HUNTINGTON BANCSHARES INC/MD
Form 10-Q
October 28, 2014

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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 September 30, 2014

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 814,453,953 shares of Registrant s common stock ($0.01 par value) outstanding on September 30, 2014.

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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:

2013 Form 10-K	Annual Report on Form 10-K for the year ended December 31, 2013
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
AVM	Automated Valuation Methodology
Basel III	Refers to the final rule issued by the FRB and OCC and published in the Federal Register on October 11, 2013
BHC	Bank Holding Companies
C&I	Commercial and Industrial
Camco Financial	Camco Financial Corp.
CCAR	Comprehensive Capital Analysis and Review
CDO	Collateralized Debt Obligations
CDs	Certificate of Deposit
CFPB	Bureau of Consumer Financial Protection
CMO	Collateralized Mortgage Obligations
CRE	Commercial Real Estate
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EPS	Earnings Per Share
ERISA	Employee Retirement Income Security Act
EVE	Economic Value of Equity
Fannie Mae	(see FNMA)
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FDICIA	Federal Deposit Insurance Corporation Improvement Act of 1991
FHA	Federal Housing Administration
FHFA	Federal Housing Finance Agency

FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FICA	Federal Insurance Contributions Act
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

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
IRC	Internal Revenue Code of 1986, as amended
IRS	Internal Revenue Service
ISE	Interest Sensitive Earnings
LCR	Liquidity Coverage Ratio
LIBOR	London Interbank Offered Rate
LGD	Loss-Given-Default
LIHTC	Low Income Housing Tax Credit
LTV	Loan to Value
NAICS	North American Industry Classification System
MD&A	Management s Discussion and Analysis of Financial Condition and Results of Operations
MSA	Metropolitan Statistical Area
MSR	Mortgage Servicing Rights
NALs	Nonaccrual Loans
NAV	Net Asset Value
NCO	Net Charge-off
NIM	Net Interest Margin
NCUA	National Credit Union Administration
NPAs	Nonperforming Assets
NPR	Notice of Proposed Rulemaking
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
NSF / OD	Nonsufficient Funds and Overdraft
OCC	Office of the Comptroller of the Currency
OCI	Other Comprehensive Income (Loss)
OCR	Optimal Customer Relationship
OLEM	Other Loans Especially Mentioned
OREO	Other Real Estate Owned
OTTI	Other-Than-Temporary Impairment
PD	Probability-Of-Default
Plan	Huntington Bancshares Retirement Plan
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).

REIT	Real Estate Investment Trust
Reg E	Regulation E, of the Electronic Fund Transfer Act
RBHPCG	Regional Banking and The Huntington Private Client Group
ROC	Risk Oversight Committee
SAD	Special Assets Division
SBA	Small Business Administration
SEC	Securities and Exchange Commission
SERP	Supplemental Executive Retirement Plan
Sky Financial	Sky Financial Group, Inc.
SRIP	Supplemental Retirement Income Plan

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TCE	Tangible Common Equity
TDR	Troubled Debt Restructured Loan
TLGP	Temporary Liquidity Guarantee Program
U.S. Treasury	U.S. Department of the Treasury
UCS	Uniform Classification System
UPB	Unpaid Principal Balance
USDA	U.S. Department of Agriculture
VA	U.S. Department of Veteran Affairs
VIE	Variable Interest Entity

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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 148 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 753 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 Form 8-K filed on May 28, 2014 should be read in conjunction with this MD&A as this discussion provides only material updates to the Form 8-K. This MD&A should also be read in conjunction with the financial statements, notes 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.

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EXECUTIVE OVERVIEW

Summary of 2014 Third Quarter Results

For the quarter, we reported net income of $155.0 million, or $0.18 per common share, compared with $178.8 million, or $0.20 per common share, in the year-ago quarter (*see Table 1*).

Fully-taxable equivalent net interest income was $473.8 million for the quarter, up $42.4 million, or 10%, from the year-ago quarter. The results reflected a $7.5 billion, or 15%, increase in average earning assets, including a $4.1 billion, or 10%, increase in average loans and leases, as well as a $3.3 billion, or 38%, increase in average securities. The impact of these balance increases was partially offset by a 14 basis point decrease in net interest margin. The primary items affecting the net interest margin were a 20 basis point negative impact from the mix and yield of earning assets and a 3 basis point reduction in the benefit from the impact of noninterest-bearing funds, partially offset by a 9 basis point reduction in funding costs.

The provision for credit losses was $5.5 million less than total NCOs for the same period, reflecting continued credit quality improvement. Provision expense increased $13.1 million, or 115%, from the year-ago quarter. This reflected the implementation of enhancements to our ALLL model in the year-ago quarter. Consistent with our expectations, NCOs decreased $25.7 million, or 46%, to $30.0 million. The consumer loan portfolios drove the majority of the decline, continuing the positive trend exhibited over the past three quarters. NCOs were an annualized 0.26% of average loans and leases in the current quarter, compared to 0.53% in the year-ago quarter.

Noninterest income decreased $6.4 million, or 3%, from the year-ago quarter. The results included a $6.4 million, or 17%, decrease in other income, primarily related to commercial loan fees and a decline in income from early lease terminations. In addition, service charges on deposit accounts decreased $3.8 million, or 5%, reflecting the late July 2014 implementation of changes in consumer products that were partially offset by an 11% increase in consumer households and changing customer usage patterns. Capital markets fees decreased $2.6 million, or 20%, due to lower interest rate derivative sales. These declines were partially offset by a $3.1 million, or 62%, increase in gain on sale of loans related to strong SBA production and relatively higher premiums and $3.0 million, or 12%, increase in electronic banking due to higher card related income and underlying customer growth.

Noninterest expense in the current and year-ago quarter included several Significant Items, which are further described in the Discussion of Results of Operations section. Reported noninterest expense increased $57.0 million, or 13%, from the year-ago quarter. The results included a $46.1 million, or 20%, increase in personnel costs (excluding the impact of Significant Items, personnel costs increased $3.4 million, or 1%), a $4.8 million, or 14%, increase in other expense (excluding the impact of Significant Items, other expenses increased $3.7 million, or 11%, primarily reflecting higher OREO and loss expense), and a $3.8 million, or 8%, increase in outside data processing and other services as we continue to invest in technology supporting our products, services, and our Continuous Improvement initiatives.

The tangible common equity to tangible assets ratio was 8.35%, down 65 basis points from a year ago. Our Tier 1 common risk-based capital ratio was 10.31%, down 54 basis points from a year ago. The regulatory Tier 1 risk-based capital ratio was 11.61%, down 75 basis points from a year ago. All capital ratios were impacted by balance sheet growth and share repurchases that were partially offset by increased retained earnings and the stock issued in the Camco acquisition. The decrease in the regulatory Tier 1 risk-based capital ratio also reflected the redemption of $50 million of qualifying preferred securities on December 31, 2013.

Business Overview

General

Our general business objectives are: (1) grow net interest income and fee income, (2) increase cross-sell and share-of-wallet across all business segments, (3) improve efficiency ratio, (4) continue to strengthen risk management, including sustained improvement in credit metrics, and (5) maintain strong capital and liquidity positions.

We continued to deliver solid year-over-year revenue growth through the third quarter, while maintaining a disciplined balance sheet. Performance highlights include ongoing strength in commercial and auto lending. We are also pleased with deposit growth, which is in part supported by our improved distribution network, as evidenced by 50 in-store locations attaining break-even or better status during the 2014 third quarter, and also the successful conversion of 24 acquired Michigan branches, furthering our presence in markets in our service area. Furthermore, our decision during the 2014 third quarter to consolidate 26 branches by year-end demonstrates the ongoing optimization of our distribution channels.

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Among other key highlights, we also are pleased with our number one ranking in the country for total number of Small Business Administration 7(a) loans for the fiscal year that concluded in September 2014. We continue to prioritize SBA lending as an integral component of our overall business lending strategy and are gratified to attain a top national ranking, particularly since we only make SBA loans within our core six-state footprint.

Economy

Michigan, Ohio, and Indiana, which had the strongest manufacturing growth of our footprint states, also tended to have the strongest overall economic growth as exemplified by the Philadelphia FRB Economic Activity indexes. Housing activity and prices will likely continue on a moderate upward trend in line with long-term historical growth. Home purchase prices have been rising overall in our footprint states. Price gains were especially strong in the first half of 2014 in Michigan, Ohio, and Kentucky. In addition, industrial vacancy rates in our largest footprint Metropolitan Statistical Areas have been at or below the national average reflecting generally healthy industrial real estate markets.

Expectations Fourth Quarter 2014

We continue to be pleased with our healthy lending pipeline and the strength of the economies within our footprint. We are looking forward to a solid finish for 2014, as we remain on track to deliver another year with positive operating leverage. We are not expecting a near-term improvement in the interest rate environment. However, we are committing to delivering positive operating leverage again in 2015 as we will continue to prudently manage expenses in alignment with our revenue growth outlook.

Net interest income is expected to increase slightly in the 2014 fourth quarter. We anticipate an increase in earning assets, as total loans moderately grow and investment securities increase modestly. However, those benefits to net interest income are expected to be partially offset by continued downward pressure on NIM.

Noninterest income, excluding the impact of any net MSR activity, is expected to remain near the current quarter s level.

Noninterest expense, excluding Significant Items, is expected to remain near the 2014 third quarter adjusted level. The 2014 fourth quarter is expected to include approximately $10 million of Significant Items related to the already announced franchise repositioning activities. We will continue to look for ways to reduce expenses, while not impacting our previously announced growth strategies and our high level of customer service.

Overall, asset quality metrics are expected to remain near current levels, although moderate quarterly volatility also 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 2014 is expected to be in the range of 25% to 28%, primarily reflecting the impacts of tax-exempt income, tax-advantaged investments, general business credits, and the change in accounting for investments in qualified affordable housing projects.

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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)

		2014			2013
(dollar amounts in thousands, except per share amounts)	**Third**	**Second**	**First**	Fourth	Third
Interest income	**$ 501,060**	**$ 495,322**	**$ 472,455**	$ 469,824	$ 462,912
Interest expense	**34,725**	**35,274**	**34,949**	39,175	38,060
Net interest income	**466,335**	**460,048**	**437,506**	430,649	424,852
Provision for credit losses	**24,480**	**29,385**	**24,630**	24,331	11,400
Net interest income after provision for credit losses	**441,855**	**430,663**	**412,876**	406,318	413,452
Service charges on deposit accounts	**69,118**	**72,633**	**64,582**	69,992	72,918
Mortgage banking income	**25,051**	**22,717**	**23,089**	24,327	23,621
Trust services	**28,045**	**29,581**	**29,565**	30,711	30,470
Electronic banking	**27,275**	**26,491**	**23,642**	24,251	24,282
Insurance income	**16,729**	**15,996**	**16,496**	15,556	17,269
Brokerage income	**17,155**	**17,905**	**17,167**	15,151	16,636
Bank owned life insurance income	**14,888**	**13,865**	**13,307**	13,816	13,740
Capital markets fees	**10,246**	**10,500**	**9,194**	12,332	12,825
Gain on sale of loans	**8,199**	**3,914**	**3,570**	7,144	5,063
Securities gains (losses)	**198**	**490**	**16,970**	1,239	98
Other income	**30,445**	**35,975**	**30,903**	35,373	36,845
Total noninterest income	**247,349**	**250,067**	**248,485**	249,892	253,767
Personnel costs	**275,409**	**260,600**	**249,477**	249,554	229,326
Outside data processing and other services	**53,073**	**54,338**	**51,490**	51,071	49,313
Net occupancy	**34,405**	**28,673**	**33,433**	31,983	35,591
Equipment	**30,183**	**28,749**	**28,750**	28,775	28,191
Marketing	**12,576**	**14,832**	**10,686**	13,704	12,271
Deposit and other insurance expense	**11,628**	**10,599**	**13,718**	10,056	11,155
Amortization of intangibles	**9,813**	**9,520**	**9,291**	10,320	10,362
Professional services	**13,763**	**17,896**	**12,231**	11,567	12,487
Other expense	**39,468**	**33,429**	**51,045**	38,979	34,640
Total noninterest expense	**480,318**	**458,636**	**460,121**	446,009	423,336
Income before income taxes	**208,886**	**222,094**	**201,240**	210,201	243,883
Provision for income taxes	**53,870**	**57,475**	**52,097**	52,029	65,047
Net income	**$ 155,016**	**$ 164,619**	**$ 149,143**	$ 158,172	$ 178,836
Dividends on preferred shares	**7,964**	**7,963**	**7,964**	7,965	7,967
Net income applicable to common shares	**$ 147,052**	**$ 156,656**	**$ 141,179**	$ 150,207	$ 170,869

Average common shares basic	**816,497**	**821,546**	**829,659**	830,590	830,398
Average common shares diluted	**829,623**	**834,687**	**842,677**	842,324	841,025
Net income per common share basic	**$ 0.18**	**$ 0.19**	**$ 0.17**	$ 0.18	$ 0.21
Net income per common share diluted	**0.18**	**0.19**	**0.17**	0.18	0.20
Cash dividends declared per common share	**0.05**	**0.05**	**0.05**	0.05	0.05
Return on average total assets	**0.97%**	**1.07%**	**1.01%**	1.09%	1.27%
Return on average common shareholders equity	**9.9**	**10.8**	**9.9**	10.5	12.3
Return on average tangible common shareholders equity (2)	**11.4**	**12.4**	**11.4**	12.1	14.2
Net interest margin (3)	**3.20**	**3.28**	**3.27**	3.28	3.34
Efficiency ratio (4)	**65.3**	**62.7**	**66.4**	63.4	60.3
Effective tax rate	**25.8**	**25.9**	**25.9**	24.8	26.7
Revenue FTE					
Net interest income	**$ 466,335**	**$ 460,048**	**$ 437,506**	$ 430,649	$ 424,852
FTE adjustment	**7,506**	**6,637**	**5,885**	8,196	6,634
Net interest income (3)	**473,841**	**466,685**	**443,391**	438,845	431,486
Noninterest income	**247,349**	**250,067**	**248,485**	249,892	253,767
Total revenue (3)	**$ 721,190**	**$ 716,752**	**$ 691,876**	$ 688,737	$ 685,253

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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.

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

	Nine Months Ended September 30,		Change	
(dollar amounts in thousands, except per share amounts)	**2014**	2013	Amount	Percent
Interest income	**$ 1,468,837**	$ 1,390,813	$ 78,024	6%
Interest expense	**104,948**	116,854	(11,906)	(10)
Net interest income	**1,363,889**	1,273,959	89,930	7
Provision for credit losses	**78,495**	65,714	12,781	19
Net interest income after provision for credit losses	**1,285,394**	1,208,245	77,149	6
Service charges on deposit accounts	**206,333**	201,810	4,523	2
Mortgage banking income	**70,857**	102,528	(31,671)	(31)
Trust services	**87,191**	92,296	(5,105)	(6)
Electronic banking	**77,408**	68,340	9,068	13
Insurance income	**49,221**	53,708	(4,487)	(8)
Brokerage income	**52,227**	54,473	(2,246)	(4)
Bank owned life insurance income	**42,060**	42,603	(543)	(1)
Capital markets fees	**29,940**	32,888	(2,948)	(9)
Gain on sale of loans	**15,683**	11,027	4,656	42
Securities gains (losses)	**17,658**	(821)	18,479	N.R.
Other income	**97,323**	103,452	(6,129)	(6)
Total noninterest income	**745,901**	762,304	(16,403)	(2)
Personnel costs	**785,486**	752,083	33,403	4
Outside data processing and other services	**158,901**	148,476	10,425	7
Net occupancy	**96,511**	93,361	3,150	3
Equipment	**87,682**	78,018	9,664	12
Marketing	**38,094**	37,481	613	2
Deposit and other insurance expense	**35,945**	40,105	(4,160)	(10)
Amortization of intangibles	**28,624**	31,044	(2,420)	(8)
Professional services	**43,890**	29,020	14,870	51
Other expense	**123,942**	102,406	21,536	21
Total noninterest expense	**1,399,075**	1,311,994	87,081	7
Income before income taxes	**632,220**	658,555	(26,335)	(4)
Provision for income taxes	**163,442**	175,445	(12,003)	(7)
Net income	**$ 468,778**	$ 483,110	$ (14,332)	(3)%
Dividends declared on preferred shares	**23,891**	23,904	(13)	
Net income applicable to common shares	**$ 444,887**	$ 459,206	$ (14,319)	(3)%
Average common shares basic	**820,884**	835,410	(14,526)	(2)%
Average common shares diluted	**833,927**	844,524	(10,597)	(1)
Per common share				
Net income per common share basic	**$ 0.54**	$ 0.55	$ (0.01)	(2)%
Net income per common share diluted	**0.53**	0.54	(0.01)	(2)
Cash dividends declared	**0.15**	0.14	0.01	7

Revenue FTE				
Net interest income	**$ 1,363,889**	$ 1,273,959	$ 89,930	7%
FTE adjustment	**20,028**	19,144	884	5
Net interest income (2)	**1,383,917**	1,293,103	90,814	7
Noninterest income	**745,901**	762,304	(16,403)	(2)
Total revenue (2)	**$ 2,129,818**	$ 2,055,407	$ 74,411	4%

N.R. Not relevant, as denominator of calculation is a loss in prior period compared with income in current period.

(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.

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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. **Franchise Repositioning Related Expense.** Significant events relating to franchise repositioning related expense, and the impacts of those events on our reported results, were as follows:

   During the 2014 third quarter, $19.3 million of franchise repositioning related expense was recorded for the consolidation of 26 branches and organizational actions. This resulted in a negative impact of $0.02 per common share.

   During the 2013 third quarter, $16.6 million of franchise repositioning related expense was recorded. This resulted in a negative impact of $0.01 per common share.

2. **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 third quarter, $3.5 million of net noninterest expense was recorded related to the acquisition of 24 Bank of America branches and Camco Financial.

   During the 2014 second quarter, $0.8 million of merger related costs were recorded related to the acquisition of Bank of America branches.

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

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

4. **Pension Curtailment Gain.** During the 2013 third quarter, a $33.9 million pension curtailment gain was recorded in personnel costs. This resulted in a positive impact of $0.03 per common share.

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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					
	September 30, 2014		**June 30, 2014**		September 30, 2013	
(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	**$ 155,016**		**$ 164,619**		$ 178,836	
Earnings per share, after-tax		**$ 0.18**		**$ 0.19**		$ 0.20
Significant Items favorable (unfavorable) impact:	**Earnings (1)**	**EPS (2)(3)**	**Earnings (1)**	**EPS (2)(3)**	Earnings (1)	EPS (2)(3)
Pension curtailment gain	**$**	**$**	**$**	**$**	$ 33,926	$ 0.03
Franchise repositioning related expense	**(19,333)**	**(0.02)**			(16,552)	(0.01)
Merger and acquisition	**(3,490)**		**(775)**			

(1) Pretax.
(2) Based on average outstanding diluted common shares.
(3) After-tax.

	Nine Months Ended			
	September 30, 2014		September 30, 2013	
(dollar amounts in thousands)	**After-tax**	**EPS (2)(3)**	After-tax	EPS (2)(3)
Net income	**$ 468,778**		$ 483,110	
Earnings per share, after-tax		**$ 0.53**		$ 0.54
Significant Items favorable (unfavorable) impact:	**Earnings (1)**	**EPS (2)(3)**	Earnings (1)	EPS (2)(3)
Pension curtailment gain	**$**	**$**	$ 33,926	$ 0.03
Franchise repositioning related expense	**(19,333)**	**(0.02)**	(16,552)	(0.01)
Merger and acquisition, net	**(16,088)**	**(0.01)**		
Additions to Litigation Reserve	**(9,000)**	**(0.01)**		

(1) Pretax unless otherwise noted.
(2) Based on average outstanding diluted common shares.
(3) After-tax.

