance	Unpaid Balance
Fidelity Bank				
Commercial and industrial	**$ 20,122**	**$ 29,969**	$ 22,405	$ 33,622
Commercial real estate	**25,742**	**71,953**	36,663	87,250
Residential mortgage	**2,040**	**3,017**	1,912	3,096
Other consumer	**51**	**114**	51	123
Total	**$ 47,955**	**$ 105,053**	$ 61,031	$ 124,091
Camco Financial				
Commercial and industrial	**$**	**$**	$ 823	$ 1,685
Commercial real estate	**1,849**	**2,603**	1,708	3,826
Total	**$ 1,849**	**$ 2,603**	$ 2,531	$ 5,511

Loan Purchases and Sales

The following table summarizes portfolio loan purchase and sale activity for the three-month and six-month periods ended June 30, 2015 and 2014. The table below excludes mortgage loans originated for sale.

(dollar amounts in thousands)	Commercial and Industrial	Commercial Real Estate	Automobile	Home Equity	Residential Mortgage	Other Consumer	Total
Portfolio loans and leases purchased or transferred from held for sale during the:							
Three-month period ended June 30, 2015	**$ 31,905**	**$**	**$ 262,037(2)**	**$**	**$ 75,403**	**$**	**$ 369,345**
Six-month period ended June 30, 2015	**$ 44,496**	**$**	**$ 262,037(2)**	**$**	**$ 107,037**	**$**	**$ 413,570**
Three-month period ended June 30, 2014	$ 165,482	$	$	$	$	$	$ 165,482
Six-month period ended June 30, 2014	$ 205,603	$	$	$	$	$	$ 205,603
Portfolio loans and leases sold or transferred to loans held for sale during the:							
Three-month period ended June 30, 2015	**$ 100,202**	**$**	**$**	**$**	**$**	**$**	**$ 100,202**
Six-month period ended June 30, 2015	**$ 185,902**	**$**	**$ 1,026,195(1)**	**$**	**$**		**$ 1,212,097**
Three-month period ended June 30, 2014	$ 50,472	$ 7,395	$	$	$	$ 7,592	$ 65,459
Six-month period ended June 30, 2014	$ 104,731	$ 7,434	$	$	$	$ 7,592	$ 119,757

(1) Reflects the transfer of approximately $1.0 billion automobile loans to loans held-for-sale at March 31, 2015.

(2) Includes loans Huntington no longer has the intent to sell and, therefore transferred back to the portfolio in the 2015 second quarter.

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.

Any loan in any portfolio may be placed on nonaccrual status prior to the policies described below when collection of principal or interest is in doubt. When a borrower with debt is discharged in a Chapter 7 bankruptcy and not reaffirmed by the borrower, the loan is determined to be collateral dependent and placed on nonaccrual status.

All classes within the C&I and CRE portfolios (except for purchased credit-impaired loans) are placed on nonaccrual status at 90-days past due. Residential mortgage loans are placed on nonaccrual status at 150-days past due, with the exception of residential mortgages guaranteed by government organizations. First-lien home equity loans 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 and other consumer loans are generally charged-off when the loan is 120-days past due.

For all classes within all loan portfolios, when a loan is placed on nonaccrual status, any accrued interest income is reversed with current year accruals charged to interest income, and prior year amounts charged-off as a credit loss.

For all classes within all loan portfolios, cash receipts received on NALs are applied entirely against principal until the loan or lease has been collected in full, after which time any additional cash receipts are recognized as interest income. However, for secured non-reaffirmed debt in a Chapter 7 bankruptcy, payments are applied to principal and interest when the borrower has demonstrated a capacity to continue payment of the debt and collection of the debt is reasonably assured. For unsecured non-reaffirmed debt in a Chapter 7 bankruptcy where the carrying value has been fully charged-off, payments are recorded as loan recoveries.

Regarding all classes within the C&I and CRE portfolios, the determination of a borrower s ability to make the required principal and interest payments is based on an examination of the borrower s current financial statements, industry, management capabilities, and other qualitative measures. For all classes within the consumer loan portfolio, the determination of a borrower s ability to make the required principal and interest payments is based on multiple factors, including number of days past due and, in some instances, an evaluation of the borrower s financial condition. When, in Management s judgment, the borrower s ability to make required principal and interest payments resumes and collectability is no longer in doubt, supported by sustained repayment history, the loan or lease is returned to accrual status. For these loans that have been returned to accrual status, cash receipts are applied according to the contractual terms of the loan.

The following table presents NALs by loan class at June 30, 2015 and December 31, 2014:

(dollar amounts in thousands)	**June 30, 2015**	December 31, 2014
Commercial and industrial:		
Owner occupied	**$ 44,864**	$ 41,285
Other commercial and industrial	**104,849**	30,689
Total commercial and industrial	**$ 149,713**	$ 71,974
Commercial real estate:		
Retail properties	**$ 18,314**	$ 21,385
Multi family	**5,647**	9,743
Office	**14,545**	7,707
Industrial and warehouse	**1,182**	3,928
Other commercial real estate	**4,200**	5,760
Total commercial real estate	**$ 43,888**	$ 48,523
Automobile	**$ 4,190**	$ 4,623
Home equity:		
Secured by first-lien	**$ 42,424**	$ 46,938
Secured by junior-lien	**32,926**	31,622
Total home equity	**$ 75,350**	$ 78,560
Residential mortgage	**$ 91,198**	$ 96,564
Other consumer	**$**	$
Total nonaccrual loans	**$ 364,339**	$ 300,244

The following table presents an aging analysis of loans and leases, including past due loans, by loan class at June 30, 2015 and December 31, 2014: (1)

	June 30, 2015						
	Past Due					Total Loans	90 or more days past due and
(dollar amounts in thousands)	30-59 Days	60-89 Days	90 or more days	Total	Current	and Leases	accruing
Commercial and industrial:							
Owner occupied	**$ 8,420**	**$ 3,328**	**$ 23,594**	**$ 35,342**	**$ 4,164,517**	**$ 4,199,859**	**$**
Purchased credit-impaired	**409**		**4,765**	**5,174**	**14,948**	**20,122**	**4,765(3)**
Other commercial and industrial	**28,636**	**18,363**	**22,282**	**69,281**	**15,713,414**	**15,782,695**	**1,856(2)**
Total commercial and industrial	**$ 37,465**	**$ 21,691**	**$ 50,641**	**$ 109,797**	**$ 19,892,879**	**$ 20,002,676**	**$ 6,621**
Commercial real estate:							
Retail properties	**$ 425**	**$ 1,167**	**$ 3,356**	**$ 4,948**	**$ 1,350,570**	**$ 1,355,518**	**$**
Multi family	**2,092**	**12**	**2,477**	**4,581**	**1,116,003**	**1,120,584**	
Office	**3,090**		**1,929**	**5,019**	**925,921**	**930,940**	
Industrial and warehouse	**420**	**327**	**430**	**1,177**	**499,910**	**501,087**	
Purchased credit-impaired	**1,166**	**2,012**	**10,920**	**14,098**	**13,493**	**27,591**	**10,920(3)**
Other commercial real estate	**310**	**105**	**4,052**	**4,467**	**1,273,606**	**1,278,073**	
Total commercial real estate	**$ 7,503**	**$ 3,623**	**$ 23,164**	**$ 34,290**	**$ 5,179,503**	**$ 5,213,793**	**$ 10,920**
Automobile	**$ 50,355**	**$ 10,373**	**$ 4,388**	**$ 65,116**	**$ 8,483,965**	**$ 8,549,081**	**$ 4,269**
Home equity:							
Secured by first-lien	**$ 16,903**	**$ 7,266**	**$ 29,861**	**$ 54,030**	**$ 5,151,027**	**$ 5,205,057**	**$ 4,879**
Secured by junior-lien	**23,663**	**9,564**	**33,872**	**67,099**	**3,254,120**	**3,321,219**	**6,834**
Total home equity	**$ 40,566**	**$ 16,830**	**$ 63,733**	**$ 121,129**	**$ 8,405,147**	**$ 8,526,276**	**$ 11,713**
Residential mortgage:							
Residential mortgage	**$ 92,554**	**$ 37,877**	**$ 118,641**	**$ 249,072**	**$ 5,735,888**	**$ 5,984,960**	**$ 72,509**
Purchased credit-impaired					**2,040**	**2,040**	
Total residential mortgage	**$ 92,554**	**$ 37,877**	**$ 118,641**	**$ 249,072**	**$ 5,737,928**	**$ 5,987,000**	**$ 72,509(4)**
Other consumer:							
Other consumer	**$ 5,624**	**$ 1,120**	**$ 847**	**$ 7,591**	**$ 465,833**	**$ 473,424**	**$ 846**
Purchased credit-impaired					**51**	**51**	
Total other consumer	**$ 5,624**	**$ 1,120**	**$ 847**	**$ 7,591**	**$ 465,884**	**$ 473,475**	**$ 846**
Total loans and leases	**$ 234,067**	**$ 91,514**	**$ 261,414**	**$ 586,995**	**$ 48,165,306**	**$ 48,752,301**	**$ 106,878**