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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	
	2014			2013		3Q14 vs. 3Q13	
(dollar amounts in millions)	**Third**	**Second**	**First**	Fourth	Third	Amount	Percent
Assets:							
Interest-bearing deposits in banks	**$ 82**	**$ 91**	**$ 83**	$ 71	$ 54	$ 28	52%
Loans held for sale	**351**	**288**	**279**	322	379	(28)	(7)
Securities:							
Available-for-sale and other securities:							
Taxable	**6,935**	**6,662**	**6,240**	5,818	6,040	895	15
Tax-exempt	**1,620**	**1,290**	**1,115**	548	565	1,055	187
Total available-for-sale and other securities	**8,555**	**7,952**	**7,355**	6,366	6,605	1,950	30
Trading account securities	**50**	**45**	**38**	76	76	(26)	(34)
Held-to-maturity securities taxable	**3,556**	**3,677**	**3,783**	3,038	2,139	1,417	66
Total securities	**12,161**	**11,674**	**11,176**	9,480	8,820	3,341	38
Loans and leases: (1)							
Commercial:							
Commercial and industrial	**18,581**	**18,262**	**17,631**	17,671	17,032	1,549	9
Commercial real estate:							
Construction	**775**	**702**	**612**	573	565	210	37
Commercial	**4,188**	**4,345**	**4,289**	4,331	4,345	(157)	(4)
Commercial real estate	**4,963**	**5,047**	**4,901**	4,904	4,910	53	1
Total commercial	**23,544**	**23,309**	**22,532**	22,575	21,942	1,602	7
Consumer:							
Automobile	**8,012**	**7,349**	**6,786**	6,502	6,075	1,937	32
Home equity	**8,412**	**8,376**	**8,340**	8,346	8,341	71	1
Residential mortgage	**5,747**	**5,608**	**5,379**	5,331	5,256	491	9
Other consumer	**398**	**382**	**386**	385	380	18	5
Total consumer	**22,569**	**21,715**	**20,891**	20,564	20,052	2,517	13
Total loans and leases	**46,113**	**45,024**	**43,423**	43,139	41,994	4,119	10
Allowance for loan and lease losses	**(633)**	**(642)**	**(649)**	(668)	(717)	84	(12)
Net loans and leases	**45,480**	**44,382**	**42,774**	42,471	41,277	4,203	10
Total earning assets	**58,707**	**57,077**	**54,961**	53,012	51,247	7,460	15
Cash and due from banks	**887**	**872**	**904**	846	944	(57)	(6)
Intangible assets	**583**	**591**	**535**	542	552	31	6
All other assets	**3,929**	**3,932**	**3,941**	3,917	3,889	40	1

Total assets	**$ 63,473**	**$ 61,830**	**$ 59,692**	$ 57,649	$ 55,915	$ 7,558	14%
Liabilities and Shareholders Equity:							
Deposits:							
Demand deposits noninterest-bearing	**$ 14,090**	**$ 13,466**	**$ 13,192**	$ 13,337	$ 13,088	$ 1,002	8%
Demand deposits interest-bearing	**5,913**	**5,945**	**5,775**	5,755	5,763	150	3
Total demand deposits	**20,003**	**19,411**	**18,967**	19,092	18,851	1,152	6
Money market deposits	**17,929**	**17,680**	**17,648**	16,827	15,739	2,190	14
Savings and other domestic deposits	**5,020**	**5,086**	**4,967**	4,912	5,007	13	
Core certificates of deposit	**3,167**	**3,434**	**3,613**	3,916	4,176	(1,009)	(24)
Total core deposits	**46,119**	**45,611**	**45,195**	44,747	43,773	2,346	5
Other domestic time deposits of $250,000 or more	**223**	**262**	**284**	275	268	(45)	(17)
Brokered deposits and negotiable CDs	**2,262**	**2,070**	**1,782**	1,398	1,553	709	46
Deposits in foreign offices	**374**	**315**	**328**	354	376	(2)	(1)
Total deposits	**48,978**	**48,258**	**47,589**	46,774	45,970	3,008	7
Short-term borrowings	**1,092**	**939**	**883**	629	710	382	54
Federal Home Loan Bank advances	**2,489**	**1,977**	**1,499**	851	549	1,940	353
Subordinated notes and other long-term debt	**3,579**	**3,395**	**2,503**	2,244	1,753	1,826	104
Total interest-bearing liabilities	**42,048**	**41,103**	**39,282**	37,161	35,894	6,154	17
All other liabilities	**1,043**	**1,033**	**1,035**	1,095	1,054	(11)	(1)
Shareholders equity	**6,292**	**6,228**	**6,183**	6,056	5,879	413	7
Total liabilities and shareholders equity	**$ 63,473**	**$ 61,830**	**$ 59,692**	$ 57,649	$ 55,915	$ 7,558	14%

(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 Rates (2)				
	2014			2013	
Fully-taxable equivalent basis (1)	**Third**	**Second**	**First**	Fourth	Third
Assets:					
Interest-bearing deposits in banks	**0.19%**	**0.04%**	**0.03%**	0.04%	0.07%
Loans held for sale	**3.98**	**4.27**	**3.74**	4.46	3.89
Securities:					
Available-for-sale and other securities:					
Taxable	**2.48**	**2.52**	**2.47**	2.38	2.34
Tax-exempt	**3.02**	**3.15**	**3.03**	6.34	4.04
Total available-for-sale and other securities	**2.59**	**2.63**	**2.55**	2.72	2.48
Trading account securities	**0.85**	**0.70**	**1.12**	0.42	0.23
Held-to-maturity securities taxable	**2.45**	**2.46**	**2.47**	2.42	2.29
Total securities	**2.54**	**2.57**	**2.52**	2.60	2.41
Loans and leases: (3)					
Commercial:					
Commercial and industrial	**3.45**	**3.49**	**3.56**	3.54	3.68
Commercial real estate:					
Construction	**4.38**	**4.29**	**3.99**	4.04	3.91
Commercial	**3.60**	**4.16**	**3.84**	3.97	4.10
Commercial real estate	**3.72**	**4.17**	**3.86**	3.98	4.08
Total commercial	**3.51**	**3.64**	**3.63**	3.63	3.77
Consumer:					
Automobile	**3.41**	**3.47**	**3.54**	3.67	3.80
Home equity	**4.07**	**4.12**	**4.12**	4.11	4.10
Residential mortgage	**3.78**	**3.77**	**3.78**	3.77	3.81
Other consumer	**7.31**	**7.34**	**6.82**	6.64	6.98
Total consumer	**3.82**	**3.87**	**3.89**	3.93	3.99
Total loans and leases	**3.66**	**3.75**	**3.75**	3.77	3.87
Total earning assets	**3.44%**	**3.53%**	**3.53%**	3.58%	3.64%
Liabilities:					
Deposits:					
Demand deposits noninterest-bearing	**%**	**%**	**%**	%	%
Demand deposits interest-bearing	**0.04**	**0.04**	**0.04**	0.04	0.04
Total demand deposits	**0.01**	**0.01**	**0.01**	0.01	0.01
Money market deposits	**0.23**	**0.24**	**0.25**	0.27	0.26
Savings and other domestic deposits	**0.16**	**0.17**	**0.20**	0.24	0.25
Core certificates of deposit	**0.74**	**0.81**	**0.94**	1.05	1.05
Total core deposits	**0.23**	**0.25**	**0.28**	0.32	0.32

Other domestic time deposits of $250,000 or more	**0.44**	**0.43**	**0.41**	0.39	0.44
Brokered deposits and negotiable CDs	**0.20**	**0.24**	**0.28**	0.39	0.55
Deposits in foreign offices	**0.13**	**0.13**	**0.13**	0.14	0.14
Total deposits	**0.23**	**0.25**	**0.28**	0.32	0.33
Short-term borrowings	**0.11**	**0.12**	**0.07**	0.08	0.09
Federal Home Loan Bank advances	**0.15**	**0.12**	**0.12**	0.14	0.14
Subordinated notes and other long-term debt	**1.45**	**1.48**	**1.66**	2.10	2.29
Total interest-bearing liabilities	**0.33%**	**0.34%**	**0.36%**	0.42%	0.42%
Net interest rate spread	**3.11%**	**3.19%**	**3.17%**	3.16%	3.22%
Impact of noninterest-bearing funds on margin	**0.09**	**0.09**	**0.10**	0.12	0.12
Net interest margin	**3.20%**	**3.28%**	**3.27%**	3.28%	3.34%

(1) FTE yields are calculated assuming a 35% tax rate.
(2) Loan and lease and deposit average rates include impact of applicable derivatives, non-deferrable fees, and amortized deferred fees.
(3) For purposes of this analysis, NALs are reflected in the average balances of loans.

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2014 Third Quarter versus 2013 Third Quarter

Fully-taxable equivalent net interest income increased $42.4 million, or 10%, from the 2013 third quarter. This reflected the benefit from the $4.1 billion, or 10%, of average loan growth and a $3.3 billion, or 38%, increase in average securities. This was partially offset by the 14 basis point decrease in the FTE net interest margin to 3.20%. The NIM contraction reflected a 20 basis point decrease related to the mix and yield of earning assets and 3 basis point reduction in benefit from the impact of noninterest-bearing funds, partially offset by the 9 basis point reduction in funding costs.

Average earning assets increased $7.5 billion, or 15%, from the year-ago quarter, driven by:

- $3.3 billion, or 38%, increase in average securities, reflecting $2.7 billion of Liquidity Coverage Ratio (LCR) Level 1 qualified securities and $1.2 billion of direct purchase municipal instruments, which in the year-ago quarter were classified as C&I loans.
- $1.9 billion, or 32%, increase in average Automobile loans, as originations remained strong and we continued to portfolio all of the production.
- $1.5 billion, or 9%, increase in average C&I loans and leases, reflecting growth in trade finance in support of our middle market and corporate customers, business banking, and automobile dealer floorplan lending.
- $0.5 billion, or 9%, increase in average Residential mortgage loans as a result of a decrease in the rate of payoffs due to lower levels of refinancing and the Camco acquisition.

Average total core deposits increased $2.3 billion, or 5%, from the year-ago quarter, including a $1.0 billion, or 8%, increase in noninterest bearing deposits. Average interest-bearing liabilities increased $6.2 billion, or 17%, from the year-ago quarter, reflecting:

- $4.1 billion, or 138%, increase in short- and long-term borrowings, which were used to efficiently finance balance sheet growth while continuing to manage the overall cost of funds. While no additional long-term debt was issued in the 2014 third quarter, this increase included $2.1 billion of bank-level debt and $0.4 billion of parent-level debt issued during the prior four quarters.
- $2.2 billion, or 14%, increase in money market deposits, reflecting the strategic focus on customer growth and increased share-of-wallet among both consumer and commercial customers.
- $0.7 billion, or 46%, increase in brokered deposits and negotiated CDs, which are a cost-effective method of funding incremental LCR-related securities growth.

Partially offset by:

- $1.0 billion, or 24%, decrease in average core certificates of deposit due to the strategic focus on changing the funding sources to no-cost demand deposits and lower- cost money market deposits.

2014 Third Quarter versus 2014 Second Quarter

Compared to the 2014 second quarter, FTE net interest income increased $7.2 million, or 6% annualized. While the NIM decreased 8 basis points, earning assets increased $1.6 billion, or 11% annualized. During the 2014 second quarter, net interest income and the NIM benefitted by $5.1 million and 4 basis points, respectively, from the unexpected pay-off of an acquired commercial real estate loan.

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

	YTD Average Balances				YTD Average Rates (2)	
Fully-taxable equivalent basis (1)	Nine Months Ended September 30,		Change		Nine Months Ended September 30,	
(dollar amounts in millions)	**2014**	2013	Amount	Percent	**2014**	2013
Assets:						
Interest-bearing deposits in banks	**$ 85**	$ 70	$ 15	21%	**0.08%**	0.18%
Loans held for sale	**306**	588	(282)	(48)	**3.99**	3.47
Securities:						
Available-for-sale and other securities:						
Taxable	**6,615**	6,574	41	1	**2.49**	2.31
Tax-exempt	**1,344**	568	776	137	**3.06**	3.98
Total available-for-sale and other securities	**7,959**	7,142	817	11	**2.59**	2.45
Trading account securities	**45**	82	(37)	(45)	**0.87**	0.45
Held-to-maturity securities taxable	**3,671**	1,857	1,814	98	**2.46**	2.29
Total securities	**11,675**	9,081	2,594	29	**2.54**	2.39
Loans and leases: (3)						
Commercial:						
Commercial and industrial	**18,161**	17,007	1,154	7	**3.50**	3.75
Commercial real estate:						
Construction	**697**	583	114	20	**4.24**	3.96
Commercial	**4,274**	4,488	(214)	(5)	**3.87**	4.08
Commercial real estate	**4,971**	5,071	(100)	(2)	**3.92**	4.06
Total commercial	**23,132**	22,078	1,054	5	**3.59**	3.82
Consumer:						
Automobile	**7,387**	5,402	1,985	37	**3.47**	3.99
Home equity	**8,376**	8,299	77	1	**4.10**	4.15
Residential mortgage	**5,579**	5,154	425	8	**3.78**	3.86
Other consumer	**389**	451	(62)	(14)	**7.16**	6.82
Total consumer	**21,731**	19,306	2,425	13	**3.86**	4.09
Total loans and leases	**44,863**	41,384	3,479	8	**3.72**	3.95
Allowance for loan and lease losses	**(641)**	(745)	104	(14)		
Net loans and leases	**44,222**	40,639	3,583	9		
Total earning assets	**56,929**	51,123	5,806	11	**3.50%**	3.69%
Cash and due from banks	**888**	930	(42)	(5)		
Intangible assets	**570**	562	8	1		
All other assets	**3,934**	3,974	(40)	(1)		
Total assets	**$ 61,680**	$ 55,844	$ 5,836	10%		

Liabilities and Shareholders Equity:

Deposits:						
Demand deposits noninterest-bearing	**$ 13,586**	$ 12,714	$ 872	7%	**%**	%
Demand deposits interest-bearing	**5,878**	5,888	(10)		**0.04**	0.04
Total demand deposits	**19,464**	18,602	862	5	**0.01**	0.01
Money market deposits	**17,753**	15,287	2,466	16	**0.24**	0.24
Savings and other domestic deposits	**5,025**	5,068	(43)	(1)	**0.18**	0.27
Core certificates of deposit	**3,403**	4,761	(1,358)	(29)	**0.83**	1.13
Total core deposits	**45,645**	43,718	1,927	4	**0.26**	0.35
Other domestic time deposits of $250,000 or more	**256**	317	(61)	(19)	**0.43**	0.49
Brokered deposits and negotiable CDs	**2,040**	1,676	364	22	**0.24**	0.62
Deposits in foreign offices	**339**	344	(5)	(1)	**0.13**	0.15
Total deposits	**48,280**	46,055	2,225	5	**0.26**	0.36
Short-term borrowings	**972**	724	248	34	**0.10**	0.11
Federal Home Loan Bank advances	**1,992**	663	1,329	200	**0.14**	0.15
Subordinated notes and other long-term debt	**3,163**	1,467	1,696	116	**1.51**	2.39
Total interest-bearing liabilities	**40,821**	36,195	4,626	13	**0.34**	0.43
All other liabilities	**1,038**	1,068	(30)	(3)		
Shareholders equity	**6,235**	5,867	368	6		
Total liabilities and shareholders equity	**$ 61,680**	$ 55,844	$ 5,836	10%		
Net interest rate spread					**3.15**	3.26
Impact of noninterest-bearing funds on margin					**0.10**	0.12
Net interest margin					**3.25%**	3.38%

(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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2014 First Nine Months versus 2013 First Nine Months

Fully-taxable equivalent net interest income for the first nine-month period of 2014 increased $90.8 million, or 7% reflecting the benefit of a $5.8 billion, or 11%, increase in average total earning assets. The fully-taxable equivalent net interest margin decreased to 3.25% from 3.38%. The increase in average earning assets reflected:

- $3.5 billion, or 8%, increase in average total loans and leases.
- $2.6 billion, or 29%, increase in securities that meet the requirement for HQLA as proposed in the LCR rules issued by the regulators in October 2013.

Partially offset by:

- $0.3 billion, or 48%, decrease in loans held for sale.

The $3.5 billion, or 8%, increase in average total loans and leases reflected:

- $2.0 billion, or 37%, increase in the average automobile portfolio as originations remained strong and we continued to portfolio all of the production. Investments in our automobile lending business throughout the Northeast and upper Midwest continue to grow as planned.
- $1.2 billion, or 7%, increase in the average C&I portfolio, primarily reflecting growth in the international and other specialty lending verticals, automobile dealer floorplan lending, and business banking.

The $2.2 billion, or 5%, increase in average total deposits reflected:

- $2.5 billion, or 16%, increase in money market deposits, reflecting the strategic focus on customer growth and increased share-of-wallet among both consumer and commercial customers.
- $0.9 billion, or 5%, increase in total demand deposits, reflecting our focus on changing our product mix to reduce the overall cost of deposits.

Partially offset by:

- $1.4 billion, or 29%, decline in core certificates of deposit due to the strategic focus on changing the funding sources to no-cost demand deposits and lower cost money market deposits.

In addition, FHLB advances increased $1.3 billion, or 200%, along with an increase in short- and long-term borrowings of $1.9 billion, or 89%, which were used to efficiently finance balance sheet growth while continuing to manage the overall cost of funds. Included in the increase are $2.1 billion of bank-level debt and $0.4 billion of parent-level debt.

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 2014 third quarter was $24.5 million and was $5.5 million less than total NCOs for the same period reflecting continued credit quality improvement. Provision expense increased $13.1 million, or 115%, compared to the year-ago quarter, reflecting the prior year s implementation of enhancements to our allowance for loan and lease losses (ALLL) model and decreased $4.9 million, or 17%, from the prior quarter. On a year-to-date basis, provision for credit losses for the first nine-month period of 2014 increased $12.8 million, or 19%, compared to year-ago period. The provision for credit losses for the first nine-month period of 2014 was $23.2 million less than total NCOs. *(See Credit Quality discussion).* Given the low level of the provision for credit losses and the uncertain and uneven nature of the economic recovery, some degree of volatility on a quarter-to-quarter basis is expected.

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Noninterest Income

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

Table 7 Noninterest Income

	2014			2013		3Q14 vs 3Q13		3Q14 vs 2Q14	
(dollar amounts in thousands)	**Third**	**Second**	**First**	Fourth	Third	Amount	Percent	Amount	Percent
Service charges on deposit accounts	**$ 69,118**	**$ 72,633**	**$ 64,582**	$ 69,992	$ 72,918	$ (3,800)	(5)%	$ (3,515)	(5)%
Mortgage banking income	**25,051**	**22,717**	**23,089**	24,327	23,621	1,430	6	2,334	10
Trust services	**28,045**	**29,581**	**29,565**	30,711	30,470	(2,425)	(8)	(1,536)	(5)
Electronic banking	**27,275**	**26,491**	**23,642**	24,251	24,282	2,993	12	784	3
Insurance income	**16,729**	**15,996**	**16,496**	15,556	17,269	(540)	(3)	733	5
Brokerage income	**17,155**	**17,905**	**17,167**	15,151	16,636	519	3	(750)	(4)
Bank owned life insurance income	**14,888**	**13,865**	**13,307**	13,816	13,740	1,148	8	1,023	7
Capital markets fees	**10,246**	**10,500**	**9,194**	12,332	12,825	(2,579)	(20)	(254)	(2)
Gain on sale of loans	**8,199**	**3,914**	**3,570**	7,144	5,063	3,136	62	4,285	109
Securities gains (losses)	**198**	**490**	**16,970**	1,239	98	100	102	(292)	(60)
Other income	**30,445**	**35,975**	**30,903**	35,373	36,845	(6,400)	(17)	(5,530)	(15)
Total noninterest income	**$ 247,349**	**$ 250,067**	**$ 248,485**	$ 249,892	$ 253,767	$ (6,418)	(3)%	$ (2,718)	(1)%

2014 Third Quarter versus 2013 Third Quarter

Noninterest income decreased $6.4 million, or 3%, from the year-ago quarter, primarily reflecting:

- $6.4 million, or 17%, decrease in other income, primarily related to commercial loan fees and early lease terminations.
- $3.8 million, or 5%, decrease in service charges on deposit accounts, reflecting the late July 2014 implementation of changes in consumer products that were partially offset by an 11% increase in consumer households and changing customer usage patterns.
- $2.6 million, or 20%, decrease in capital markets fees related to lower interest rate derivative sales.

Partially offset by:

- $3.1 million, or 62%, increase in gain on sale of loans related to strong SBA production and relatively higher premiums.
- $3.0 million, or 12%, increase in electronic banking due to higher card related income and underlying customer growth.

2014 Third Quarter versus 2014 Second Quarter

In the 2014 third quarter, noninterest income decreased $2.7 million, or 1%, from the 2014 second quarter, primarily reflecting:

$5.5 million, or 15%, decrease in other income, reflecting a mezzanine lending gain in the 2014 second quarter.

$3.5 million, or 5%, decrease in service charges on deposit accounts, reflecting a seasonal increase during the 2014 second quarter and the late July 2014 implementation of changes in consumer products.

Partially offset by:

$4.3 million, or 109%, increase in gain on sale of loans from SBA and other loan sales.

$2.3 million, or 10%, increase in mortgage banking income, reflecting a $1.3 million, or 9%, increase in origination and secondary marketing income and a positive net impact of MSR hedging.

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2014 First Nine Months versus 2013 First Nine Months

Noninterest income for the first nine-month period of 2014 decreased $16.4 million, or 2%, from the comparable year-ago period.

Table 8 Noninterest Income 2014 First Nine Months vs. 2013 First Nine Months

	Nine Months Ended September 30,		Change	
(dollar amounts in thousands)	**2014**	2013	Amount	Percent
Service charges on deposit accounts	**$ 206,333**	$ 201,810	$ 4,523	2%
Mortgage banking income	**70,857**	102,528	(31,671)	(31)
Trust services	**87,191**	92,296	(5,105)	(6)
Electronic banking	**77,408**	68,340	9,068	13
Insurance income	**49,221**	53,708	(4,487)	(8)
Brokerage income	**52,227**	54,473	(2,246)	(4)
Bank owned life insurance income	**42,060**	42,603	(543)	(1)
Capital markets fees	**29,940**	32,888	(2,948)	(9)
Gain on sale of loans	**15,683**	11,027	4,656	42
Securities gains (losses)	**17,658**	(821)	18,479	N.R.
Other income	**97,323**	103,452	(6,129)	(6)
Total noninterest income	**$ 745,901**	$ 762,304	$ (16,403)	(2)%

N.R. - Not relevant, as denominator of calculation is a loss in prior period compared with gain in current period.

The $16.4 million, or 2%, decrease in total noninterest income reflected:

$31.7 million, or 31%, decrease in mortgage banking income. This primarily reflected a $26.5 million, or 37%, decrease in origination and secondary marketing income as originations decreased 26%, gain-on-sale margin compressed, and the percentage of originations held on the balance sheet was higher.

$6.1 million, or 6%, decrease in other income, primarily due to a gain on the sale of LIHTC investments in the 2013 first quarter.