	December 31, 2014						
		Past Due					90 or more
						Total Loans	days past due
(dollar amounts in thousands)	30-59 Days	60-89 Days	90 or more days	Total	Current	and Leases	and accruing
Commercial and industrial:							
Owner occupied	$ 5,232	$ 2,981	$ 18,222	$ 26,435	$ 4,228,440	$ 4,254,875	$
Purchased credit-impaired	846		4,937	5,783	17,445	23,228	4,937
Other commercial and industrial	15,330	1,536	9,101	25,967	14,729,076	14,755,043	
Total commercial and industrial	$ 21,408	$ 4,517	$ 32,260	$ 58,185	$ 18,974,961	$ 19,033,146	$ 4,937(3)
Commercial real estate:							
Retail properties	$ 7,866	$	$ 4,021	$ 11,887	$ 1,345,859	$ 1,357,746	$
Multi family	1,517	312	3,337	5,166	1,085,250	1,090,416	
Office	464	1,167	4,415	6,046	974,257	980,303	
Industrial and warehouse	688		2,649	3,337	510,064	513,401	
Purchased credit-impaired	89	289	18,793	19,171	19,200	38,371	18,793
Other commercial real estate	847	1,281	3,966	6,094	1,211,072	1,217,166	
Total commercial real estate	$ 11,471	$ 3,049	$ 37,181	$ 51,701	$ 5,145,702	$ 5,197,403	$ 18,793(3)
Automobile	$ 56,272	$ 10,427	$ 5,963	$ 72,662	$ 8,617,240	$ 8,689,902	$ 5,703
Home equity							
Secured by first-lien	$ 15,036	$ 8,085	$ 33,014	$ 56,135	$ 5,072,669	$ 5,128,804	$ 4,471
Secured by junior-lien	22,473	12,297	33,406	68,176	3,293,935	3,362,111	7,688
Total home equity	$ 37,509	$ 20,382	$ 66,420	$ 124,311	$ 8,366,604	$ 8,490,915	$ 12,159
Residential mortgage							
Residential mortgage	$ 102,702	$ 42,009	$ 139,379	$ 284,090	$ 5,544,607	$ 5,828,697	$ 88,052
Purchased credit-impaired					1,912	1,912	
Total residential mortgage	$ 102,702	$ 42,009	$ 139,379	$ 284,090	$ 5,546,519	$ 5,830,609	$ 88,052(5)
Other consumer							
Other consumer	$ 5,491	$ 1,086	$ 837	$ 7,414	$ 406,286	$ 413,700	$ 837
Purchased credit-impaired					51	51	
Total other consumer	$ 5,491	$ 1,086	$ 837	$ 7,414	$ 406,337	$ 413,751	$ 837
Total loans and leases	$ 234,853	$ 81,470	$ 282,040	$ 598,363	$ 47,057,363	$ 47,655,726	$ 130,481

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

(2) Amounts include HTF administrative lease delinquencies.

(3) Amounts represent accruing purchased impaired loans related to acquisitions. Under the applicable accounting guidance (ASC 310-30), the loans were recorded at fair value upon acquisition and remain in accruing status.

(4) Includes $50,640 thousand guaranteed by the U.S. government.

(5) Includes $55,012 thousand guaranteed by the U.S. government.

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.