$5.1 million, or 6%, decrease in trust services, primarily related to the institutional trust business.

Partially offset by:

$18.5 million increase in securities gains, as we adjusted the mix of our securities portfolio to prepare for the LCR requirements.

$9.1 million, or 13%, increase in electronic banking income, primarily due to continued consumer household growth.

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Noninterest Expense

(This section should be read in conjunction with Significant Item 1, 2, 3 and 4.)

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

Table 9 Noninterest Expense

	2014			2013		3Q14 vs 3Q13		3Q14 vs 2Q14	
(dollar amounts in thousands)	**Third**	**Second**	**First**	Fourth	Third	Amount	Percent	Amount	Percent
Personnel costs	**$ 275,409**	**$ 260,600**	**$ 249,477**	$ 249,554	$ 229,326	$ 46,083	20%	$ 14,809	6%
Outside data processing and other services	**53,073**	**54,338**	**51,490**	51,071	49,313	3,760	8	(1,265)	(2)
Net occupancy	**34,405**	**28,673**	**33,433**	31,983	35,591	(1,186)	(3)	5,732	20
Equipment	**30,183**	**28,749**	**28,750**	28,775	28,191	1,992	7	1,434	5
Marketing	**12,576**	**14,832**	**10,686**	13,704	12,271	305	2	(2,256)	(15)
Deposit and other insurance expense	**11,628**	**10,599**	**13,718**	10,056	11,155	473	4	1,029	10
Amortization of intangibles	**9,813**	**9,520**	**9,291**	10,320	10,362	(549)	(5)	293	3
Professional services	**13,763**	**17,896**	**12,231**	11,567	12,487	1,276	10	(4,133)	(23)
Other expense	**39,468**	**33,429**	**51,045**	38,979	34,640	4,828	14	6,039	18
Total noninterest expense	**$ 480,318**	**$ 458,636**	**$ 460,121**	$ 446,009	$ 423,336	$ 56,982	13%	$ 21,682	5%
Number of employees (average full-time equivalent)	**11,946**	**12,000**	**11,848**	11,765	12,080	(134)	(1)	(54)	

Impacts of Significant Items:

	2014		2013
(dollar amounts in thousands)	**Third**	**Second**	Third
Personnel costs	**$ 15,344**	**$ 1**	$ (27,301)
Outside data processing and other services	**292**	**618**	470
Net occupancy	**5,202**	**60**	7,939
Equipment	**110**		1,518
Marketing	**783**	**29**	
Professional services	**6**	**50**	
Other expense	**1,086**	**17**	
Total noninterest expense adjustments	**$ 22,823**	**$ 775**	$ (17,374)

Adjusted Noninterest Expense (Non-GAAP):

	2014		2013	3Q14 vs 3Q13		3Q14 vs 2Q14	
(dollar amounts in thousands)	**Third**	**Second**	Third	Amount	Percent	Amount	Percent
Personnel costs	**$ 260,065**	**$ 260,599**	$ 256,627	$ 3,438	1%	$ (534)	%
Outside data processing and other services	**52,781**	**53,720**	48,843	3,938	8	(939)	(2)
Net occupancy	**29,203**	**28,613**	27,652	1,551	6	590	2
Equipment	**30,073**	**28,749**	26,673	3,400	13	1,324	5
Marketing	**11,793**	**14,803**	12,271	(478)	(4)	(3,010)	(20)

Deposit and other insurance expense	**11,628**	**10,599**	11,155	473	4	1,029	10
Amortization of intangibles	**9,813**	**9,520**	10,362	(549)	(5)	293	3
Professional services	**13,757**	**17,846**	12,487	1,270	10	(4,089)	(23)
Other expense	**38,382**	**33,412**	34,640	3,742	11	4,970	15
Total adjusted noninterest expense	**$ 457,495**	**$ 457,861**	$ 440,710	$ 16,785	4%	$ (366)	%

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2014 Third Quarter versus 2013 Third Quarter

Reported noninterest expense increased $57.0 million, or 13%, from the year-ago quarter, reflecting:

- $46.1 million, or 20%, increase in personnel costs. Excluding the impact of Significant Items, personnel costs increased $3.4 million, or 1%, related to annual compensation increases.
- $4.8 million, or 14%, increase in other expense. Excluding the impact of Significant Items, other expenses increased $3.7 million, or 11%, primarily reflecting higher OREO and litigation expense.
- $3.8 million, or 8%, increase in outside data processing and other services as we continue to invest in technology supporting our products, services, and our Continuous Improvement initiatives.

2014 Third Quarter versus 2014 Second Quarter

Noninterest expense increased $21.7 million, or 5%, from the 2014 second quarter. When adjusting for the $22.8 million of Significant Items in the 2014 third quarter, noninterest expense decreased $0.4 million. Personnel costs increased $14.8 million, or 6%, reflecting the franchise repositioning actions. Other expense increased $6.0 million, or 18%, reflecting higher OREO and litigation and settlement expense. Net occupancy expense increased $5.7 million, or 20%, primarily related to $5.2 million of franchise repositioning actions. Partially offsetting these increases was a $4.1 million, or 23%, decrease in professional services primarily related to reduced consulting expense.

2014 First Nine Months versus 2013 First Nine Months

Noninterest expense for the first nine-month period of 2014 increased $87.1 million, or 7%, from the comparable year-ago period.

Table 10 Noninterest Expense 2014 First Nine Months vs. 2013 First Nine Months

	Nine Months Ended September 30,		Change	
(dollar amounts in thousands)	**2014**	2013	Amount	Percent
Personnel costs	**$ 785,486**	$ 752,083	$ 33,403	4%
Outside data processing and other services	**158,901**	148,476	10,425	7
Net occupancy	**96,511**	93,361	3,150	3
Equipment	**87,682**	78,018	9,664	12
Marketing	**38,094**	37,481	613	2
Deposit and other insurance expense	**35,945**	40,105	(4,160)	(10)
Amortization of intangibles	**28,624**	31,044	(2,420)	(8)
Professional services	**43,890**	29,020	14,870	51
Other expense	**123,942**	102,406	21,536	21
Total noninterest expense	**$ 1,399,075**	$ 1,311,994	$ 87,081	7%

Impacts of Significant Items:

	Nine Months Ended September 30,	
(dollar amounts in thousands)	**2014**	2013
Personnel costs	**$ 17,685**	$ (27,301)
Outside data processing and other services	**5,201**	470

Net occupancy	**7,003**	7,939
Equipment	**245**	1,518
Marketing	**1,343**	
Professional services	**2,228**	
Other expense	**11,496**	
Total noninterest expense adjustments	**$ 45,201**	$ (17,374)

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Adjusted Noninterest Expense (Non-GAAP):

	Nine Months Ended September 30,		Change	
(dollar amounts in thousands)	**2014**	2013	Amount	Percent
Personnel costs	**$ 767,801**	$ 779,384	$ (11,583)	(1)%
Outside data processing and other services	**153,700**	148,006	5,694	4
Net occupancy	**89,508**	85,422	4,086	5
Equipment	**87,437**	76,500	10,937	14
Marketing	**36,751**	37,481	(730)	(2)
Deposit and other insurance expense	**35,945**	40,105	(4,160)	(10)
Amortization of intangibles	**28,624**	31,044	(2,420)	(8)
Professional services	**41,662**	29,020	12,642	44
Other expense	**112,446**	102,406	10,040	10
Total noninterest expense adjustments	**$ 1,353,874**	$ 1,329,368	$ 24,506	2%

The $87.1 million, or 7%, increase in total noninterest expense reflected:

$33.4 million, or 4%, increase in personnel costs. Excluding the impact of significant items, personnel expense decreased $11.6 million, or 1%, primarily related to a reduction in benefit costs, partially offset by an increase in technology salary expense.

$21.5 million, or 21%, increase in other expense. Excluding the impact of significant items, other expense increased $10.0 million, or 10%, primarily related to an increase in franchise taxes, protective advances, and litigation expense.

$14.9 million, or 51%, increase in professional services, of which $9.0 million is consulting expenses related to strategic planning.

$10.4 million, or 7%, increase in outside data processing and other services, reflecting higher debit and credit card processing costs and other technology expenses.

$9.7 million, or 12%, increase in equipment, primarily due to technology investments and the near-complete rollout of enhanced ATMs.

Provision for Income Taxes

The provision for income taxes in the 2014 third quarter was $53.9 million and $65.0 million in the 2013 third quarter. The provision for income taxes for the nine month periods ended September 30, 2014 and September 30, 2013 was $163.4 million and $175.4 million, respectively. Both quarters included the benefits from tax-exempt income, tax-advantaged investments, general business credits, and the change in accounting for investments in qualified affordable housing projects. At September 30, 2014, we had a net federal deferred tax asset of $70.9 million and a net state deferred tax asset of $48.0 million. For regulatory capital purposes, there was no disallowed net deferred tax asset at September 30, 2014.

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. We have appealed certain proposed adjustments resulting from the IRS examination of our 2006, 2007, 2008, 2009, and 2010 tax returns. We believe the tax positions taken related to such proposed adjustments are correct and supported by applicable statutes, regulations, and judicial authority, and intend to vigorously defend them. It is possible the ultimate resolution of the proposed adjustments, if unfavorable, may be material to the results of operations in the period it occurs. Nevertheless, although no assurances can be given, we believe the resolution of these examinations will not, individually or in the aggregate, have a material adverse impact on our consolidated financial position. Various state and other jurisdictions remain open to examination, including Ohio, Kentucky, Indiana, Michigan, Pennsylvania, West Virginia, and Illinois.

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RISK MANAGEMENT AND CAPITAL

Risk awareness, identification and assessment, reporting, and active management are key elements in overall risk management. We manage risk to an aggregate moderate-to-low risk profile through a control framework and by monitoring and responding to identified potential risks. 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, within each business unit. 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.

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 2013 Form 10-K and subsequent filings with the SEC. The MD&A included in our Form 8-K filed on May 28, 2014 should be read in conjunction with this MD&A as this discussion provides only material updates to the Form 8-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 this report.

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 significant 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 September 30, 2014, loans and leases totaled $46.7 billion, representing a $3.6 billion, or 8%, increase compared to $43.1 billion at December 31, 2013, primarily reflecting growth in the automobile and C&I portfolios. The growth included $559 million in loans from our acquisition of Camco Financial during the 2014 first quarter. The Camco Financial portfolio composition was centered in CRE, home equity, and residential mortgage.

At September 30, 2014, commercial loans and leases totaled $23.8 billion and represented 51% of our total loans and leases. The increase compared to December 31, 2013 primarily reflects growth in the international and other specialty lending verticals, automobile dealer floorplan lending, and business banking. Our commercial portfolio is diversified along product type, customer size, and geography across our footprint, and is comprised of the following loan types (*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 comprise of either targeted industries (for example, Healthcare, Food & Agribusiness, Energy, etc) and/or lending disciplines (Rail, Aircraft, 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 $22.9 billion at September 30, 2014, and represented 49% of our total loan and leases. The consumer portfolio is comprised primarily of automobile, home equity loans and lines-of-credit, and residential mortgages *(see Consumer Credit discussion)*. The increase from December 31, 2013 primarily relates to strong consumer demand for automobile originations and adjustable rate residential mortgages (ARMs). ARMs primarily consist of a fixed-rate of interest for the first 3 to 5 years, and then adjust annually.

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 20% of the total exposure, with no individual state representing more than 6%. Applications are underwritten utilizing 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.

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 Primarily consists of consumer loans not secured by real estate, including personal unsecured loans, overdraft balances, and credit cards. We introduced a consumer credit card product during 2013, utilizing a centralized underwriting system and focusing on existing Huntington customers.

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

Table 11 Loan and Lease Portfolio Composition

	2014						2013			
(dollar amounts in millions)	**September 30,**		**June 30,**		**March 31,**		December 31,		September 30,	
Commercial:										
Commercial and industrial	**$ 18,791**	**40%**	**$ 18,899**	**41%**	**$ 18,046**	**41%**	$ 17,594	41%	$ 17,335	41%
Commercial real estate:										
Construction	**850**	**2**	**757**	**2**	**692**	**2**	557	1	544	1
Commercial	**4,141**	**9**	**4,233**	**9**	**4,339**	**10**	4,293	10	4,328	10
Total commercial real estate	**4,991**	**11**	**4,990**	**11**	**5,031**	**12**	4,850	11	4,872	11
Total commercial	**23,782**	**51**	**23,889**	**52**	**23,077**	**53**	22,444	52	22,207	52
Consumer:										
Automobile	**8,322**	**18**	**7,686**	**17**	**6,999**	**16**	6,639	15	6,317	15
Home equity	**8,436**	**18**	**8,405**	**18**	**8,373**	**19**	8,336	18	8,347	20
Residential mortgage	**5,788**	**12**	**5,707**	**12**	**5,542**	**12**	5,321	12	5,307	12
Other consumer	**395**	**1**	**393**	**1**	**363**		380	2	378	1
Total consumer	**22,941**	**49**	**22,191**	**48**	**21,277**	**47**	20,676	48	20,349	48
Total loans and leases	**$ 46,723**	**100%**	**$ 46,080**	**100%**	**$ 44,354**	**100%**	$ 43,120	100%	$ 42,556	100%

As shown in the table above, 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 our board level Risk Oversight Committee and is one of the strategies utilized to ensure a high quality, well diversified portfolio that is consistent with our overall objective of maintaining an aggregate moderate-to-low risk profile.

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 are consistent with the portfolio growth metrics, with increases noted in the residential and vehicle categories. The increase in the unsecured exposure is centered in high quality commercial credit customers.

Table 12 Loan and Lease Portfolio by Collateral Type

	2014						2013			
(dollar amounts in millions)	**September 30,**		**June 30,**		**March 31,**		December 31,		September 30,	
Secured loans:										
Real estate commercial	**$ 8,628**	**18%**	**$ 8,617**	**19%**	**$ 8,612**	**19%**	$ 8,622	20%	$ 8,769	21%
Real estate consumer	**14,224**	**30**	**14,113**	**31**	**13,916**	**31**	13,657	32	13,654	32
Vehicles	**10,268**	**22**	**9,782**	**21**	**9,270**	**21**	8,989	21	8,275	19
Receivables/Inventory	**6,023**	**13**	**5,932**	**13**	**5,717**	**13**	5,534	13	5,367	13
Machinery/Equipment	**3,305**	**7**	**3,267**	**7**	**2,930**	**7**	2,738	6	2,778	7
Securities/Deposits	**1,232**	**3**	**1,349**	**3**	**1,064**	**2**	786	2	905	2
Other	**918**	**2**	**940**	**2**	**870**	**3**	1,016	2	948	2

Total secured loans and leases	**44,598**	**95**	**44,000**	**96**	**42,379**	**96**	41,342	96	40,696	96
Unsecured loans and leases	**2,125**	**5**	**2,080**	**4**	**1,975**	**4**	1,778	4	1,860	4
Total loans and leases	**$ 46,723**	**100%**	**$ 46,080**	**100%**	**$ 44,354**	**100%**	$ 43,120	100%	$ 42,556	100%

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Commercial Credit

Refer to the Commercial Credit section of our Form 8-K filed on May 28, 2014 for our commercial credit underwriting and on-going credit management processes.

C&I PORTFOLIO

The C&I portfolio continues to have strong 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 have trended downward, reflecting a combination of proactive risk identification and effective workout strategies implemented by the SAD. We continue to maintain a proactive approach to identifying borrowers that may be facing financial difficulty in order to maximize the potential solutions.

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 majority of the portfolio, with the remainder sourced from prior bank acquisitions. 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/or 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. 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. Property values are updated using appraisals on a regular basis to ensure appropriate decisions regarding the on-going management of the portfolio reflect the changing market conditions. 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 Form 8-K filed on May 28, 2014 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.

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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			
	09/30/14	12/31/13	**09/30/14**	12/31/13	**09/30/14**	12/31/13
Ending balance	**$ 5,028**	$ 4,842	**$ 3,408**	$ 3,494	**$ 5,788**	$ 5,321
Portfolio weighted average LTV ratio(1)	**71%**	71%	**81%**	81%	**74%**	74%
Portfolio weighted average FICO score(2)	**758**	758	**751**	741	**751**	743

	Home Equity				Residential Mortgage (3)	
	Secured by first-lien		Secured by junior-lien			
	Nine Months Ended September 30,					
	2014	2013	**2014**	2013	**2014**	2013
Originations	**$ 1,139**	$ 1,342	**$ 654**	$ 346	**$ 906**	$ 1,336
Origination weighted average LTV ratio(1)	**74%**	67%	**83%**	81%	**84%**	78%
Origination weighted average FICO score(2)	**756**	775	**746**	755	**754**	758

(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.

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 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 HELOC maturity strategy is consistent with the recent regulatory guidance.

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The table below summarizes our home equity line-of-credit portfolio by maturity date:

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

	September 30, 2014					
(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	**$ 44**	**$ 3**	**$ 2**	**$ 2**	**$ 2,741**	**$ 2,792**
Secured by junior-lien	**236**	**118**	**129**	**25**	**2,487**	**2,995**
Total home equity line-of-credit	**$ 280**	**$ 121**	**$ 131**	**$ 27**	**$ 5,228**	**$ 5,787**

The amounts in the above table maturing in four years or less primarily consist of balloon payment structures and represent the most significant maturity risk. 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. All 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 nine-month period ended September 30, 2014, we closed $209 million in HARP residential mortgages and $1.7 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 2014 third quarter reflected continued overall improvement. Total NPA s were $364.5 million at September 30, 2014. While the overall level was essentially flat with prior quarter, the C&I portfolio showed an increase, with offsetting declines in CRE and residential. NCOs increased by $1.4 million or 5% from the prior quarter, as a result of increases in other consumer and residential portfolios, partially offset by recoveries in the CRE portfolio. Total criticized loans continued to decline, across both the commercial and consumer segments. The ACL to total loans ratio declined by 3 basis points to 1.47%, and our coverage ratios as demonstrated by the ACL to NAL ratio of 211% also remained strong.

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) impaired loans held for sale, (3) OREO properties, and (4) 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.

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

Of the $150.1 million of CRE and C&I-related NALs at September 30, 2014, $84.1 million, or 56%, 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 earnings 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

	2014			2013	
(dollar amounts in thousands)	**September 30,**	**June 30,**	**March 31,**	December 31,	September 30,
Nonaccrual loans and leases:					
Commercial and industrial	**$ 90,265**	**$ 75,274**	**$ 57,053**	$ 56,615	$ 68,034
Commercial real estate	**59,812**	**65,398**	**71,344**	73,417	80,295
Automobile	**4,834**	**4,384**	**6,218**	6,303	5,972
Residential mortgage	**98,139**	**110,635**	**121,681**	119,532	116,260
Home equity	**72,715**	**69,266**	**70,862**	66,189	62,545
Total nonaccrual loans and leases	**325,765**	**324,957**	**327,158**	322,056	333,106
Other real estate owned, net					
Residential	**30,661**	**31,761**	**30,581**	23,447	16,610
Commercial	**5,609**	**2,934**	**5,110**	4,217	12,544
Total other real estate owned, net	**36,270**	**34,695**	**35,691**	27,664	29,154
Other nonperforming assets(1)	**2,440**	**2,440**	**2,440**	2,440	12,000
Total nonperforming assets	**$ 364,475**	**$ 362,092**	**$ 365,289**	$ 352,160	$ 374,260
Nonaccrual loans as a % of total loans and leases	**0.70%**	**0.71%**	**0.74%**	0.75%	0.78%
Nonperforming assets ratio(2)	**0.78**	**0.79**	**0.82**	0.82	0.88
(NPA+90days)/(Loan+OREO)(3)	**1.08**	**1.08**	**1.17**	1.20	1.29

(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.

2014 Third Quarter versus 2014 Second Quarter

The $2.4 million, or 1%, increase in NPAs compared with June 30, 2014, represents the net impact of increases in the commercial portfolio offset by decreases across the consumer portfolios:

- $15.0 million, or 20%, increase in C&I NALs, primarily reflecting the impact of a specific credit relationship.

Partially offset by:

- $12.5 million, or 11%, decrease in residential mortgage NALs, reflecting resolutions of foreclosures and improved delinquency results.

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2014 Third Quarter versus 2013 Fourth Quarter

Compared with December 31, 2013, NPAs increased $12.3 million, or 4%, primarily reflecting:

- $33.7 million, or 59%, increase in C&I NALs, primarily due to two credit relationships.

- $8.6 million, or 31%, increase in net OREO properties primarily related to consumer OREO, reflecting the impact from Camco Financial, and a single CRE property.

Partially offset by:

- $21.4 million, or 18%, decline in residential mortgage NALs, reflecting resolution of foreclosure processes and improved delinquency trends.

- $13.6 million, or 19%, decline in CRE NALs, reflecting both NCO activity and problem credit resolutions, including borrower payments and payoffs partially resulting from successful workout strategies implemented by our SAD group.

TDR Loans

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

TDRs are loans to which a financial concession is 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.

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

	2014			2013	
(dollar amounts in thousands)	**September 30,**	**June 30,**	**March 31,**	December 31,	September 30,
Troubled debt restructured loans accruing:					
Commercial and industrial	**$ 89,783**	**$ 90,604**	**$ 102,970**	$ 83,857	$ 85,687
Commercial real estate	**186,542**	**212,736**	**210,876**	204,668	204,597
Automobile	**31,480**	**31,833**	**27,393**	30,781	30,981
Home equity	**229,500**	**221,539**	**202,044**	188,266	153,591
Residential mortgage	**271,762**	**289,239**	**284,194**	305,059	300,809
Other consumer	**3,313**	**3,496**	**1,727**	1,041	959
Total troubled debt restructured loans accruing	**812,380**	**849,447**	**829,204**	813,672	776,624
Troubled debt restructured loans nonaccruing:					
Commercial and industrial	**19,110**	**6,677**	**7,197**	7,291	8,643
Commercial real estate	**28,618**	**24,396**	**27,972**	23,981	22,695
Automobile	**4,817**	**4,287**	**5,676**	6,303	5,972
Home equity	**25,149**	**22,264**	**20,992**	20,715	11,434
Residential mortgage	**72,729**	**81,546**	**84,441**	82,879	77,525
Other consumer	**74**	**120**	**120**		

Total troubled debt restructured loans nonaccruing	**150,497**	**139,290**	**146,398**	141,169	126,269
Total troubled debt restructured loans	**$ 962,877**	**$ 988,737**	**$ 975,602**	$ 954,841	$ 902,893

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The decline in the accruing TDRs was associated with payoffs and paydowns in both the CRE and residential portfolios. 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 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.

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

Table 17 Troubled Debt Restructured Loan Activity

		2014		2013	
(dollar amounts in thousands)	**Third**	**Second**	**First**	Fourth	Third
TDRs, beginning of period	**$ 988,737**	**$ 975,602**	**$ 954,841**	$ 902,893	$ 883,990
New TDRs	**126,238**	**184,024**	**219,656**	169,383	161,812
Payments	**(78,717)**	**(66,530)**	**(55,130)**	(46,974)	(60,392)
Charge-offs	**(10,631)**	**(5,134)**	**(10,774)**	(5,980)	(10,439)
Sales	**(1,951)**	**(4,001)**	**(14,169)**	(613)	(2,999)
Transfer to OREO	**(3,554)**	**(3,539)**	**(2,597)**	(2,609)	(2,056)
Restructured TDRs accruing[1]	**(47,277)**	**(83,586)**	**(86,012)**	(51,709)	(58,499)
Restructured TDRs nonaccruing[1]	**(2,212)**	**(4,146)**	**(23,038)**	(7,415)	(6,163)
Other	**(7,756)**	**(3,953)**	**(7,175)**	(2,135)	(2,361)
TDRs, end of period	**$ 962,877**	**$ 988,737**	**$ 975,602**	$ 954,841	$ 902,893

(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 Credit Administration group 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.

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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, we also consider the impact of collateral value trends and portfolio diversification. 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)

	2014						2013			
(dollar amounts in thousands)	**September 30,**		**June 30,**		**March 31,**		December 31,		September 30,	
Commercial										
Commercial and industrial	**$ 291,401**	**40%**	**$ 278,512**	**41%**	**$ 266,979**	**41%**	$ 265,801	41%	$ 262,048	41%
Commercial real estate	**115,472**	**11**	**137,346**	**11**	**160,306**	**12**	162,557	11	164,522	11
Total commercial	**406,873**	**51**	**415,858**	**52**	**427,285**	**53**	428,358	52	426,570	52
Consumer										
Automobile	**30,732**	**18**	**27,158**	**17**	**25,178**	**16**	31,053	15	27,087	15
Home equity	**100,375**	**18**	**105,943**	**18**	**113,177**	**19**	111,131	19	124,068	20
Residential mortgage	**52,658**	**12**	**47,191**	**12**	**39,068**	**12**	39,577	12	51,252	12
Other consumer	**40,398**	**1**	**38,951**	**1**	**27,210**		37,751	2	37,053	1
Total consumer	**224,163**	**49**	**219,243**	**48**	**204,633**	**47**	219,512	48	239,460	48
Total allowance for loan and lease losses	**631,036**	**100%**	**635,101**	**100%**	**631,918**	**100%**	647,870	100%	666,030	100%
Allowance for unfunded loan commitments	**55,449**		**56,927**		**59,368**		62,899		66,857	
Total allowance for credit losses	**$ 686,485**		**$ 692,028**		**$ 691,286**		$ 710,769		$ 732,887	
Total allowance for loan and leases losses as % of:										
Total loans and leases		**1.35%**		**1.38%**		**1.42%**		1.50%		1.57%
Nonaccrual loans and leases		**194**		**195**		**193**		201		200
Nonperforming assets		**173**		**175**		**174**		184		178
Total allowance for credit losses as % of:										
Total loans and leases		**1.47%**		**1.50%**		**1.56%**		1.65%		1.72%
Nonaccrual loans and leases		**211**		**213**		**211**		221		220
Nonperforming assets		**188**		**191**		**191**		202		196

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

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2014 Third Quarter versus 2014 Second Quarter

The $5.5 million, or 1%, decrease in ACL compared with June 30, 2014, primarily reflected:

- $21.9 million, or 16%, decline in CRE, reflecting continued improving portfolio asset quality metrics and performance.
- $5.6 million, or 5%, decline in home equity directly attributable to the lower delinquency rate and improved portfolio performance metrics.

Partially offset by:

- $12.9 million, or 5%, increase in C&I, reflecting an increased level of loans in the classified risk rating designation and overall portfolio growth.
- $5.5 million, or 12%, increase in residential mortgage, primarily due to increased reserves on TDRs.
- $3.6 million, or 13%, increase in automobile loans based on the portfolio growth.

2014 Third Quarter versus 2013 Fourth Quarter

The $24.3 million, or 3%, decline in ACL compared with December 31, 2013:

- $47.1 million, or 29%, decline in CRE, reflecting continued improving portfolio asset quality metrics and performance.
- $10.8 million, or 10%, decline in home equity as a result of the lower delinquency rate and improved portfolio performance metrics.
- $7.5 million, or 12%, decline in AULC, reflecting lower risk exposures.

Partially offset by:

- $25.6 million, or 10%, increase in C&I, reflecting the risk rating composition and overall growth in the portfolio.
- $13.1 million, or 33%, increase in residential mortgage, primarily due to increased reserves on TDRs.
- $2.6 million, or 7%, increase in other consumer reflecting the increasing credit card portfolio.

The ACL to total loans and leases declined to 1.47% at September 30, 2014, compared to 1.65% at December 31, 2013. Management believes the decline in the ratio is appropriate given the significant 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, combined with originating high quality new loans will contribute to continued improvement in our key credit quality metrics.

We have significant exposure to loans secured by residential real estate and continue to be an active lender in our communities. The impact of the downturn in real estate values over the past several years has had a significant impact on some of our borrowers as evidenced by the higher delinquencies and NCOs since late 2007. Real estate values have rebounded from their 2007 levels in our primary markets.

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 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 at the time of the modification.

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 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.

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

Table 19 Quarterly Net Charge-off Analysis

	2014			2013	
(dollar amounts in thousands)	**Third**	**Second**	**First**	Fourth	Third
Net charge-offs by loan and lease type:					
Commercial:					
Commercial and industrial	**$ 12,587**	**$ 10,597**	$ 8,606	$ 9,826	$ 1,661
Commercial real estate:					
Construction	**2,171**	**(171)**	918	(88)	6,165
Commercial	**(8,178)**	**(2,020)**	(1,905)	(2,783)	6,398
Commercial real estate	**(6,007)**	**(2,191)**	(987)	(2,871)	12,563
Total commercial	**6,580**	**8,406**	7,619	6,955	14,224
Consumer:					
Automobile	**3,976**	**2,926**	4,642	3,759	2,721
Home equity	**6,448**	**8,491**	15,687	20,451	27,175
Residential mortgage	**5,428**	**3,406**	7,859	7,605	4,789
Other consumer	**7,591**	**5,414**	7,179	7,677	6,833
Total consumer	**23,443**	**20,237**	35,367	39,492	41,518
Total net charge-offs	**$ 30,023**	**$ 28,643**	$ 42,986	$ 46,447	$ 55,742
Net charge-offs annualized percentages:					
Commercial:					
Commercial and industrial	**0.27%**	**0.23%**	0.20%	0.22%	0.04%
Commercial real estate:					
Construction	**1.12**	**(0.10)**	0.60	(0.06)	4.36
Commercial	**(0.78)**	**(0.19)**	(0.18)	(0.26)	0.59
Commercial real estate	**(0.48)**	**(0.17)**	(0.08)	(0.23)	1.02
Total commercial	**0.11**	**0.14**	0.14	0.12	0.26
Consumer:					
Automobile	**0.20**	**0.16**	0.27	0.23	0.18
Home equity	**0.31**	**0.41**	0.75	0.98	1.30
Residential mortgage	**0.38**	**0.24**	0.58	0.57	0.36
Other consumer	**7.61**	**5.66**	7.44	7.98	7.19
Total consumer	**0.42**	**0.37**	0.68	0.77	0.83
Net charge-offs as a % of average loans	**0.26%**	**0.25%**	0.40%	0.43%	0.53%

In assessing NCO trends, it is helpful to understand the process of how commercial loans are treated as they deteriorate over time. The ALLL established is consistent with the level of risk associated with the original underwriting. As a part of our normal portfolio management process for commercial loans, the loan is periodically reviewed and the ALLL is increased or decreased based on the enhanced 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. Our overall NCOs are operating within our long-term target range.

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.

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2014 Third Quarter versus 2014 Second Quarter

NCOs increased $1.4 million from the prior quarter to $30.0 million, primarily as a result of an increase in C&I, automobile, residential mortgage and other consumer portfolios. This was partially offset by continued improvement in home equity and the impact of recovery activity in the CRE portfolio. NCOs were an annualized 0.26% of average loans and leases in the current quarter, up slightly from 0.25% in the 2014 second 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.

The table below reflects NCO activity for the first nine-month periods ended September 30, 2014 and 2013:

Table 20 Year to Date Net Charge-off Analysis

(dollar amounts in thousands)	Nine Months Ended September 30, **2014**	2013
Net charge-offs by loan and lease type:		
Commercial:		
Commercial and industrial	**$ 31,790**	$ 6,564
Commercial real estate:		
Construction	**2,918**	6,446
Commercial	**(12,103)**	21,278
Commercial real estate	**(9,185)**	27,724
Total commercial	**22,605**	34,288
Consumer:		
Automobile	**11,544**	6,779
Home equity	**30,626**	61,812
Residential mortgage	**16,693**	19,557
Other consumer	**20,184**	19,783
Total consumer	**79,047**	107,931
Total net charge-offs	**$ 101,652**	$ 142,219
Net charge-offs - annualized percentages:		
Commercial:		
Commercial and industrial	**0.23%**	0.05%
Commercial real estate:		
Construction	**0.56**	1.47
Commercial	**(0.38)**	0.63
Commercial real estate	**(0.25)**	0.73
Total commercial	**0.13**	0.21
Consumer:		
Automobile	**0.21**	0.17
Home equity	**0.49**	0.99
Residential mortgage	**0.40**	0.51
Other consumer	**6.91**	5.84
Total consumer	**0.48**	0.75

Net charge-offs as a % of average loans	**0.30%**	0.46%

2014 First Nine Months versus 2013 First Nine Months

NCOs decreased $40.6 million in the first nine-month period of 2014 to $101.7 million, primarily as a result of continued credit quality improvement and the impact of recovery activity in the CRE portfolio. This improvement was partially offset by an increase in C&I primarily relating to large losses associated with a small number of credit relationships.

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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 prepayments and changes in deposit 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 (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%
September 30, 2014	**-0.3%**	**0.3%**	**0.1%**

Through December 31, 2013, we reported ISE at Risk. We now report NII at Risk to isolate the change in income related solely to interest earning assets and interest bearing liabilities. The difference between the results for ISE at Risk and NII at Risk are not significant for this or any previous quarterly period.

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 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 September 30, 2014, shows that Huntington s earnings are not particularly sensitive to changes in interest rates over the next year. In recent periods, the amount of fixed rate assets, primarily indirect auto loans and securities, increased resulting in a reduction in asset sensitivity. This reduction is somewhat accentuated by our portfolio of mortgage-related loans and securities, whose expected maturities lengthen as rates rise. The reduced asset sensitivity for the +200 basis points scenario (relative to the +100 basis points scenario) relates to the modeled migration of money market accounts balances into CDs thereby shifting deposits from a variable rate to a fixed rate.

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%
September 30, 2014	**0.1%**	**-2.8%**	**-7.5%**

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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 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 September 30, 2014 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. Compared to recent periods, the EVE results for September 30, 2014, reflect lower market rates and less sensitivity.

MSRs

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

At September 30, 2014 we had a total of $161.9 million of capitalized MSRs representing the right to service $15.6 billion in mortgage loans. Of this $161.9 million, $25.4 million was recorded using the fair value method and $136.5 million was recorded using the amortization method.

MSR fair values are very sensitive to movements in interest rates as expected future net servicing income depends on the projected outstanding principal balances of the underlying loans, which can be greatly 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 hedges. We typically 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 subsidiaries, 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 resulting from external macro market issues, investor and customer perception of financial strength, and events unrelated to us, such as war, terrorism, or financial institution market specific issues. In addition, the mix and maturity structure of Huntington s balance sheet, the amount of on-hand cash and 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.

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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 MBS and ABS, 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

	September 30, 2014			
	Available-for-Sale & Other Securities		Held-to-Maturity Securities	
(dollar amounts in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Under 1 year	**$ 548,941**	**$ 547,010**	**$**	**$**
1 - 5 years	**4,190,053**	**4,225,353**	**1,312,997**	**1,296,070**
6 - 10 years	**3,136,697**	**3,120,732**	**2,183,496**	**2,170,986**
Over 10 years	**513,870**	**481,083**		
Other securities	**346,781**	**347,626**		
Total	**$ 8,736,342**	**$ 8,721,804**	**$ 3,496,493**	**$ 3,467,056**

Bank Liquidity and Sources of Funding

Our primary sources of funding for the Bank are retail and commercial core deposits. At September 30, 2014, these core deposits funded 73% of total assets (101% of total loans). At September 30, 2014 and December 31, 2013, total core deposits represented 93% and 95% of total deposits, respectively. To the extent we are unable to obtain sufficient liquidity through core deposits, we may meet our liquidity needs through other sources, asset securitization, or sale. Other sources include non-core deposits, FHLB advances, and other wholesale debt instruments.

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

Table 24 Deposit Composition

	2014						2013			
(dollar amounts in millions)	**September 30,**		**June 30,**		**March 30,**		December 31,		September 30,	
By Type:										
Demand deposits noninterest-bearing	**$ 14,754**	**29%**	**$ 14,151**	**29%**	**$ 14,314**	**29%**	$ 13,650	29%	$ 13,421	29%
Demand deposits interest-bearing	**6,052**	**12**	**5,921**	**12**	**5,970**	**12**	5,880	12	5,856	13
Money market deposits	**18,174**	**36**	**17,563**	**36**	**17,693**	**36**	17,213	36	16,212	34
Savings and other domestic deposits	**5,038**	**10**	**5,036**	**10**	**5,115**	**10**	4,871	10	4,946	11
Core certificates of deposit	**3,150**	**6**	**3,272**	**7**	**3,557**	**7**	3,723	8	4,108	9
Total core deposits:	**47,168**	**93**	**45,943**	**94**	**46,649**	**94**	45,337	95	44,543	96
Other domestic deposits of $250,000 or more	**202**	**1**	**241**		**289**	**1**	274	1	268	1
Brokered deposits and negotiable CDs	**2,357**	**5**	**2,198**	**5**	**2,074**	**4**	1,580	3	1,366	3
Deposits in foreign offices	**402**	**1**	**367**	**1**	**337**	**1**	316	1	387	
Total deposits	**$ 50,129**	**100%**	**$ 48,749**	**100%**	**$ 49,349**	**100%**	$ 47,507	100%	$ 46,564	100%

Total core deposits:										
Commercial	**$ 21,753**	**46%**	**$ 20,629**	**45%**	**$ 20,507**	**44%**	$ 19,982	44%	$ 19,526	44%
Consumer	**25,415**	**54**	**25,314**	**55**	**26,142**	**56**	25,355	56	25,017	56
Total core deposits	**$ 47,168**	**100%**	**$ 45,943**	**100%**	**$ 46,649**	**100%**	$ 45,337	100%	$ 44,543	100%

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Table 25 Federal Funds Purchased and Repurchase Agreements

	2014			2013	
(dollar amounts in millions)	**September 30,**	**June 30,**	**March 31,**	December 31,	September 30,
Balance at period-end					
Federal Funds purchased and securities sold under agreements to repurchase	**$ 1,491**	**$ 1,223**	**$ 1,342**	$ 549	$ 655
Other short-term borrowings	**40**	**29**	**56**	4	6
Weighted average interest rate at period-end					
Federal Funds purchased and securities sold under agreements to repurchase	**0.05%**	**0.05%**	**0.06%**	0.06%	0.07%
Other short-term borrowings	**1.06**	**1.41**	**0.26**	2.59	1.41
Maximum amount outstanding at month-end during the period					
Federal Funds purchased and securities sold under agreements to repurchase	**$ 1,491**	**$ 1,223**	**$ 1,342**	$ 787	$ 787
Other short-term borrowings	**40**	**29**	**56**	19	9
Average amount outstanding during the period					
Federal Funds purchased and securities sold under agreements to repurchase	**$ 1,072**	**$ 910**	**$ 875**	$ 624	$ 703
Other short-term borrowings	**20**	**29**	**8**	5	7
Weighted average interest rate during the period					
Federal Funds purchased and securities sold under agreements to repurchase	**0.07%**	**0.06%**	**0.06%**	0.08%	0.08%
Other short-term borrowings	**2.22**	**1.64**	**1.06**	1.79	1.32

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 $17.4 billion and $19.8 billion at September 30, 2014 and December 31, 2013, respectively.

In February 2014, the Bank issued $500.0 million of senior notes at 99.842% of face value. The senior bank note issuances mature on April 1, 2019 and have a fixed coupon rate of 2.20%. The senior note issuance may be redeemed one month prior to the maturity date at 100% of principal plus accrued and unpaid interest. In April 2014, the Bank issued $500.0 million of senior notes at 99.842% of face value. The senior note issuances mature on April 24, 2017 and have a fixed coupon rate of 1.375%. In April 2014, the Bank also issued $250.0 million of senior notes at 100% of face value. The senior bank note issuances mature on April 24, 2017 and have a variable coupon rate equal to the three month LIBOR plus 0.425%. Both senior note issuances may be redeemed one month prior to their maturity date at 100% of principal plus accrued and unpaid interest. At September 30, 2014, total wholesale funding was $9.7 billion, an increase from $7.0 billion at December 31, 2013. The increase from prior year-end primarily relates to an increase in other long-term debt, short-term borrowings, and subordinated notes, partially offset by a decrease in FHLB advances.

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 High Quality Liquid Assets (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.

At September 30, 2014, 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 securities.

At September 30, 2014 and December 31, 2013, the parent company had $0.7 billion and $1.0 billion, respectively, in cash and cash equivalents.

On October 15, 2014, the board of directors declared a quarterly common stock cash dividend of $0.06 per common share. The dividend is payable on January 2, 2015, to shareholders of record on December 19, 2014. Based on the current quarterly dividend of $0.06 per common share, cash demands required for common stock dividends are estimated to be approximately $48.9 million per quarter. On October 15, 2014, the board of directors declared a quarterly Series A and Series B Preferred Stock dividend payable on January 15, 2015 to shareholders of record on January 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 $169.0 million to the holding company. We anticipate that the Bank will declare additional dividends to the holding company in the fourth quarter of 2014. To help meet any additional liquidity needs, we have an open-ended, automatic shelf registration statement filed and effective with the SEC, which permits us 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 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 interest rate swaps, financial guarantees contained in standby letters-of-credit issued by the Bank and commitments by the Bank to sell mortgage loans.

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 subordinated and other long-term debt from fixed-rate obligations to floating rate. Cash flow hedges are also used to convert floating rate loans made to customers into fixed rate loans. 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. At September 30, 2014 and December 31, 2013, we had commitments to sell residential real estate loans of $556.0 million and $452.6 million, respectively. These contracts mature in less than one year.

We do not believe that off-balance sheet arrangements will have a material impact on our liquidity or capital resources.

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Operational Risk

As with all companies, we are subject to operational risk. Operational risk is the risk of loss due to human error; inadequate or failed internal systems and controls; 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. For example, we actively and continuously monitor cyber-attacks such as attempts related to eFraud 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.

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. Both of these committees report any significant findings and recommendations to the Risk Management Committee. Additionally, 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 and fraud losses, 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

	2014			2013	
(dollar amounts in thousands)	**Third**	**Second**	**First**	Fourth	Third
Reserve for representations and warranties, beginning of period	**$ 15,249**	**$ 17,094**	**$ 22,027**	$ 27,502	$ 28,039
Reserve charges	**(499)**	**(1,047)**	**(6,132)**	(6,024)	(2,490)
Provision for representations and warranties	**(934)**	**(798)**	**1,199**	549	1,953
Reserve for representations and warranties, end of period	**$ 13,816**	**$ 15,249**	**$ 17,094**	$ 22,027	$ 27,502

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Table 27 Mortgage Loan Repurchase Statistics

(dollar amounts in thousands)	**2014 Third**	**2014 Second**	**2014 First**	2013 Fourth	2013 Third
Number of loans sold	**4,880**	**4,599**	**3,882**	4,856	5,839
Amount of loans sold (UPB)	**$ 660,133**	**$ 572,861**	**$ 487,822**	$ 625,958	$ 861,897
Number of loans repurchased (1)	**18**	**33**	**89**	41	40
Amount of loans repurchased (UPB)(1)	**$ 2,224**	**$ 3,766**	**$ 10,557**	$ 5,204	$ 4,055
Number of claims received	**38**	**43**	**35**	341	222
Successful dispute rate(2)	**25%**	**40%**	**34%**	40%	36%
Number of make whole payments(3)	**4**	**20**	**91**	91	28
Amount of make whole payments(3)	**$ 119**	**$ 844**	**$ 5,693**	$ 5,742	$ 2,125

(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.