The appropriateness of the ACL is based on Management s current judgments about the credit quality of the loan portfolio. These judgments consider on-going evaluations of the loan and lease portfolio, including such factors as the differing economic risks associated with each loan category, the financial condition of specific borrowers, the level of delinquent loans, the value of any collateral and, where applicable, the existence of any guarantees or other documented support. Further, Management evaluates the impact of changes in interest rates and overall economic conditions on the ability of borrowers to meet their financial obligations when quantifying our exposure to credit losses and assessing the appropriateness of our ACL at each reporting date. In addition to general economic conditions and the other factors described above, additional factors also considered include: the impact of increasing or decreasing residential real estate values; the diversification of CRE loans; the development of new or expanded Commercial business segments such as healthcare, ABL, and energy, and the overall condition of the manufacturing industry. Management s determinations regarding the appropriateness of the ACL are reviewed and approved by the Company s board of directors.

The ALLL consists of two components: (1) the transaction reserve, which includes a loan level allocation, specific reserves related to loans considered to be impaired, and loans involved in troubled debt restructurings, and (2) the general reserve. The transaction reserve component includes both (1) an estimate of loss based on pools of commercial and consumer loans and leases with similar characteristics and (2) an estimate of loss based on an impairment review of each impaired C&I and CRE loan greater than $1.0 million. For the C&I and CRE portfolios, the estimate of loss based on pools of loans and leases with similar characteristics is made by applying a PD factor and a LGD factor to each individual loan based on a regularly updated loan grade, using a standardized loan grading system. The PD factor and an LGD factor are determined for each loan grade using statistical models based on historical performance data. The PD factor considers on-going reviews of the financial performance of the specific borrower, including cash flow, debt-service coverage ratio, earnings power, debt level, and equity position, in conjunction with an assessment of the borrower s industry and future prospects. The LGD factor considers analysis of the type of collateral and the relative LTV ratio. These reserve factors are developed based on credit migration models that track historical movements of loans between loan ratings over time and a combination of long-term average loss experience of our own portfolio and external industry data using a 24-month loss emergence period.

In the case of other homogeneous portfolios, such as automobile loans, home equity loans, and residential mortgage loans, the determination of the transaction reserve also incorporates PD and LGD factors. The estimate of loss is based on pools of loans and leases with similar characteristics. The PD factor considers current credit scores unless the account is delinquent, in which case a higher PD factor is used. The credit score provides a basis for understanding the borrower s past and current payment performance, and this information is used to estimate expected losses over the emergence period. The performance of first-lien loans ahead of our junior-lien loans is available to use as part of our updated score process. The LGD factor considers analysis of the type of collateral and the relative LTV ratio. Credit scores, models, analyses, and other factors used to determine both the PD and LGD factors are updated frequently to capture the recent behavioral characteristics of the subject portfolios, as well as any changes in loss mitigation or credit origination strategies, and adjustments to the reserve factors are made as required. Models utilized in the ALLL estimation process are subject to the Company s model validation policies.

The general reserve consists of our risk-profile reserve components, which includes items unique to our structure, policies, processes, and portfolio composition, as well as qualitative measurements and assessments of the loan portfolios including, but not limited to, management quality, concentrations, portfolio composition, industry comparisons, and internal review functions.

The estimate for the AULC is determined using the same procedures and methodologies as used for the ALLL. The loss factors used in the AULC are the same as the loss factors used in the ALLL while also considering a historical utilization of unused commitments. The AULC is reflected in accrued expenses and other liabilities in the Unaudited Condensed Consolidated Balance Sheet.

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

During the 2015 first quarter, we reviewed our existing commercial and consumer credit models and enhanced certain processes and methods of ACL estimation. During this review, we analyzed the loss emergence periods used for consumer receivables collectively evaluated for impairment and, as a result, extended our loss emergence periods for products within these portfolios. As part of these enhancements to our credit reserve process, we evaluated the methods used to separately estimate economic risks inherent in our portfolios and decided to no longer utilize these separate estimation techniques. Economic risks are incorporated in our loss estimates elsewhere in our reserve calculation. The enhancements made to our credit reserve processes during the quarter allow for increased segmentation and analysis of the estimated incurred losses within our loan portfolios. The net ACL impact of these enhancements was immaterial.