Foreclosure Documentation

Compared to the high volume servicers, we service a relatively low volume of residential mortgage foreclosures. We have reviewed our residential foreclosure process. We have not found evidence of financial injury to any borrowers from any foreclosure by the Bank that should not have proceeded. We continuously review our processes and controls to ensure that our foreclosure processes are appropriate.

Compliance Risk

Financial institutions are subject to many laws, rules, and regulations at both the federal and state levels. In September, 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.

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Regulatory Capital

The following table presents risk-weighted assets and other financial data necessary to calculate certain financial ratios, including the Tier 1 common equity ratio, which we use to measure capital adequacy. We estimate the negative impact to Tier I common risk-based capital from the 2015 first quarter implementation of the Federal Reserve s final Basel III capital rules will be approximately 40 bps on a fully phased-in basis.

Table 28 Capital Adequacy

	2014			2013	
(dollar amounts in millions)	**September 30,**	**June 30,**	**March 31,**	December 31,	September 30,
Consolidated capital calculations:					
Common shareholders equity	**$ 5,898**	**$ 5,855**	**$ 5,790**	$ 5,704	$ 5,566
Preferred shareholders equity	**386**	**386**	**386**	386	386
Total shareholders equity	**6,284**	**6,241**	**6,176**	6,090	5,952
Goodwill	**(523)**	**(505)**	**(505)**	(444)	(444)
Other intangible assets	**(85)**	**(81)**	**(91)**	(93)	(104)
Other intangible assets deferred tax liability (1)	**30**	**28**	**32**	33	36
Total tangible equity (2)	**5,706**	**5,683**	**5,612**	5,586	5,440
Preferred shareholders equity	**(386)**	**(386)**	**(386)**	(386)	(386)
Total tangible common equity (2)	**$ 5,320**	**$ 5,297**	**$ 5,226**	$ 5,200	$ 5,054
Total assets	**$ 64,331**	**$ 63,797**	**$ 61,146**	$ 59,467	$ 56,639
Goodwill	**(523)**	**(505)**	**(505)**	(444)	(444)
Other intangible assets	**(85)**	**(81)**	**(91)**	(93)	(104)
Other intangible assets deferred tax liability (1)	**30**	**28**	**32**	33	36
Total tangible assets (2)	**$ 63,753**	**$ 63,239**	**$ 60,582**	$ 58,963	$ 56,127
Tier 1 capital	**$ 6,180**	**$ 6,132**	**$ 6,107**	$ 6,100	$ 6,018
Preferred shareholders equity	**(386)**	**(386)**	**(386)**	(386)	(386)
Trust preferred securities	**(304)**	**(304)**	**(304)**	(299)	(299)
REIT preferred stock					(50)
Tier 1 common equity (2)	**$ 5,490**	**$ 5,442**	**$ 5,417**	$ 5,415	$ 5,283
Risk-weighted assets (RWA)	**$ 53,239**	**$ 53,035**	**$ 51,120**	$ 49,690	$ 48,687
Tier 1 common equity / RWA ratio (2)	**10.31%**	**10.26%**	**10.60%**	10.90%	10.85%
Tangible equity / tangible asset ratio (2)	**8.95**	**8.99**	**9.26**	9.47	9.69
Tangible common equity / tangible asset ratio (2)	**8.35**	**8.38**	**8.63**	8.82	9.00
Tangible common equity / RWA ratio (2)	**9.99**	**9.99**	**10.22**	10.46	10.38

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

(2) Tangible equity, Tier 1 common equity, tangible common equity, and tangible assets are non-GAAP financial measures. Additionally, any ratios utilizing these financial measures are also non-GAAP. These financial measures have been included as they are considered to be critical metrics with which to analyze and evaluate financial condition and capital strength. Other companies may calculate these financial measures differently.

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

Table 29 Regulatory Capital Data

		2014			2013	
(dollar amounts in millions)		**September 30,**	**June 30,**	**March 31,**	December 31,	September 30,
Total risk-weighted assets	Consolidated	**$ 53,239**	**$ 53,035**	**$ 51,120**	$ 49,690	$ 48,687
	Bank	**53,132**	**53,005**	**51,021**	49,609	48,570
Tier 1 risk-based capital	Consolidated	**6,180**	**6,132**	**6,107**	6,100	6,017
	Bank	**5,963**	**5,982**	**5,872**	5,682	5,540
Tier 2 risk-based capital	Consolidated	**1,122**	**1,118**	**1,118**	1,139	1,127
	Bank	**821**	**819**	**817**	838	825
Total risk-based capital	Consolidated	**7,302**	**7,250**	**7,225**	7,239	7,144
	Bank	**6,784**	**6,801**	**6,689**	6,520	6,365
Tier 1 leverage ratio	Consolidated	**9.83%**	**10.01%**	**10.32%**	10.67%	10.85%
	Bank	**9.49**	**9.78**	**9.96**	9.97	10.01
Tier 1 risk-based capital ratio	Consolidated	**11.61**	**11.56**	**11.95**	12.28	12.36
	Bank	**11.22**	**11.29**	**11.51**	11.45	11.41
Total risk-based capital ratio	Consolidated	**13.72**	**13.67**	**14.13**	14.57	14.67
	Bank	**12.77**	**12.83**	**13.11**	13.14	13.11

The decreases in the capital ratios were due to balance sheet growth and share repurchases that were partially offset by retained earnings and the 8.7 million common shares issued in the Camco acquisition. Specifically, all capital ratios were impacted by the repurchase of 32.1 million common shares over the last three quarters, 5.4 million of which were repurchased during the 2014 third quarter. The decrease in the regulatory Tier 1 risk-based capital ratio also reflected the redemption of $50 million of qualifying preferred securities on December 31, 2013.

Shareholders Equity

We generate shareholders equity primarily through the retention of earnings, net of dividends. 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 $6.3 billion at September 30, 2014, an increase of $0.2 billion when compared with December 31, 2013.

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 October 15, 2014, our board of directors declared a quarterly cash dividend of $0.06 per common share, payable on January 2, 2015. Also, cash dividends of $0.05 per share were declared on July 16, 2014, April 16, 2014 and January 16, 2014.

On October 15, 2014, 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 January 15, 2015. Also, cash dividends of $21.25 per share were declared on July 16, 2014, April 16, 2014 and January 16, 2014.

On October 15, 2014, our board of directors also declared a quarterly cash dividend on our Floating Rate Series B Non-Cumulative Perpetual Preferred Stock of $7.33 per share. The dividend is payable on January 15, 2015. Also, cash dividends of $7.33 per share, $7.32 per share $7.35 per share were declared on July 16, 2014, April 16, 2014 and January 16, 2014, respectively.

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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 capital plan.

On March 26, 2014, Huntington announced that the Federal Reserve did not object to Huntington s proposed capital actions included in Huntington s capital plan submitted to the Federal Reserve in January 2014. These actions included a potential repurchase of up to $250 million of common stock through the first quarter of 2015. Huntington s board of directors authorized a share repurchase program consistent with Huntington s capital plan. The new repurchase authorization represents a $23 million, or 10%, increase from the recently completed common stock repurchase authorization. During the 2014 third quarter, we repurchased 5.4 million shares, with a weighted average price of $9.70, under this program. Purchases of common stock may include open market purchases, privately negotiated transactions, and accelerated repurchase programs. We have approximately $86 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.

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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. During the 2014 first quarter, we reorganized our business segments to drive our ongoing growth and leverage the knowledge of our highly experienced team. We now 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. All periods presented have been reclassified to conform to the current period classification.

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 those related to reported Significant Items (except for the goodwill impairment), 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 nine-month period of September 30, 2014 and September 30, 2013 is presented in the following table:

Table 30 Net Income (Loss) by Business Segment

	Nine Months Ended September 30,	
(dollar amounts in thousands)	**2014**	2013
Retail and Business Banking	**$ 122,383**	$ 97,320
Commercial Banking	**99,484**	83,022
AFCRE	**155,157**	180,916
RBHPCG	**17,245**	28,949
Home Lending	**(12,906)**	3,219

Treasury/Other	**87,415**	89,684
Total net income	**$ 468,778**	$ 483,110

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 revenue. We believe our relationship oriented approach will drive a competitive advantage through our local market delivery channels.

CONSUMER OCR PERFORMANCE

For both consumer and commercial 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 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 four or more services is viewed to be more profitable and loyal. The overall objective, therefore, is to decrease the percentage of 1-3 services per consumer checking account household, while increasing the percentage of those with 4 or more services. Since we have made significant strides toward having the vast majority of our customers with 4+ services, during the 2013 second quarter, we changed our measurement to 6+ services. We are holding ourselves to a higher performance standard.

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The following table presents consumer checking account household OCR metrics:

Table 31 Consumer Checking Household OCR Cross-sell Report

	2014			2013	
	Third	**Second**	**First**	Fourth	Third
Number of households (2) (3)	**1,453,584**	**1,391,406**	**1,359,158**	1,324,971	1,314,587
Product Penetration by Number of Services (1)					
1 Service	**3.3%**	**3.0%**	**3.0%**	3.0%	3.2%
2-3 Services	**18.4**	**18.4**	**18.8**	19.2	19.5
4-5 Services	**29.6**	**29.9**	**30.2**	30.2	30.0
6+ Services	**48.7**	**48.7**	**48.0**	47.6	47.3
Total revenue *(in millions)*	**$ 260.0**	**$ 256.6**	**$ 239.9**	$ 232.5	$ 237.1

(1) The definitions and measurements used in our OCR process are periodically reviewed and updated prospectively.
(2) On March 1, 2014, Huntington acquired 9,904 Camco households.
(3) On September 12, 2014, Huntington acquired 37,939 Bank of America households.

Our emphasis on cross-sell, coupled with customers being attracted by 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 products at the end of the 2014 third quarter was 48.7%, up from 47.3% at the end of the 2013 third 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. Multiple sales of the same type of service are counted as one service, the same as consumer.

The following table presents commercial relationship OCR metrics:

Table 32 Commercial Relationship OCR Cross-sell Report

	2014			2013	
	Third	**Second**	**First**	Fourth	Third
Commercial Relationships (1)	**164,079**	**159,290**	**159,973**	159,716	159,878
Product Penetration by Number of Services (2)					
1 Service	**16.6%**	**16.9%**	**19.4%**	21.1%	22.1%
2-3 Services	**42.2**	**41.8**	**41.1**	41.4	41.1
4+ Services	**41.2**	**41.3**	**39.5**	37.5	36.8
Total revenue *(in millions)*	**$ 213.1**	**$ 211.8**	**$ 213.3**	$ 190.9	$ 193.9

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

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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.

Table 33 Average Loans/Leases and Deposits by Business Segment

	Nine Months Ended September 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	**$ 3,623**	**$ 10,974**	**$ 2,847**	**$ 620**	**$**	**$ 97**	**$ 18,161**
Commercial real estate	**355**	**308**	**4,094**	**214**			**4,971**
Total commercial	**3,978**	**11,282**	**6,941**	**834**		**97**	**23,132**
Automobile			**7,388**			**(1)**	**7,387**
Home equity	**7,484**	**2**	**1**	**732**	**166**	**(9)**	**8,376**
Residential mortgage	**1,174**			**1,297**	**3,108**		**5,579**
Other consumer	**354**	**3**	**30**	**12**	**14**	**(24)**	**389**
Total consumer	**9,012**	**5**	**7,419**	**2,041**	**3,288**	**(34)**	**21,731**
Total loans and leases	**$ 12,990**	**$ 11,287**	**$ 14,360**	**$ 2,875**	**$ 3,288**	**$ 63**	**$ 44,863**
Average Deposits							
Demand deposits noninterest-bearing	**$ 5,965**	**$ 4,673**	**$ 759**	**$ 1,614**	**$ 282**	**$ 293**	**$ 13,586**
Demand deposits interest-bearing	**4,703**	**780**	**68**	**312**		**15**	**5,878**
Money market deposits	**9,900**	**3,733**	**260**	**3,853**		**7**	**17,753**
Savings and other domestic deposits	**4,856**	**85**	**5**	**80**		**(1)**	**5,025**
Core certificates of deposit	**3,341**	**13**		**46**		**3**	**3,403**
Total core deposits	**28,765**	**9,284**	**1,092**	**5,905**	**282**	**317**	**45,645**
Other deposits	**105**	**746**	**112**	**3**		**1,669**	**2,635**
Total deposits	**$ 28,870**	**$ 10,030**	**$ 1,204**	**$ 5,908**	**$ 282**	**$ 1,986**	**$ 48,280**

	Nine Months Ended September 30, 2013						
(dollar amounts in millions)	Retail and Business Banking	Commercial Banking	AFCRE	RBHPCG	Home Lending	Treasury / Other	TOTAL
Average Loans/Leases							
Commercial and industrial	$ 3,440	$ 10,345	$ 2,556	$ 599	$	$ 67	$ 17,007
Commercial real estate	413	341	4,099	217	1		5,071
Total commercial	3,853	10,686	6,655	816	1	67	22,078
Automobile			5,403			(1)	5,402
Home equity	7,396	2	1	754	172	(26)	8,299
Residential mortgage	1,056	6		1,245	2,893	(46)	5,154
Other consumer	320	4	54	15	14	44	451
Total consumer	8,772	12	5,458	2,014	3,079	(29)	19,306
Total loans and leases	$ 12,625	$ 10,698	$ 12,113	$ 2,830	$ 3,080	$ 38	$ 41,384

Average Deposits							
Demand deposits noninterest-bearing	$ 5,308	$ 4,195	$ 633	$ 1,911	$ 375	$ 292	$ 12,714
Demand deposits interest-bearing	4,707	841	51	282		7	5,888
Money market deposits	8,563	3,123	248	3,344		9	15,287
Savings and other domestic deposits	4,893	85	6	84	2	(2)	5,068
Core certificates of deposit	4,667	21	2	69		2	4,761
Total core deposits	28,138	8,265	940	5,690	377	308	43,718
Other deposits	134	1,016	73	19		1,095	2,337
Total deposits	$ 28,272	$ 9,281	$ 1,013	$ 5,709	$ 377	$ 1,403	$ 46,055

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Retail and Business Banking

Table 34 Key Performance Indicators for Retail and Business Banking

(dollar amounts in thousands unless otherwise noted)	Nine Months Ended September 30, **2014**	2013	Change Amount	Percent
Net interest income	**$ 678,502**	$ 678,244	$ 258	%
Provision for credit losses	**63,962**	101,448	(37,486)	(37)
Noninterest income	**306,364**	292,370	13,994	5
Noninterest expense	**732,623**	719,443	13,180	2
Provision for income taxes	**65,898**	52,403	13,495	26
Net income	**$ 122,383**	$ 97,320	$ 25,063	26%
Number of employees (average full-time equivalent)	**5,179**	5,247	(68)	(1)%
Total average assets *(in millions)*	**$ 14,784**	$ 14,355	$ 429	3
Total average loans/leases *(in millions)*	**12,990**	12,625	365	3
Total average deposits *(in millions)*	**28,870**	28,272	598	2
Net interest margin	**3.18%**	3.23%	(0.05)%	(2)
NCOs	**$ 68,733**	$ 97,552	$ (28,819)	(30)
NCOs as a % of average loans and leases	**0.71%**	1.03%	(0.32)%	(31)
Return on average common equity	**12.0**	9.1	2.9	32

2014 First Nine Months vs. 2013 First Nine Months

Retail and Business Banking reported net income of $122.4 million in the first nine-month period of 2014. This was an increase of $25.1 million, or 26%, when 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 2%, increase in total average deposits.
- $0.4 billion, or 3%, increase in average total loans combined with 10 basis points increase in loan spreads as a result of a reduction in the funds transfer price rates assigned to loans.

Partially offset by:

- 11 basis point decrease in deposit spreads that resulted from a reduction in the funds transfer price rates assigned to deposits.

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

- A $28.8 million, or 30%, decrease in NCOs, combined with improved credit metrics on business banking and consumer loans.

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

- $240 million, or 3%, increase in consumer loans, primarily due to growth in home equity lines of credit and residential mortgages, as well as the impact of the Camco acquisition.

$125 million, or 3%, increase in commercial loans, primarily due to C&I loan growth and the impact of the Camco acquisition.

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

- $259 million deposit growth from our In-store branch network.
- A continued focus on product mix in reducing the overall cost of deposits as evidenced by an increase in money market and noninterest bearing deposits, partially offset by a decrease in core certificates of deposit. In addition, the Camco acquisition contributed to the deposit increase.
- While not having a meaningful impact on the 2014 third quarter average balance, the mid-September completion of the acquisition of the 24 Bank of America branches added approximately $0.7 billion to period-end deposits.

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

- $9.1 million, or 13%, increase in electronic banking income, primarily due to higher transaction volumes and an increase in the number of households.
- $5.1 million, or 31%, increase in other noninterest income, primarily due to an increase in SBA loan servicing fees and an increase in revenue from credit card fees. We introduced the credit card product in the 2013 third quarter.
- $4.4 million, or 3%, increase in service charges on deposit accounts, primarily due to the growth in the number of households and changing customer usage patterns.

Partially offset by:

- $8.0 million, or 44% decline in mortgage banking income, primarily driven by lower refinancing activity referred to the Home Lending segment.

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

- $23.6 million, or 8%, increase in allocated overhead expenses.
- $3.3 million, or 13%, increase in equipment expense, primarily due to technology investments.
- $3.4 million, or 12%, increase in outside data processing and other services expense, mainly the result of transaction costs associated with debit and credit card activity.

Partially offset by:

- $11.2 million, or 5%, decrease in personnel costs, primarily due to the pension plan curtailment in 2013. Previous branch consolidations and various efficiency improvement initiatives also contributed to the decrease in personnel costs.

$5.3 million, or 46%, reduction in deposit and other insurance.

$1.7 million, or 8%, reduction in amortization of intangibles.

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Commercial Banking

Table 35 Key Performance Indicators for Commercial Banking

(dollar amounts in thousands unless otherwise noted)	Nine Months Ended September 30, 2014	2013	Change Amount	Percent
Net interest income	**$ 218,257**	$ 210,725	$ 7,532	4%
Provision for credit losses	**30,905**	41,685	(10,780)	(26)
Noninterest income	**149,165**	152,109	(2,944)	(2)
Noninterest expense	**183,464**	193,423	(9,959)	(5)
Provision for income taxes	**53,569**	44,704	8,865	20
Net income	**$ 99,484**	$ 83,022	$ 16,462	20%
Number of employees (average full-time equivalent)	**1,034**	1,080	(46)	(4)%
Total average assets *(in millions)*	**$ 13,396**	$ 11,703	$ 1,693	14
Total average loans/leases *(in millions)*	**11,287**	10,698	589	6
Total average deposits *(in millions)*	**10,030**	9,281	749	8
Net interest margin	**2.56%**	2.74%	(0.18)%	(7)
NCOs	**$ 10,982**	$ (5,650)	$ 16,632	N.R.
NCOs as a % of average loans and leases	**0.13%**	(0.07)%	0.20%	N.R.
Return on average common equity	**9.7**	9.9	(0.2)	(2)

N.R. Not relevant, as denominator of calculation is a negative in prior period compared with positive in current period.

2014 First Nine Months vs. 2013 First Nine Months

Commercial Banking reported net income of $99.5 million in the first nine-month period of 2014. This was an increase of $16.5 million, or 20%, 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 6%, increase in average loans/leases.
- $0.9 billion, or 803%, increase in average available-for-sale securities, primarily related to direct purchase municipal securities.
- $0.7 billion, or 8%, increase in average total deposits.

Partially offset by:

- 18 basis point decrease in the net interest margin, primarily due to a 9 basis point compression in commercial loan spreads, as well as a 4 basis point compression from the international portfolio with products such as bankers acceptances and foreign insured receivables.

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

Provision expense in the year-ago period reflected the results of our enhanced commercial risk rating system, as well as an overall net increase in the exposure at default assumptions included in the AULC component of our allowance calculation.

Partially offset by:

Increase in NCOs, primarily relating to large losses associated with a small number of credit relationships.

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

- $0.9 billion increase in available-for-sale securities driven from the addition of direct purchase municipal instruments. These instruments had been classified as C&I loans in the year-ago period.
- $0.6 billion, or 565%, increase in the international loan portfolio, primarily bankers acceptances and foreign insured receivables.
- $0.1 billion, or 1%, increase in the middle market loan portfolio, primarily due to our focus in specialty businesses.

Partially offset by:

- $0.1 billion, or 54%, decrease in commercial loans managed by SAD, which reflected improved credit quality in the portfolio.

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

- $1.0 billion, or 12%, increase in core deposits, which primarily reflected a $0.5 billion increase in noninterest-bearing demand deposits. Middle market accounts, such as not-for-profit universities and healthcare, contributed $0.8 billion of the balance growth, while large corporate accounts contributed $0.3 billion.

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

- $3.5 million, or 13%, decrease in commitment and other loan related fees, primarily reflecting a significant syndication fee in 2013.
- $1.8 million, or 28%, decrease in equipment finance related fee income, primarily reflecting a significant lease syndication fee in 2013.
- $1.1 million, or 2%, lower income in insurance, with most of the decline being in the title business, which has a direct correlation with our mortgage origination business.