The following table presents ALLL and AULC activity by portfolio segment for the three-month and six-month periods ended June 30, 2015 and 2014:

(dollar amounts in thousands)	Commercial and Industrial	Commercial Real Estate	Automobile	Home Equity	Residential Mortgage	Other Consumer	Total
Three-month period ended June 30, 2015:							
ALLL balance, beginning of period	$ 284,573	$ 100,752	$ 37,125	$ 110,280	$ 55,380	$ 17,016	$ 605,126
Loan charge-offs	(12,213)	(8,288)	(7,691)	(8,629)	(3,610)	(6,539)	(46,970)
Recoveries of loans previously charged-off	7,802	2,763	4,249	3,979	1,468	1,334	21,595
Provision (reduction in allowance) for loan and lease losses	4,879	(3,167)	5,418	5,548	(1,559)	8,671	19,790
Allowance for loans sold or transferred to loans held for sale			1				1
ALLL balance, end of period	$ 285,041	$ 92,060	$ 39,102	$ 111,178	$ 51,679	$ 20,482	$ 599,542
AULC balance, beginning of period	$ 42,315	$ 5,531	$	$ 2,639	$ 9	$ 4,248	$ 54,742
Provision (reduction in allowance) for unfunded loan commitments and letters of credit	(466)	247		(117)	8	957	629
AULC balance, end of period	$ 41,849	$ 5,778	$	$ 2,522	$ 17	$ 5,205	$ 55,371
ACL balance, end of period	$ 326,890	$ 97,838	$ 39,102	$ 113,700	$ 51,696	$ 25,687	$ 654,913
Six-month period ended June 30, 2015:							
ALLL balance, beginning of period	$ 286,995	$ 102,839	$ 33,466	$ 96,413	$ 47,211	$ 38,272	$ 605,196
Loan charge-offs	(36,825)	(10,301)	(15,794)	(17,215)	(8,473)	(13,437)	(102,045)
Recoveries of loans previously charged-off	21,011	8,788	8,104	7,940	3,515	2,880	52,238
Provision (reduction in allowance) for loan and lease losses	13,860	(9,266)	15,618	24,040	9,426	(7,233)	46,445
Allowance for loans sold or transferred to loans held for sale			(2,292)				(2,292)
ALLL balance, end of period	$ 285,041	$ 92,060	$ 39,102	$ 111,178	$ 51,679	$ 20,482	$ 599,542
AULC balance, beginning of period	$ 48,988	$ 6,041	$	$ 1,924	$ 8	$ 3,845	$ 60,806
Provision for (reduction in allowance) unfunded loan commitments and letters of credit	(7,139)	(263)		598	9	1,360	(5,435)
AULC balance, end of period	$ 41,849	$ 5,778	$	$ 2,522	$ 17	$ 5,205	$ 55,371
ACL balance, end of period	$ 326,890	$ 97,838	$ 39,102	$ 113,700	$ 51,696	$ 25,687	$ 654,913

(dollar amounts in thousands)	Commercial and Industrial	Commercial Real Estate	Automobile	Home Equity	Residential Mortgage	Other Consumer	Total
Three-month period ended June 30, 2014:							
ALLL balance, beginning of period	$ 266,979	$ 160,306	$ 25,178	$ 113,177	$ 39,068	$ 27,210	$ 631,918
Loan charge-offs	(23,245)	(2,998)	(6,632)	(13,201)	(6,062)	(6,689)	(58,827)
Recoveries of loans previously charged-off	12,648	5,189	3,706	4,710	2,656	1,275	30,184
Provision for (reduction in allowance) loan and lease losses	22,130	(25,151)	4,906	1,257	11,529	17,155	31,826
Allowance for loans sold or transferred to loans held for sale							
ALLL balance, end of period	$ 278,512	$ 137,346	$ 27,158	$ 105,943	$ 47,191	$ 38,951	$ 635,101
AULC balance, beginning of period	$ 46,316	$ 9,127	$	$ 1,791	$ 8	$ 2,126	$ 59,368
Provision for (reduction in allowance) unfunded loan commitments and letters of credit	(1,566)	(1,597)		186		536	(2,441)
AULC balance, end of period	$ 44,750	$ 7,530	$	$ 1,977	$ 8	$ 2,662	$ 56,927
ACL balance, end of period	$ 323,262	$ 144,876	$ 27,158	$ 107,920	$ 47,199	$ 41,613	$ 692,028
Six-month period ended June 30, 2014:							
ALLL balance, beginning of period	$ 265,801	$ 162,557	$ 31,053	$ 111,131	$ 39,577	$ 37,751	$ 647,870
Loan charge-offs	(39,582)	(13,108)	(14,676)	(34,260)	(15,048)	(15,164)	(131,838)
Recoveries of loans previously charged-off	20,379	16,286	7,108	10,082	3,783	2,571	60,209
Provision for (reduction in allowance) loan and lease losses	31,914	(28,389)	3,673	18,990	18,879	14,920	59,987
Allowance for loans sold or transferred to loans held for sale						(1,127)	(1,127)
ALLL balance, end of period	$ 278,512	$ 137,346	$ 27,158	$ 105,943	$ 47,191	$ 38,951	$ 635,101
AULC balance, beginning of period	$ 49,596	$ 9,891	$	$ 1,763	$ 9	$ 1,640	$ 62,899
Provision for (reduction in allowance) unfunded loan commitments and letters of credit	(4,846)	(2,361)		214	(1)	1,022	(5,972)
AULC balance, end of period	$ 44,750	$ 7,530	$	$ 1,977	$ 8	$ 2,662	$ 56,927
ACL balance, end of period	$ 323,262	$ 144,876	$ 27,158	$ 107,920	$ 47,199	$ 41,613	$ 692,028