Partially offset by:

- $2.1 million, or 6%, increase in service charges on deposit accounts and other treasury management related revenue, primarily due to a new commercial card product implemented in 2013, as well as strong core cash management growth.
- $1.8 million, or 29%, increase in fee income from international trade products, primarily due to bankers acceptances and letters of credit.

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

- $4.0 million, or 43%, decrease in deposit and other insurance expense.

$4.0 million, or 12%, decrease in allocated overhead expense.

$2.5 million, or 2%, decrease in personnel expense, primarily reflecting reduction in number of employees.

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Automobile Finance and Commercial Real Estate

Table 36 Key Performance Indicators for Automobile Finance and Commercial Real Estate

	Nine Months Ended September 30,		Change	
(dollar amounts in thousands unless otherwise noted)	**2014**	2013	Amount	Percent
Net interest income	**$ 290,297**	$ 273,105	$ 17,192	6%
Provision (reduction in allowance) for credit losses	**(42,035)**	(89,857)	(47,822)	(53)
Noninterest income	**27,647**	32,694	(5,047)	(15)
Noninterest expense	**121,276**	117,323	3,953	3
Provision for income taxes	**83,546**	97,417	(13,871)	(14)
Net income	**$ 155,157**	$ 180,916	$ (25,759)	(14)%
Number of employees (average full-time equivalent)	**288**	278	10	4%
Total average assets *(in millions)*	**$ 14,719**	$ 12,727	$ 1,992	16
Total average loans/leases *(in millions)*	**14,360**	12,113	2,247	19
Total average deposits *(in millions)*	**1,204**	1,013	191	19
Net interest margin	**2.65%**	2.86%	(0.21)%	(7)
NCOs	**$ 542**	$ 29,520	$ (28,978)	(98)
NCOs as a % of average loans and leases	**0.01%**	0.32%	(0.31)%	(97)
Return on average common equity	**32.0**	41.2	(9.2)	(22)

2014 First Nine Months vs. 2013 First Nine Months

AFCRE reported net income of $155.2 million in the first nine-month period of 2014. This was a decrease of $25.8 million, or 14%, 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:

- $2.0 billion, or 37%, increase in automobile loans and leases, primarily due to continued strong origination volume which totaled $4.0 billion for the first nine months of 2014 compared to $3.2 billion for the first nine months of 2013.

Partially offset by:

- 21 basis point decrease in the net interest margin, primarily due to an 18 basis point reduction in loan spreads. This decline primarily reflects the impact of competitive pricing pressures in all of our portfolios, partially offset by a $5.1 million, or 5 basis points, recovery in the 2014 second quarter from the unexpected pay-off of an acquired commercial real estate loan.

The decrease in the provision (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, reflecting a 15 basis point decline in NPA/loans in the current period compared to a 41 basis point decline in the year-ago period, offset by lower net charge offs.

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

- $5.0 million, or 17%, decrease in other noninterest income, primarily due to decreases in market related gains associated with certain loans carried at fair value, operating lease related income and servicing income on securitized automobile loans.

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

- $7.5 million, or 10%, increase in other noninterest expense, primarily due to a $8.8 million increase in allocated expenses, generally reflecting higher levels of business activity.

Partially offset by:

- $3.0 million, or 32%, decrease in deposit and other insurance expense.

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Regional Banking and The Huntington Private Client Group

Table 37 Key Performance Indicators for Regional Banking and The Huntington Private Client Group

	Nine Months Ended September 30,		Change	
(dollar amounts in thousands unless otherwise noted)	**2014**	2013	Amount	Percent
Net interest income	**$ 76,399**	$ 79,926	$ (3,527)	(4)%
Provision for credit losses	**5,353**	2,939	2,414	82
Noninterest income	**132,080**	144,029	(11,949)	(8)
Noninterest expense	**176,595**	176,479	116	
Provision for income taxes	**9,286**	15,588	(6,302)	(40)
Net income	**$ 17,245**	$ 28,949	$ (11,704)	(40)%
Number of employees (average full-time equivalent)	**1,046**	1,066	(20)	(2)%
Total average assets *(in millions)*	**$ 3,789**	$ 3,733	$ 56	2
Total average loans/leases *(in millions)*	**2,875**	2,830	45	2
Total average deposits *(in millions)*	**5,908**	5,709	199	3
Net interest margin	**1.79%**	1.93%	(0.14)%	(7)
NCOs	**$ 7,232**	$ 8,020	$ (788)	(10)
NCOs as a % of average loans and leases	**0.34%**	0.38%	(0.04)%	(11)
Return on average common equity	**4.6**	7.8	(3.2)	(41)
Total assets under management *(in billions) eop*	**15.5**	17.0	(1.5)	(9)
Total trust assets *(in billions) eop*	**81.6**	78.7	2.9	4

eop - End of Period.

2014 First Nine Months vs. 2013 First Nine Months

RBHPCG reported net income of $17.2 million in the first nine-month period of 2014. This was a decrease of $11.7 million, or 40%, when compared to the year-ago period. The decrease in net income reflected a combination of factors described below.

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

- 14 basis point decrease in the net interest margin, primarily due to lower spreads on deposits.

Partially offset by:

- $0.2 billion, or 3%, increase in average total deposits, primarily due to increased focus on deposit growth resulting from the alignment of private banking with the regional presidents.

The increase in provision for credit losses reflected:

- Less improvement in the underlying credit quality of the loan portfolio compared to year-ago period, offset by reduced level of NCOs.

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

$6.2 million, or 7%, decrease in trust services, primarily due to reduced proprietary mutual fund revenue related to a reduction in asset values and due to the sale of the fixed income funds.

$3.0 million, or 26%, decrease in other noninterest income, primarily due to a gain realized from LIHTC investment sales in the 2013 first quarter.

$1.4 million, or 29%, decrease in service charges on deposit accounts.

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

- $2.9 million, or 116%, increase in professional services expense, primarily due to increased consulting fees.

Partially offset by:

- $1.3 million, or 1%, decrease in personnel costs, primarily due to the pension plan curtailment gain in 2013.
- $1.1 million, or 40%, decrease in deposit and other insurance expense.

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Home Lending

Table 38 Key Performance Indicators for Home Lending

(dollar amounts in thousands unless otherwise noted)	Nine Months Ended September 30, 2014	2013	Change Amount	Percent
Net interest income	**$ 41,997**	$ 38,139	$ 3,858	10%
Provision for credit losses	**20,308**	9,501	10,807	114
Noninterest income	**59,946**	85,599	(25,653)	(30)
Noninterest expense	**101,490**	109,285	(7,795)	(7)
Provision for income taxes	**(6,949)**	1,733	8,682	N.R.
Net income (loss)	**$ (12,906)**	$ 3,219	$ 16,125	N.R.
Number of employees (average full-time equivalent)	**993**	1,100	(107)	(10)%
Total average assets *(in millions)*	**$ 3,795**	$ 3,653	$ 142	4
Total average loans/leases *(in millions)*	**3,288**	3,079	209	7
Total average deposits *(in millions)*	**282**	377	(95)	(25)
Net interest margin	**1.57%**	1.48%	0.09	6
NCOs	**$ 14,163**	$ 12,799	$ 1,364	11
NCOs as a % of average loans and leases	**0.57%**	0.55%	0.02	4
Return on average common equity	**(9.9)**	2.4	(12.3)	(513)
Mortgage banking origination volume (in millions)	**$ 2,637**	$ 3,578	$ (941)	(26)

N.R. Not relevant.

2014 First Nine Months vs. 2013 First Nine Months

Home Lending reported a net loss of $12.9 million in the first nine-month period of 2014 compared to net income of $3.2 million in the year-ago period. Home Lending supports the origination and servicing of mortgage loans across all segments. The decrease in net income reflected a combination of factors described below.

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

- 9 basis point increase in the net interest margin, primarily due to a 16 basis point increase in loan spreads. This increase is primarily driven by lower funding costs on the loan portfolio.

- $0.2 billion, or 7%, increase in average total loans.

Partially offset by:

- $0.1 billion, or 25%, decrease in average total deposits, driven by lower escrow balances.

The increase in provision for credit losses reflected:

- The transfer of the student loan portfolio to loans held-for-sale during the 2014 first quarter and a $1.4 million, or 11%, increase in NCOs.

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

$22.8 million, or 28%, decrease in mortgage banking income, primarily due to a reduction in volume and gain on sale related to lower refinancing levels.

$2.4 million, or 54%, decrease in insurance income, primarily due to lower refinance volume related to title insurance referrals.

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

- $8.1 million, or 11%, decrease in personnel costs, primarily due to lower mortgage production volume and a reduction in staff.
- $1.2 million, or 43%, decrease in deposit and other insurance expense.
- $0.9 million, or 5%, decrease in other noninterest expense, primarily due to lower mortgage repurchase expense.

Partially offset by:

- $3.1 million, or 28%, increase in outside data processing and other services, spending on loan promotions.

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 2013 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.

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Non-Regulatory Capital Ratios

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

- Tangible common equity to tangible assets,
- Tier 1 common equity to risk-weighted assets using Basel I and Basel III definitions, and
- Tangible common equity to risk-weighted assets using Basel I definition.

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 2013 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 2013 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 2013 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 2014 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)	**2014 September 30,**	2013 December 31,
Assets		
Cash and due from banks	**$ 879,862**	$ 1,001,132
Interest-bearing deposits in banks	**72,898**	57,043
Trading account securities	**66,460**	35,573
Loans held for sale (includes $339,061 and $278,928 respectively, measured at fair value) (1)	**410,932**	326,212
Available-for-sale and other securities	**8,721,804**	7,308,753
Held-to-maturity securities	**3,496,493**	3,836,667
Loans and leases (includes $16,700 and $52,286 respectively, measured at fair value) (1)	**46,723,374**	43,120,500
Allowance for loan and lease losses	**(631,036)**	(647,870)
Net loans and leases	**46,092,338**	42,472,630
Bank owned life insurance	**1,703,692**	1,647,170
Premises and equipment	**613,214**	634,657
Goodwill	**522,541**	444,268
Other intangible assets	**85,324**	93,193
Accrued income and other assets	**1,665,071**	1,609,876
Total assets	**$ 64,330,629**	$ 59,467,174
Liabilities and shareholders equity		
Liabilities		
Deposits	**$ 50,129,837**	$ 47,506,718
Short-term borrowings	**1,530,938**	552,143
Federal Home Loan Bank advances	**1,658,112**	1,808,293
Other long-term debt	**2,590,212**	1,349,119
Subordinated notes	**976,264**	1,100,860
Accrued expenses and other liabilities	**1,161,056**	1,059,888
Total liabilities	**58,046,419**	53,377,021
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	**8,161**	8,322
Capital surplus	**7,243,879**	7,398,515
Less treasury shares, at cost	**(12,938)**	(9,643)
Accumulated other comprehensive loss	**(182,016)**	(214,009)
Retained (deficit) earnings	**(1,159,168)**	(1,479,324)

Total shareholders equity	**6,284,210**	6,090,153
Total liabilities and shareholders equity	**$ 64,330,629**	$ 59,467,174
Common shares authorized (par value of $0.01)	**1,500,000,000**	1,500,000,000
Common shares issued	**816,091,946**	832,217,098
Common shares outstanding	**814,453,953**	830,963,427
Treasury shares outstanding	**1,637,993**	1,253,671
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

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Huntington Bancshares Incorporated

Condensed Consolidated Statements of Income

(Unaudited)

(dollar amounts in thousands, except per share amounts)	Three Months Ended September 30, 2014	2013	Nine Months Ended September 30, 2014	2013
Interest and fee income:				
Loans and leases	**$ 424,658**	$ 408,997	**$ 1,248,104**	$ 1,221,321
Available-for-sale and other securities				
Taxable	**43,065**	35,280	**123,549**	114,004
Tax-exempt	**7,959**	2,677	**20,049**	8,052
Held-to-maturity securities - taxable	**21,777**	12,220	**67,711**	31,835
Other	**3,601**	3,738	**9,424**	15,601
Total interest income	**501,060**	462,912	**1,468,837**	1,390,813
Interest expense:				
Deposits	**20,461**	27,655	**66,245**	89,281
Short-term borrowings	**292**	158	**712**	571
Federal Home Loan Bank advances	**981**	197	**2,056**	771
Subordinated notes and other long-term debt	**12,991**	10,050	**35,935**	26,231
Total interest expense	**34,725**	38,060	**104,948**	116,854
Net interest income	**466,335**	424,852	**1,363,889**	1,273,959
Provision for credit losses	**24,480**	11,400	**78,495**	65,714
Net interest income after provision for credit losses	**441,855**	413,452	**1,285,394**	1,208,245
Service charges on deposit accounts	**69,118**	72,918	**206,333**	201,810
Mortgage banking income	**25,051**	23,621	**70,857**	102,528
Trust services	**28,045**	30,470	**87,191**	92,296
Electronic banking	**27,275**	24,282	**77,408**	68,340
Insurance income	**16,729**	17,269	**49,221**	53,708
Brokerage income	**17,155**	16,636	**52,227**	54,473
Bank owned life insurance income	**14,888**	13,740	**42,060**	42,603
Capital markets fees	**10,246**	12,825	**29,940**	32,888
Gain on sale of loans	**8,199**	5,063	**15,683**	11,027
Net gains on sales of securities	**198**	184	**17,658**	981
Impairment losses recognized in earnings on available-for-sale securities		(86)		(1,802)
Other noninterest income	**30,445**	36,845	**97,323**	103,452
Total noninterest income	**247,349**	253,767	**745,901**	762,304
Personnel costs	**275,409**	229,326	**785,486**	752,083
Outside data processing and other services	**53,073**	49,313	**158,901**	148,476
Net occupancy	**34,405**	35,591	**96,511**	93,361
Equipment	**30,183**	28,191	**87,682**	78,018
Marketing	**12,576**	12,271	**38,094**	37,481
Deposit and other insurance expense	**11,628**	11,155	**35,945**	40,105
Amortization of intangibles	**9,813**	10,362	**28,624**	31,044

Professional services	**13,763**	12,487	**43,890**	29,020
Other noninterest expense	**39,468**	34,640	**123,942**	102,406
Total noninterest expense	**480,318**	423,336	**1,399,075**	1,311,994
Income before income taxes	**208,886**	243,883	**632,220**	658,555
Provision for income taxes	**53,870**	65,047	**163,442**	175,445
Net income	**155,016**	178,836	**468,778**	483,110
Dividends on preferred shares	**7,964**	7,967	**23,891**	23,904
Net income applicable to common shares	**$ 147,052**	$ 170,869	**$ 444,887**	$ 459,206
Average common shares basic	**816,497**	830,398	**820,884**	835,410
Average common shares diluted	**829,623**	841,025	**833,927**	844,524
Per common share:				
Net income basic	**$ 0.18**	$ 0.21	**$ 0.54**	$ 0.55
Net income diluted	**0.18**	0.20	**0.53**	0.54
Cash dividends declared	**0.05**	0.05	**0.15**	0.14
OTTI losses for the periods presented:				
Total OTTI losses	**$**	$ (92)	**$**	$ (1,808)
Noncredit-related portion of loss recognized in OCI		6		6
Impairment losses recognized in earnings on available-for-sale securities	**$**	$ (86)	**$**	$ (1,802)

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 September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2014**	2013	**2014**	2013
Net income	**$ 155,016**	$ 178,836	**$ 468,778**	$ 483,110
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	**2,126**	1,934	**7,724**	9,742
Unrealized net gains (losses) on available-for-sale and other securities arising during the period, net of reclassification for net realized gains	**(8,918)**	4,594	**21,483**	(77,449)
Total unrealized gains (losses) on available-for-sale and other securities	**(6,792)**	6,528	**29,207**	(67,707)
Unrealized gains (losses) on cash flow hedging derivatives	**(21,229)**	15,332	**(4,100)**	(54,048)
Change in accumulated unrealized losses for pension and other post-retirement obligations	**5,732**	31,109	**6,886**	41,805
Other comprehensive income (loss)	**(22,289)**	52,969	**31,993**	(79,950)
Comprehensive income	**$ 132,727**	$ 231,805	**$ 500,771**	$ 403,160

See Notes to Unaudited Condensed Consolidated Financial Statements

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Huntington Bancshares Incorporated

Condensed Consolidated Statements of Changes in Shareholders Equity

(Unaudited)

(All amounts in thousands, except for per share amounts)	Preferred Stock Series A Shares	Preferred Stock Series A Amount	Series B Floating Rate Shares	Series B Floating Rate Amount	Common Stock Shares	Common Stock Amount	Capital Surplus	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Loss	Retained Earnings (Deficit)	Total
Nine Months Ended September 30, 2013												
Balance, beginning of period	363	$ 362,507	35	$ 23,785	844,105	$ 8,441	$ 7,475,149	(1,292)	$ (10,921)	$ (150,817)	$ (1,917,933)	$ 5,790,211
Cumulative effect of change in accounting principle for low income housing tax credits, net of tax of $53,896											(11,711)	(11,711)
Balance, beginning of period - as adjusted	363	$ 362,507	35	$ 23,785	844,105	$ 8,441	$ 7,475,149	(1,292)	$ (10,921)	$ (150,817)	$ (1,929,644)	$ 5,778,500
Net income											483,110	483,110
Other comprehensive income (loss)										(79,950)		(79,950)
Repurchase of common stock					(16,708)	(167)	(124,828)					(124,995)
Cash dividends declared:												
Common ($0.14 per share)											(116,648)	(116,648)
Preferred Series A ($63.75 per share)											(23,110)	(23,110)
Preferred Series B ($22.37 per share)											(794)	(794)
Recognition of the fair value of share-based compensation							27,643					27,643
Other share-based compensation activity					4,119	41	9,648				(817)	8,872
Other							(579)	(79)	28		(17)	(568)
Balance, end of period	363	$ 362,507	35	$ 23,785	831,516	$ 8,315	$ 7,387,033	(1,371)	$ (10,893)	$ (230,767)	$ (1,587,920)	$ 5,952,060
Nine Months Ended September 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											**468,778**	**468,778**
Other comprehensive income (loss)										**31,993**		**31,993**
Shares issued pursuant to acquisition					**8,694**	**87**	**91,577**					**91,664**
Shares issued to HIP					**276**	**3**	**2,594**					**2,597**
Repurchases of common stock					**(32,103)**	**(321)**	**(299,399)**					**(299,720)**
Cash dividends declared:												
Common ($0.15 per share)											**(122,984)**	**(122,984)**

Preferred Series A ($63.75 per share)											**(23,110)**	**(23,110)**
Preferred Series B ($22.00 per share)											**(781)**	**(781)**
Recognition of the fair value of share-based compensation							**33,656**					**33,656**
Other share-based compensation activity					**6,162**	**62**	**14,897**				**(1,710)**	**13,249**
Other					**846**	**8**	**2,039**	**(307)**	**(3,295)**		**(37)**	**(1,285)**
Balance, end of period	**363**	**$ 362,507**	**35**	**$ 23,785**	**816,092**	**$ 8,161**	**$ 7,243,879**	**(1,638)**	**$ (12,938)**	**$ (182,016)**	**$ (1,159,168)**	**$ 6,284,210**

See Notes to Unaudited Condensed Consolidated Financial Statements

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Huntington Bancshares Incorporated

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(dollar amounts in thousands)	**Nine Months Ended September 30, 2014**	2013
Operating activities		
Net income	**$ 468,778**	$ 483,110
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment of goodwill	**3,000**	
Provision for credit losses	**78,495**	65,714
Depreciation and amortization	**238,974**	210,311
Share-based compensation expense	**33,656**	27,643
Change in deferred income taxes	**12,266**	60,444
Originations of loans held for sale	**(1,775,970)**	(2,276,606)
Principal payments on and proceeds from loans held for sale	**1,733,936**	2,435,673
Gain on sale of loans held for sale	**(19,861)**	(42,963)
Net gain on sales of securities	**(17,658)**	(981)
Impairment losses recognized in earnings on available-for-sale securities		1,802
Net change in:		
Trading account securities	**(30,887)**	17,038
Accrued income and other assets	**(157,163)**	(36,350)
Accrued expense and other liabilities	**61,660**	(131,541)
Net cash provided by (used for) operating activities	**629,226**	813,294
Investing activities		
Change in interest bearing deposits in banks	**(15,855)**	103,781
Cash received from acquisition, net of cash paid	**691,637**	
Proceeds from:		
Maturities and calls of available-for-sale and other securities	**1,056,833**	1,161,018
Maturities of held-to-maturity securities	**337,175**	195,369
Sales of available-for-sale and other securities	**1,093,176**	362,434
Purchases of available-for-sale and other securities	**(3,436,111)**	(830,992)
Purchases of held-to-maturity securities		(397,309)
Net proceeds from sales of loans	**254,663**	341,751
Net loan and lease activity, excluding sales	**(3,229,382)**	(2,091,670)
Proceeds from sale of operating lease assets	**362**	9,146
Purchases of premises and equipment	**(31,559)**	(89,100)
Proceeds from sales of other real estate	**29,741**	27,671
Purchases of loans and leases	**(286,819)**	(7,417)
Purchase of customer list	**(946)**	
Other, net	**3,495**	2,550
Net cash provided by (used for) investing activities	**(3,533,590)**	(1,212,768)
Financing activities		
Increase (decrease) in deposits	**1,321,398**	315,008
Increase (decrease) in short-term borrowings	**983,741**	155,454
Maturity/redemption of subordinated notes	**(124,907)**	(50,000)
Proceeds from Federal Home Loan Bank advances	**3,355,499**	2,600,000
Maturity/redemption of Federal Home Loan Bank advances	**(3,579,439)**	(3,275,648)

Proceeds from issuance of long-term debt	**1,250,000**	748,727
Maturity/redemption of long-term debt		(2,086)
Dividends paid on preferred stock	**(23,891)**	(23,910)
Dividends paid on common stock	**(121,253)**	(109,046)
Repurchases of common stock	**(299,720)**	(124,995)
Net proceeds from issuance of common stock	**2,597**	
Other, net	**19,069**	10,822
Net cash provided by (used for) financing activities	**2,783,094**	244,326
Increase (decrease) in cash and cash equivalents	**(121,270)**	(155,148)
Cash and cash equivalents at beginning of period	**1,001,132**	1,262,806
Cash and cash equivalents at end of period	**$ 879,862**	$ 1,107,658
Supplemental disclosures:		
Income taxes paid (refunded)	**$ 87,454**	$ 99,538
Interest paid	**98,080**	116,945
Non-cash activities		
Securities transferred to held-to-maturity from available-for-sale		292,164
Loans transferred to held-for-sale from portfolio	**85,022**	50,344
Loans transferred to portfolio from held-for-sale	**45,240**	307,303
Dividends accrued, paid in subsequent quarter	**46,580**	47,907

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. 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 Form 8-K filed on May 28, 2014, 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 2013-11 Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. The ASU requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. However, unrecognized tax benefits should be presented in the financial statements as a liability and should not be combined with deferred tax assets in circumstances where availability or legal requirement and intent to settle additional incomes taxes is not met. The amendments were applied prospectively and were effective for interim and annual reporting periods beginning January 1, 2014. The amendments did not have a material impact to Huntington s Unaudited Condensed Consolidated Financial Statements.