Any loan in any portfolio may be charged-off prior to the policies described below if a loss confirming event has occurred. Loss confirming events include, but are not limited to, bankruptcy (unsecured), continued delinquency, foreclosure, or receipt of an asset valuation indicating a collateral deficiency and 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.

C&I and CRE loans are either charged-off or written down to net realizable value at 90-days past due. Automobile loans and other consumer loans are charged-off or written down to net realizable value 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.

Credit Quality Indicators

To facilitate the monitoring of credit quality for C&I and CRE loans, and for purposes of determining an appropriate ACL level for these loans, Huntington utilizes the following categories of credit grades:

Pass - Higher quality loans that do not fit any of the other categories described below.

OLEM - The credit risk may be relatively minor yet represent a risk given certain specific circumstances. If the potential weaknesses are not monitored or mitigated, the loan may weaken or the collateral may be inadequate to protect Huntington s position in the future. For these reasons, Huntington considers the loans to be potential problem loans.

Substandard - Inadequately protected loans by the borrower s ability to repay, equity, and/or the collateral pledged to secure the loan. These loans have identified weaknesses that could hinder normal repayment or collection of the debt. It is likely Huntington will sustain some loss if any identified weaknesses are not mitigated.

Doubtful - Loans that have all of the weaknesses inherent in those loans classified as Substandard, with the added elements of the full collection of the loan is improbable and that the possibility of loss is high.

The categories above, which are derived from standard regulatory rating definitions, are assigned upon initial approval of the loan or lease and subsequently updated as appropriate.

Commercial loans categorized as OLEM, Substandard, or Doubtful are considered Criticized loans. Commercial loans categorized as Substandard or Doubtful are also considered Classified loans.

For all classes within all consumer loan portfolios, each loan is assigned a specific PD factor that is partially based on the borrower s most recent credit bureau score, which we update quarterly. A credit bureau score is a credit score developed by Fair Isaac Corporation based on data provided by the credit bureaus. The credit bureau score is widely accepted as the standard measure of consumer credit risk used by lenders, regulators, rating agencies, and consumers. The higher the credit bureau score, the higher likelihood of repayment and therefore, an indicator of higher credit quality.

Huntington assesses the risk in the loan portfolio by utilizing numerous risk characteristics. The classifications described above, and also presented in the table below, represent one of those characteristics that are closely monitored in the overall credit risk management processes.

The following table presents each loan and lease class by credit quality indicator at June 30, 2015 and December 31, 2014:

	June 30, 2015				
	Credit Risk Profile by UCS classification				
(dollar amounts in thousands)	Pass	OLEM	Substandard	Doubtful	Total
Commercial and industrial:					
Owner occupied	**$ 3,875,455**	**$ 114,939**	**$ 207,241**	**$ 2,224**	**$ 4,199,859**
Purchased credit-impaired	**4,061**	**500**	**15,360**	**201**	**20,122**
Other commercial and industrial	**14,892,225**	**315,347**			