ASU 2014-01 Investments (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects.

The amendments in ASU 2014-01 permit entities to make an accounting policy election to account for investments in qualified affordable housing projects using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity recognizes the net investment performance in the income statement as a component of income tax expense (benefit). Huntington elected to early adopt the amended guidance during the first quarter of 2014. The guidance was applied retrospectively to all prior periods presented. The adoption resulted in an immaterial adjustment reducing retained earnings at the beginning of 2010. The impact to current period net income was not material. See discussion on Low Income Housing Tax Credit Partnerships in Note 16 for further information on this topic.

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 are effective for annual periods, and interim reporting periods within those annual periods, beginning after December 15, 2014. The amendments may be adopted using either a modified retrospective transition method or a prospective transition method. Management does not believe the amendments will have a material impact to 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 are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Management is currently assessing the impact to Huntington s Unaudited Condensed Consolidated Financial Statements.

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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. Management is currently assessing the impact to 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 to Huntington s Unaudited Condensed Consolidated Financial Statements.

ASU 2014-13 Consolidation (Topic 810): Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity The amendments allow a reporting entity that consolidates a collateralized financing entity within the scope of the guidance to elect to measure the financial assets and the financial liabilities of that collateralized financing entity using the measurement alternative. Under the measurement alternative, the reporting entity should measure both the financial assets and the financial liabilities of that collateralized financing entity in its consolidated financial statements using the more observable of the fair value of the financial assets and the fair value of the financial liabilities. The amendments are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. Management does not believe the amendments will have a material impact to Huntington s Unaudited Condensed 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 are effective for annual periods and interim periods within those annual periods beginning after December 15, 2014. Management does not believe the amendments will have a material impact to 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 and net of unearned income. At September 30, 2014, and December 31, 2013, the aggregate amount of these net unamortized deferred loan origination fees and costs, net of premiums or discounts, and net unearned income was $171.1 million and $192.9 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 September 30, 2014 and December 31, 2013:

(dollar amounts in thousands)	**September 30, 2014**	December 31, 2013
Loans and leases:		
Commercial and industrial	**$ 18,790,592**	$ 17,594,276
Commercial real estate	**4,990,424**	4,850,094
Automobile	**8,321,630**	6,638,713
Home equity	**8,436,278**	8,336,318
Residential mortgage	**5,787,567**	5,321,088
Other consumer	**396,883**	380,011
Loans and leases	**46,723,374**	43,120,500
Allowance for loan and lease losses	**(631,036)**	(647,870)
Net loans and leases	**$ 46,092,338**	$ 42,472,630

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.

Camco Financial acquisition

On March 1, 2014, Huntington completed its acquisition of Camco Financial in a stock and cash transaction valued at $109.5 million. Loans with a fair value of $559.4 million were transferred to Huntington. These loans were recorded at fair value in accordance with applicable accounting guidance, ASC 805. The fair values for the loans were estimated using discounted cash flow analyses using interest rates currently being offered for loans with similar terms (Level 3), and reflected an estimate of probable losses and the credit risk associated with the loans.

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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 reflects the contractually required payments receivable, cash flows expected to be collected, and fair value of the credit impaired Camco Financial loans at acquisition date:

(dollar amounts in thousands)	**March 1, 2014**
Contractually required payments including interest	**$ 14,363**
Less: nonaccretable difference	**(11,234)**
Cash flows expected to be collected	**3,129**
Less: accretable yield	**(143)**
Fair value of credit impaired loans acquired	**$ 2,986**

The following table presents a rollforward of the accretable yield for purchased credit impaired loans by acquisition for the three-month and nine-month periods ended September 30, 2014 and 2013:

	Three Months Ended September 30, 2014		Nine Months Ended September 30, 2014	
(dollar amounts in thousands)	**2014**	2013	**2014**	2013
Fidelity Bank				
Balance, beginning of period	**$ 24,596**	$ 32,705	**$ 27,995**	$ 23,251
Additions				
Accretion	**(3,070)**	(4,605)	**(10,722)**	(11,705)
Reclassification from (to) nonaccretable difference	**(6)**	1,152	**4,247**	17,706
Balance, end of period	**$ 21,520**	$ 29,252	**$ 21,520**	$ 29,252
Camco Financial				
Balance, beginning of period	**$ 154**	$	**$**	$
Impact of acquisition/purchase on March 1, 2014			**143**	
Additions				
Accretion	**(153)**		**(5,335)**	
Reclassification from nonaccretable difference	**816**		**6,009**	
Balance, end of period	**$ 817**	$	**$ 817**	$

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The allowance for loan losses recorded on the purchased credit-impaired loan portfolio at September 30, 2014 and December 31, 2013 was $3.2 million and $2.4 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 September 30, 2014 and December 31, 2013:

	September 30, 2014		December 31, 2013	
(dollar amounts in thousands)	**Ending Balance**	**Unpaid Balance**	Ending Balance	Unpaid Balance
Fidelity Bank				
Commercial and industrial	**$ 30,005**	**$ 41,767**	$ 35,526	$ 50,798
Commercial real estate	**40,631**	**94,291**	82,073	154,869
Residential mortgage	**2,379**	**3,207**	2,498	3,681
Other consumer	**53**	**129**	129	219
Total	**$ 73,068**	**$ 139,394**	$ 120,226	$ 209,567
Camco Financial				
Commercial and industrial	**$ 729**	**$ 1,696**	$	$
Commercial real estate	**2,032**	**3,855**		
Total	**$ 2,761**	**$ 5,551**	$	$

Loan Purchases and Sales

The following table summarizes portfolio loan purchase and sale activity for the three-month and nine-month periods ended September 30, 2014 and 2013. 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 during the:							
Three-month period ended September 30, 2014	**$ 64,668**	**$**	**$**	**$**	**$ 2,224**	**$**	**$ 66,892**
Nine-month period ended September 30, 2014	**$ 270,272**	**$**	**$**	**$**	**$ 16,547**	**$**	**$ 286,819**
Three-month period ended September 30, 2013	$ 28,432	$	$	$	$	$	$ 28,432
Nine-month period ended September 30, 2013	$ 84,169	$	$	$	$	$	$ 84,169
Portfolio loans and leases sold or transferred to loans held for sale during the:							
Three-month period ended September 30, 2014	**$ 179,065**	**$**	**$**	**$**	**$**	**$**	**$ 179,065**
Nine-month period ended September 30, 2014	**$ 283,796**	**$ 7,434**	**$**	**$**	**$**	**7,592**	**$ 298,822**
Three-month period ended September 30, 2013	$ 70,823	$	$	$	$ 49,931	$	$ 120,754
Nine-month period ended September 30, 2013	$ 153,889	$ 3,991	$	$	$ 205,335	$	$ 363,215

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.

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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 which continue to accrue interest at the rate guaranteed by the government agency. 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, 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 September 30, 2014 and December 31, 2013:

(dollar amounts in thousands)	**2014 September 30,**	2013 December 31,
Commercial and industrial:		
Owner occupied	**$ 31,576**	$ 38,321
Other commercial and industrial	**58,689**	18,294
Total commercial and industrial	**$ 90,265**	$ 56,615
Commercial real estate:		
Retail properties	**$ 25,483**	$ 27,328
Multi family	**11,084**	9,289
Office	**10,601**	18,995
Industrial and warehouse	**4,738**	6,310
Other commercial real estate	**7,906**	11,495
Total commercial real estate	**$ 59,812**	$ 73,417
Automobile	**$ 4,834**	$ 6,303
Home equity:		
Secured by first-lien	**$ 42,275**	$ 36,288
Secured by junior-lien	**30,440**	29,901
Total home equity	**$ 72,715**	$ 66,189
Residential mortgage	**$ 98,139**	$ 119,532
Other consumer	**$**	$
Total nonaccrual loans	**$ 325,765**	$ 322,056

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The following table presents an aging analysis of loans and leases, including past due loans, by loan class at September 30, 2014 and December 31, 2013: (1)

September 30, 2014

(dollar amounts in thousands)	Past Due 30-59 Days	60-89 Days	90 or more days	Total	Current	Total Loans and Leases	90 or more days past due and accruing
Commercial and industrial:							
Owner occupied	$ 7,937	$ 1,645	$ 21,812	$ 31,394	$ 4,344,893	$ 4,376,287	$ 37
Purchased credit-impaired	1,454	849	7,416	9,719	21,015	30,734	7,416
Other commercial and industrial	12,403	2,426	10,864	25,693	14,357,878	14,383,571	5
Total commercial and industrial	$ 21,794	$ 4,920	$ 40,092	$ 66,806	$ 18,723,786	$ 18,790,592	$ 7,458(2)
Commercial real estate:							
Retail properties	$ 3,028	$	$ 5,713	$ 8,741	$ 1,317,742	$ 1,326,483	$
Multi family	3,293	10,554	4,455	18,302	1,036,404	1,054,706	
Office	476	901	4,922	6,299	973,043	979,342	
Industrial and warehouse	2,210	272	2,375	4,857	482,009	486,866	
Purchased credit-impaired	730		26,285	27,015	15,648	42,663	26,285
Other commercial real estate	1,330	428	4,337	6,095	1,094,269	1,100,364	
Total commercial real estate	$ 11,067	$ 12,155	$ 48,087	$ 71,309	$ 4,919,115	$ 4,990,424	$ 26,285(2)
Automobile	$ 45,944	$ 9,328	$ 4,875	$ 60,147	$ 8,261,483	$ 8,321,630	$ 4,827
Home equity:							
Secured by first-lien	$ 16,349	$ 7,627	$ 32,406	$ 56,382	$ 4,971,697	$ 5,028,079	$ 6,520
Secured by junior-lien	25,522	13,597	32,703	71,822	3,336,377	3,408,199	8,289
Total home equity	$ 41,871	$ 21,224	$ 65,109	$ 128,204	$ 8,308,074	$ 8,436,278	$ 14,809
Residential mortgage:							
Residential mortgage	$ 108,282	$ 41,245	$ 140,162	$ 289,689	$ 5,495,499	$ 5,785,188	$ 88,109
Purchased credit-impaired					2,379	2,379	
Total residential mortgage	$ 108,282	$ 41,245	$ 140,162	$ 289,689	$ 5,497,878	$ 5,787,567	$ 88,109(3)
Other consumer:							
Other consumer	$ 5,934	$ 1,120	$ 638	$ 7,692	$ 389,138	$ 396,830	$ 638
Purchased credit-impaired					53	53	
Total other consumer	$ 5,934	$ 1,120	$ 638	$ 7,692	$ 389,191	$ 396,883	$ 638
Total loans and leases	$ 234,892	$ 89,992	$ 298,963	$ 623,847	$ 46,099,527	$ 46,723,374	$ 142,126

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December 31, 2013

(dollar amounts in thousands)	Past Due 30-59 Days	60-89 Days	90 or more days	Total	Current	Total Loans and Leases	90 or more days past due and accruing
Commercial and industrial:							
Owner occupied	$ 5,935	$ 1,879	$ 25,658	$ 33,472	$ 4,314,400	$ 4,347,872	$
Purchased credit-impaired	241	433	14,562	15,236	20,290	35,526	14,562
Other commercial and industrial	10,342	3,075	11,210	24,627	13,186,251	13,210,878	
Total commercial and industrial	$ 16,518	$ 5,387	$ 51,430	$ 73,335	$ 17,520,941	$ 17,594,276	$ 14,562(2)
Commercial real estate:							
Retail properties	$ 19,372	$ 1,228	$ 5,252	$ 25,852	$ 1,237,717	$ 1,263,569	$
Multi family	2,425	943	6,726	10,094	1,015,497	1,025,591	
Office	1,635	545	12,700	14,880	927,413	942,293	
Industrial and warehouse	465	3,714	4,395	8,574	464,319	472,893	
Purchased credit-impaired	1,311		39,142	40,453	41,620	82,073	39,142
Other commercial real estate	5,922	1,134	7,192	14,248	1,049,427	1,063,675	
Total commercial real estate	$ 31,130	$ 7,564	$ 75,407	$ 114,101	$ 4,735,993	$ 4,850,094	$ 39,142(2)
Automobile	$ 45,174	$ 8,863	$ 5,140	$ 59,177	$ 6,579,536	$ 6,638,713	$ 5,055
Home equity							
Secured by first-lien	$ 20,551	$ 8,746	$ 28,472	$ 57,769	$ 4,784,375	$ 4,842,144	$ 6,338
Secured by junior-lien	28,965	13,071	31,392	73,428	3,420,746	3,494,174	7,645
Total home equity	$ 49,516	$ 21,817	$ 59,864	$ 131,197	$ 8,205,121	$ 8,336,318	$ 13,983
Residential mortgage							
Residential mortgage	$ 101,584	$ 41,784	$ 158,956	$ 302,324	$ 5,016,266	$ 5,318,590	$ 90,115
Purchased credit-impaired	194		339	533	1,965	2,498	339
Total residential mortgage	$ 101,778	$ 41,784	$ 159,295	$ 302,857	$ 5,018,231	$ 5,321,088	$ 90,454(4)
Other consumer							
Other consumer	$ 6,465	$ 1,276	$ 998	$ 8,739	$ 371,143	$ 379,882	$ 998
Purchased credit-impaired	69			69	60	129	
Total other consumer	$ 6,534	$ 1,276	$ 998	$ 8,808	$ 371,203	$ 380,011	$ 998
Total loans and leases	$ 250,650	$ 86,691	$ 352,134	$ 689,475	$ 42,431,025	$ 43,120,500	$ 164,194

(1) NALs are included in this aging analysis based on the loan s past due status.
(2) All 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.
(3) Includes $54,778 thousand guaranteed by the U.S. government.
(4) Includes $87,985 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.

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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. Also, the ACL determination includes the on-going assessment of credit quality metrics, and a comparison of certain ACL benchmarks to current performance. 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 emergence period.

In the case of more 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 12-month 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 the economic reserve and risk-profile reserve components. The economic reserve component considers the potential impact of changing market and economic conditions on portfolio performance. The risk-profile component considers 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. There were no material changes in assumptions or estimation techniques compared with prior periods that impacted the determination of the current period s ALLL and AULC.

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The following table presents ALLL and AULC activity by portfolio segment for the three-month and nine-month periods ended September 30, 2014 and 2013:

(dollar amounts in thousands)	Commercial and Industrial	Commercial Real Estate	Automobile	Home Equity	Residential Mortgage	Other Consumer	Total
Three-month period ended September 30, 2014:							
ALLL balance, beginning of period	$ 278,512	$ 137,346	$ 27,158	$ 105,943	$ 47,191	$ 38,951	$ 635,101
Loan charge-offs	(20,723)	(4,664)	(7,292)	(9,584)	(6,477)	(9,771)	(58,511)
Recoveries of loans previously charged-off	8,136	10,671	3,316	3,136	1,049	2,180	28,488
Provision for loan and lease losses	25,476	(27,881)	7,550	880	10,895	9,038	25,958
Allowance for loans sold or transferred to loans held for sale							
ALLL balance, end of period	$ 291,401	$ 115,472	$ 30,732	$ 100,375	$ 52,658	$ 40,398	$ 631,036
AULC balance, beginning of period	$ 44,750	$ 7,530	$	$ 1,977	$ 8	$ 2,662	$ 56,927
Provision for unfunded loan commitments and letters of credit	(1,545)	(552)		(18)	2	635	(1,478)
AULC balance, end of period	$ 43,205	$ 6,978	$	$ 1,959	$ 10	$ 3,297	$ 55,449
ACL balance, end of period	$ 334,606	$ 122,450	$ 30,732	$ 102,334	$ 52,668	$ 43,695	$ 686,485
Nine-month period ended September 30, 2014:							
ALLL balance, beginning of period	$ 265,801	$ 162,557	$ 31,053	$ 111,131	$ 39,577	$ 37,751	$ 647,870
Loan charge-offs	(60,305)	(17,772)	(21,969)	(43,844)	(21,525)	(24,934)	(190,349)
Recoveries of loans previously charged-off	28,515	26,957	10,425	13,218	4,832	4,750	88,697
Provision for loan and lease losses	57,390	(56,270)	11,223	19,870	29,774	23,958	85,945
Allowance for loans sold or transferred to loans held for sale						(1,127)	(1,127)
ALLL balance, end of period	$ 291,401	$ 115,472	$ 30,732	$ 100,375	$ 52,658	$ 40,398	$ 631,036
AULC balance, beginning of period	$ 49,596	$ 9,891	$	$ 1,763	$ 9	$ 1,640	$ 62,899
Provision for unfunded loan commitments and letters of credit	(6,391)	(2,913)		196	1	1,657	(7,450)
AULC balance, end of period	$ 43,205	$ 6,978	$	$ 1,959	$ 10	$ 3,297	$ 55,449
ACL balance, end of period	$ 334,606	$ 122,450	$ 30,732	$ 102,334	$ 52,668	$ 43,695	$ 686,485

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(dollar amounts in thousands)	Commercial and Industrial	Commercial Real Estate	Automobile	Home Equity	Residential Mortgage	Other Consumer	Total
Three-month period ended September 30, 2013:							
ALLL balance, beginning of period	$ 233,679	$ 255,849	$ 39,990	$ 115,626	$ 63,802	$ 24,130	$ 733,076
Loan charge-offs	(9,226)	(22,759)	(6,000)	(30,206)	(7,435)	(9,626)	(85,252)
Recoveries of loans previously charged-off	7,565	10,196	3,279	3,031	2,646	2,793	29,510
Provision for loan and lease losses	30,030	(78,764)	(10,182)	35,617	(7,691)	19,756	(11,234)
Allowance for loans sold or transferred to loans held for sale					(70)		(70)
ALLL balance, end of period	$ 262,048	$ 164,522	$ 27,087	$ 124,068	$ 51,252	$ 37,053	$ 666,030
AULC balance, beginning of period	$ 37,471	$ 4,408	$	$ 1,688	$ 6	$ 650	$ 44,223
Provision for unfunded loan commitments and letters of credit	13,621	8,394		59	7	553	22,634
AULC balance, end of period	$ 51,092	$ 12,802	$	$ 1,747	$ 13	$ 1,203	$ 66,857
ACL balance, end of period	$ 313,140	$ 177,324	$ 27,087	$ 125,815	$ 51,265	$ 38,256	$ 732,887
Nine-month period ended September 30, 2013:							
ALLL balance, beginning of period	$ 241,051	$ 285,369	$ 34,979	$ 118,764	$ 61,658	$ 27,254	$ 769,075
Loan charge-offs	(31,220)	(59,320)	(16,907)	(74,504)	(25,028)	(25,653)	(232,632)
Recoveries of loans previously charged-off	24,656	31,596	10,129	12,692	5,471	5,869	90,413
Provision for loan and lease losses	27,561	(93,123)	(1,114)	67,116	9,485	29,583	39,508
Allowance for loans sold or transferred to loans held for sale					(334)		(334)
ALLL balance, end of period	$ 262,048	$ 164,522	$ 27,087	$ 124,068	$ 51,252	$ 37,053	$ 666,030
AULC balance, beginning of period	$ 33,868	$ 4,740	$	$ 1,356	$ 3	$ 684	$ 40,651
Provision for unfunded loan commitments and letters of credit	17,224	8,062		391	10	519	26,206
AULC balance, end of period	$ 51,092	$ 12,802	$	$ 1,747	$ 13	$ 1,203	$ 66,857
ACL balance, end of period	$ 313,140	$ 177,324	$ 27,087	$ 125,815	$ 51,265	$ 38,256	$ 732,887

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 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.

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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 September 30, 2014 and December 31, 2013:

	September 30, 2014				
	Credit Risk Profile by UCS classification				
(dollar amounts in thousands)	Pass	OLEM	Substandard	Doubtful	Total
Commercial and industrial:					
Owner occupied	**$ 4,119,379**	**$ 89,453**	**$ 162,615**	**$ 4,840**	**$ 4,376,287**
Purchased credit-impaired	**4,165**	**834**	**22,535**	**3,200**	**30,734**
Other commercial and industrial	**13,705,237**	**265,116**	**399,941**	**13,277**	**14,383,571**
Total commercial and industrial	**$ 17,828,781**	**$ 355,403**	**$ 585,091**	**$ 21,317**	**$ 18,790,592**
Commercial real estate:					
Retail properties	**$ 1,258,929**	**$ 14,565**	**$ 52,414**	**$ 575**	**$ 1,326,483**
Multi family	**1,002,716**	**13,371**	**38,221**	**398**	**1,054,706**
Office	**890,187**	**27,216**	**59,971**	**1,968**	**979,342**
Industrial and warehouse	**464,848**	**2,324**	**19,399**	**295**	**486,866**
Purchased credit-impaired	**5,965**	**435**	**35,430**	**833**	**42,663**
Other commercial real estate	**1,044,671**	**10,451**	**43,766**	**1,476**	**1,100,364**
Total commercial real estate	**$ 4,667,316**	**$ 68,362**	**$ 249,201**	**$ 5,545**	**$ 4,990,424**

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	Credit Risk Profile by FICO score (1)				
	750+	650-749	<650	Other (2)	Total
Automobile	**$ 3,981,751**	**$ 3,101,640**	**$ 999,642**	**$ 238,597**	**$ 8,321,630**
Home equity:					
Secured by first-lien	**$ 3,161,826**	**$ 1,395,238**	**$ 282,120**	**$ 188,895**	**$ 5,028,079**
Secured by junior-lien	**1,837,617**	**1,104,230**	**361,402**	**104,950**	**3,408,199**
Total home equity	**$ 4,999,443**	**$ 2,499,468**	**$ 643,522**	**$ 293,845**	**$ 8,436,278**
Residential mortgage:					
Residential mortgage	**$ 3,285,634**	**$ 1,778,024**	**$ 624,757**	**$ 96,773**	**$ 5,785,188**
Purchased credit-impaired	**593**	**1,213**	**573**		**2,379**
Total residential mortgage	**$ 3,286,227**	**$ 1,779,237**	**$ 625,330**	**$ 96,773**	**$ 5,787,567**
Other consumer:					
Other consumer	**$ 178,175**	**$ 174,755**	**$ 42,055**	**$ 1,845**	**$ 396,830**
Purchased credit-impaired		**53**			**53**
Total other consumer	**$ 178,175**	**$ 174,808**	**$ 42,055**	**$ 1,845**	**$ 396,883**

	December 31, 2013				
	Credit Risk Profile by UCS classification				
(dollar amounts in thousands)	Pass	OLEM	Substandard	Doubtful	Total
Commercial and industrial:					
Owner occupied	$ 4,052,579	$ 130,645	$ 155,994	$ 8,654	$ 4,347,872
Purchased credit-impaired	5,015	661	27,693	2,157	35,526
Other commercial and industrial	12,630,512	211,860	364,343	4,163	13,210,878
Total commercial and industrial	$ 16,688,106	$ 343,166	$ 548,030	$ 14,974	$ 17,594,276
Commercial real estate:					
Retail properties	$ 1,153,747	$ 16,003	$ 93,819	$	$ 1,263,569
Multi family	972,526	16,540	36,411	114	1,025,591
Office	847,411	4,866	87,722	2,294	942,293
Industrial and warehouse	431,057	14,138	27,698		472,893
Purchased credit-impaired	13,127	3,586	62,577	2,783	82,073
Other commercial real estate	977,987	16,270	68,653	765	1,063,675
Total commercial real estate	$ 4,395,855	$ 71,403	$ 376,880	$ 5,956	$ 4,850,094

	Credit Risk Profile by FICO score (1)				
	750+	650-749	<650	Other (2)	Total
Automobile	$ 2,987,323	$ 2,517,756	$ 945,604	$ 188,030	$ 6,638,713
Home equity:					
Secured by first-lien	$ 3,018,784	$ 1,412,445	$ 299,681	$ 111,234	$ 4,842,144
Secured by junior-lien	1,811,102	1,213,024	413,695	56,353	3,494,174
Total home equity	$ 4,829,886	$ 2,625,469	$ 713,376	$ 167,587	$ 8,336,318
Residential mortgage					
Residential mortgage	$ 2,837,590	$ 1,710,183	$ 699,541	$ 71,276	$ 5,318,590
Purchased credit-impaired	588	989	921		2,498
Total residential mortgage	$ 2,838,178	$ 1,711,172	$ 700,462	$ 71,276	$ 5,321,088
Other consumer					
Other consumer	$ 161,858	$ 157,675	$ 45,370	$ 14,979	$ 379,882
Purchased credit-impaired		60	69		129
Total other consumer	$ 161,858	$ 157,735	$ 45,439	$ 14,979	$ 380,011

(1) Reflects currently updated customer credit scores.
(2) Reflects deferred fees and costs, loans in process, loans to legal entities, etc.

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Impaired Loans

For all classes within the C&I and CRE portfolios, all loans with an outstanding balance of $1.0 million or greater are considered for individual evaluation on a quarterly basis for impairment. Generally, consumer loans within any class are not individually evaluated on a regular basis for impairment. All TDRs, regardless of the outstanding balance amount, are also considered to be impaired. Loans acquired with evidence of deterioration of credit quality since origination for which it is probable at acquisition that all contractually required payments will not be collected are also considered to be impaired.

Once a loan has been identified for an assessment of impairment, the loan is considered impaired when, based on current information and events, it is probable that all amounts due according to the contractual terms of the loan agreement will not be collected. This determination requires significant judgment and use of estimates, and the eventual outcome may differ significantly from those estimates.

When a loan in any class has been determined to be impaired, the amount of the impairment is measured using the present value of expected future cash flows discounted at the loan s effective interest rate or, as a practical expedient, the observable market price of the loan, or the fair value of the collateral, less anticipated selling costs, if the loan is collateral dependent. When the present value of expected future cash flows is used, the effective interest rate is the original contractual interest rate of the loan adjusted for any premium or discount. A specific reserve is established as a component of the ALLL when a commercial loan has been determined to be impaired. Subsequent to the initial measurement of impairment, if there is a significant change to the impaired loan s expected future cash flows, or if actual cash flows are significantly different from the cash flows previously estimated, Huntington recalculates the impairment and appropriately adjusts the specific reserve. Similarly, if Huntington measures impairment based on the observable market price of an impaired loan or the fair value of the collateral of an impaired collateral dependent loan, Huntington will adjust the specific reserve. The consumer portfolios are assessed on a pooled basis using a discounted cash flow basis.

When a loan within any class is impaired, the accrual of interest income is discontinued unless the receipt of principal and interest is no longer in doubt. Interest income on TDRs is accrued when all principal and interest is expected to be collected under the post-modification terms. Cash receipts received on nonaccruing impaired loans within any class are generally applied entirely against principal until the loan has been collected in full, after which time any additional cash receipts are recognized as interest income. Cash receipts received on accruing impaired loans within any class are applied in the same manner as accruing loans that are not considered impaired.

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The following tables present the balance of the ALLL attributable to loans by portfolio segment individually and collectively evaluated for impairment and the related loan and lease balance at September 30, 2014 and December 31, 2013:

(dollar amounts in thousands)	Commercial and Industrial	Commercial Real Estate	Automobile	Home Equity	Residential Mortgage	Other Consumer	Total
ALLL at September 30, 2014:							
Portion of ALLL balance:							
Attributable to purchased credit-impaired loans	**$ 2,873**	**$ 56**	**$**	**$**	**$ 287**	**$**	**$ 3,216**
Attributable to loans individually evaluated for impairment	**13,584**	**21,900**	**2,057**	**22,695**	**25,506**	**244**	**85,986**
Attributable to loans collectively evaluated for impairment	**274,944**	**93,516**	**28,675**	**77,680**	**26,865**	**40,154**	**541,834**
Total ALLL balance	**$ 291,401**	**$ 115,472**	**$ 30,732**	**$ 100,375**	**$ 52,658**	**$ 40,398**	**$ 631,036**
Loan and Lease Ending Balances at September 30, 2014:							
Portion of loan and lease ending balance:							
Attributable to purchased credit-impaired loans	**$ 30,734**	**$ 42,663**	**$**	**$**	**$ 2,379**	**$ 53**	**$ 75,829**
Individually evaluated for impairment	**167,184**	**240,246**	**36,297**	**282,901**	**377,174**	**3,387**	**1,107,189**
Collectively evaluated for impairment	**18,592,674**	**4,707,515**	**8,285,333**	**8,153,377**	**5,408,014**	**393,443**	**45,540,356**
Total loans and leases evaluated for impairment	**$ 18,790,592**	**$ 4,990,424**	**$ 8,321,630**	**$ 8,436,278**	**$ 5,787,567**	**$ 396,883**	**$ 46,723,374**

(dollar amounts in thousands)	Commercial and Industrial	Commercial Real Estate	Automobile	Home Equity	Residential Mortgage	Other Consumer	Total
ALLL at December 31, 2013							
Portion of ALLL balance:							
Attributable to purchased credit-impaired loans	$ 2,404	$	$	$	$ 36	$	$ 2,440
Attributable to loans individually evaluated for impairment	6,129	34,935	682	8,003	10,555	136	60,440
Attributable to loans collectively evaluated for impairment	257,268	127,622	30,371	103,128	28,986	37,615	584,990
Total ALLL balance:	$ 265,801	$ 162,557	$ 31,053	$ 111,131	$ 39,577	$ 37,751	$ 647,870
Loan and Lease Ending Balances at December 31, 2013							
Portion of loan and lease ending balances:							
Attributable to purchased credit-impaired loans	$ 35,526	$ 82,073	$	$	$ 2,498	$ 129	$ 120,226
Individually evaluated for impairment	108,316	268,362	37,084	208,981	387,937	1,041	1,011,721
Collectively evaluated for impairment	17,450,434	4,499,659	6,601,629	8,127,337	4,930,653	378,841	41,988,553
Total loans and leases evaluated for impairment	$ 17,594,276	$ 4,850,094	$ 6,638,713	$ 8,336,318	$ 5,321,088	$ 380,011	$ 43,120,500

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

	September 30, 2014			Three Months Ended September 30, 2014		Nine Months Ended September 30, 2014	
(dollar amounts in thousands)	Ending Balance	Unpaid Principal Balance (5)	Related Allowance	Average Balance	Interest Income Recognized	Average Balance	Interest Income Recognized
With no related allowance recorded:							
Commercial and industrial:							
Owner occupied	**$ 6,788**	**$ 6,788**	**$**	**$ 5,365**	**$ 50**	**$ 4,650**	**$ 134**
Purchased credit-impaired							
Other commercial and industrial	**2,411**	**11,077**		**5,137**	**70**	**6,768**	**256**
Total commercial and industrial	**$ 9,199**	**$ 17,865**	**$**	**$ 10,502**	**$ 120**	**$ 11,418**	**$ 390**
Commercial real estate:							
Retail properties	**$ 49,059**	**$ 50,144**	**$**	**$ 50,023**	**$ 617**	**$ 53,117**	**$ 1,854**
Multi family							
Office	**2,442**	**6,092**		**4,040**	**49**	**4,280**	**279**
Industrial and warehouse	**1,644**	**1,702**		**3,619**	**45**	**5,940**	**221**
Purchased credit-impaired							
Other commercial real estate	**5,214**	**5,246**		**7,962**	**85**	**6,879**	**221**
Total commercial real estate	**$ 58,359**	**$ 63,184**	**$**	**$ 65,644**	**$ 796**	**$ 70,216**	**$ 2,575**
Automobile	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Home equity:							
Secured by first-lien	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Secured by junior-lien							
Total home equity	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Residential mortgage:							
Residential mortgage	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Purchased credit-impaired							
Total residential mortgage	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Other consumer							
Other consumer	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Purchased credit-impaired	**53**	**129**		**53**	**2**	**91**	**11**
Total other consumer	**$ 53**	**$ 129**	**$**	**$ 53**	**$ 2**	**$ 91**	**$ 11**

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With an allowance recorded:							
Commercial and industrial: (3)							
Owner occupied	**$ 38,363**	**$ 46,154**	**$ 2,924**	**$ 39,001**	**$ 383**	**$ 39,653**	**$ 1,172**
Purchased credit-impaired	**30,734**	**43,463**	**2,873**	**33,056**	**1,306**	**34,509**	**6,508**
Other commercial and industrial	**119,622**	**145,317**	**10,660**	**108,856**	**658**	**79,925**	**1,937**
Total commercial and industrial	**$ 188,719**	**$ 234,934**	**$ 16,457**	**$ 180,913**	**$ 2,347**	**$ 154,087**	**$ 9,617**
Commercial real estate: (4)							
Retail properties	**$ 66,854**	**$ 95,902**	**$ 5,635**	**$ 67,589**	**$ 505**	**$ 66,780**	**$ 1,569**
Multi family	**18,623**	**25,208**	**2,244**	**17,551**	**172**	**16,472**	**488**
Office	**54,062**	**58,414**	**8,629**	**53,262**	**624**	**52,981**	**1,771**
Industrial and warehouse	**10,412**	**11,645**	**659**	**9,279**	**90**	**9,198**	**199**
Purchased credit-impaired	**42,663**	**98,146**	**56**	**49,979**	**1,813**	**64,688**	**9,034**
Other commercial real estate	**31,936**	**41,811**	**4,733**	**41,661**	**469**	**45,316**	**1,483**
Total commercial real estate	**$ 224,550**	**$ 331,126**	**$ 21,956**	**$ 239,321**	**$ 3,673**	**$ 255,435**	**$ 14,544**
Automobile	**$ 36,297**	**$ 36,525**	**$ 2,057**	**$ 36,209**	**$ 632**	**$ 35,643**	**$ 2,034**
Home equity:							
Secured by first-lien	**$ 132,521**	**$ 138,020**	**$ 6,654**	**$ 131,301**	**$ 1,391**	**$ 121,861**	**$ 4,001**
Secured by junior-lien	**150,380**	**183,911**	**16,041**	**144,919**	**1,678**	**124,254**	**4,539**
Total home equity	**$ 282,901**	**$ 321,931**	**$ 22,695**	**$ 276,220**	**$ 3,069**	**$ 246,115**	**$ 8,540**
Residential mortgage (6):							
Residential mortgage	**$ 377,174**	**$ 424,252**	**$ 25,506**	**$ 391,288**	**$ 2,813**	**$ 384,787**	**$ 8,661**
Purchased credit-impaired	**2,379**	**3,207**	**287**	**2,369**	**101**	**2,373**	**504**
Total residential mortgage	**$ 379,553**	**$ 427,459**	**$ 25,793**	**$ 393,657**	**$ 2,914**	**$ 387,160**	**$ 9,165**
Other consumer:							
Other consumer	**$ 3,387**	**$ 3,437**	**$ 244**	**$ 3,502**	**$ 53**	**$ 2,473**	**$ 146**
Purchased credit-impaired							
Total other consumer	**$ 3,387**	**$ 3,437**	**$ 244**	**$ 3,502**	**$ 53**	**$ 2,473**	**$ 146**

	December 31, 2013			Three Months Ended September 30, 2013		Nine Months Ended September 30, 2013	
(dollar amounts in thousands)	Ending Balance	Unpaid Principal Balance (5)	Related Allowance	Average Balance	Interest Income Recognized	Average Balance	Interest Income Recognized
With no related allowance recorded:							
Commercial and industrial:							
Owner occupied	$ 5,332	$ 5,373	$	$ 4,960	$ 42	$ 4,456	$ 126
Purchased credit-impaired							
Other commercial and industrial	11,884	15,031		14,254	168	12,389	473
Total commercial and industrial	$ 17,216	$ 20,404	$	$ 19,214	$ 210	$ 16,845	$ 599
Commercial real estate:							
Retail properties	$ 55,773	$ 64,780	$	$ 38,514	$ 557	$ 47,186	$ 1,867
Multi family				4,203	63	4,836	220
Office	9,069	13,721		9,183	313	13,168	845
Industrial and warehouse	9,682	10,803		9,282	129	11,467	478
Purchased credit-impaired	82,073	154,869					
Other commercial real estate	6,002	6,924		6,216	159	8,581	382
Total commercial real estate	$ 162,599	$ 251,097	$	$ 67,398	$ 1,221	$ 85,238	$ 3,792
Home equity:							
Secured by first-lien	$	$	$	$	$	$	$
Secured by junior-lien							

Total home equity	$	$	$	$	$	$	$

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Residential mortgage:							
Residential mortgage	$	$	$	$	$	$	$
Purchased credit-impaired							
Total residential mortgage	$	$	$	$	$	$	$
Other consumer							
Other consumer	$	$	$	$	$	$	$
Purchased credit-impaired	129	219		129	4	139	11
Total other consumer	$ 129	$ 219	$	$ 129	$ 4	$ 139	$ 11
With an allowance recorded:							
Commercial and industrial: (3)							
Owner occupied	$ 40,271	$ 52,810	$ 3,421	$ 39,656	$ 332	$ 42,155	$ 1,024
Purchased credit-impaired	35,526	50,798	2,404	46,942	1,485	50,421	3,775
Other commercial and industrial	50,829	64,497	2,708	61,563	886	62,320	2,510
Total commercial and industrial	$ 126,626	$ 168,105	$ 8,533	$ 148,161	$ 2,703	$ 154,896	$ 7,309
Commercial real estate: (4)							
Retail properties	$ 72,339	$ 93,395	$ 5,984	$ 67,209	$ 448	$ 58,928	$ 1,303
Multi family	13,484	15,408	1,944	13,646	159	15,295	490
Office	50,307	54,921	9,927	49,486	490	46,543	1,291
Industrial and warehouse	9,162	10,561	808	10,381	303	16,535	671
Purchased credit-impaired				97,719	3,038	110,124	7,721
Other commercial real estate	42,544	50,960	16,272	32,579	332	37,436	1,150
Total commercial real estate	$ 187,836	$ 225,245	$ 34,935	$ 271,020	$ 4,770	$ 284,861	$ 12,626
Automobile	$ 37,084	$ 38,758	$ 682	$ 38,732	$ 817	$ 40,555	$ 2,121
Home equity:							
Secured by first-lien	$ 110,024	$ 116,846	$ 2,396	$ 90,952	$ 1,062	$ 92,723	$ 2,953
Secured by junior-lien	98,957	143,967	5,607	64,553	873	57,743	2,186
Total home equity	$ 208,981	$ 260,813	$ 8,003	$ 155,505	$ 1,935	$ 150,466	$ 5,139
Residential mortgage (6):							
Residential mortgage	$ 387,937	$ 427,924	$ 10,555	$ 356,855	$ 2,971	$ 365,148	$ 8,713
Purchased credit-impaired	2,498	3,681	36	2,169	78	2,232	198
Total residential mortgage	$ 390,435	$ 431,605	$ 10,591	$ 359,024	$ 3,049	$ 367,380	$ 8,911
Other consumer:							
Other consumer	$ 1,041	$ 1,041	$ 136	$ 2,171	$ 29	$ 2,378	$ 83
Purchased credit-impaired							
Total other consumer	$ 1,041	$ 1,041	$ 136	$ 2,171	$ 29	$ 2,378	$ 83

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

(2) All automobile, home equity, residential mortgage, and other consumer impaired loans included in these tables are considered impaired due to their status as a TDR.

(3) At September 30, 2014, $59,078 thousand of the $188,719 thousand commercial and industrial loans with an allowance recorded were considered impaired due to their status as a TDR. At December 31, 2013, $43,805 thousand of the $126,626 thousand commercial and industrial loans with an allowance recorded were considered impaired due to their status as a TDR.

(4) At September 30, 2014, $30,519 thousand of the $224,550 thousand commercial real estate loans with an allowance recorded were considered impaired due to their status as a TDR. At December 31, 2013, $24,805 thousand of the $187,836 thousand commercial real estate loans with an allowance recorded were considered impaired due to their status as a TDR.

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

(6) At September 30, 2014, $27,388 thousand of the $379,553 thousand residential mortgages loans with an allowance recorded were guaranteed by the U.S. government. At December 31, 2013, $49,225 thousand of the $390,435 thousand residential mortgage loans with an allowance recorded were guaranteed by the U.S. government.

TDR Loans

TDRs are modified loans where a concession was provided to a borrower experiencing financial difficulties. Loan modifications are considered TDRs when the concessions provided are not available to the borrower through either normal channels or other sources. However, not all loan modifications are TDRs.

TDR Concession Types

The Company s standards relating to loan modifications consider, among other factors, minimum verified income requirements, cash flow analysis, and collateral valuations. Each potential loan modification is reviewed individually and the terms of the loan are modified to meet a borrower s specific circumstances at a point in time. All commercial TDRs are reviewed and approved by our SAD. The types of concessions provided to borrowers include:

Interest rate reduction: A reduction of the stated interest rate to a nonmarket rate for the remaining original life of the debt.

Amortization or maturity date change beyond what the collateral supports, including any of the following:

(1) Lengthens the amortization period of the amortized principal beyond market terms. This concession reduces the minimum monthly payment and increases the amount of the balloon payment at the end of the term of the loan. Principal is generally not forgiven.
(2) Reduces the amount of loan principal to be amortized and increases the amount of the balloon payment at the end of the term of the loan. This concession also reduces the minimum monthly payment. Principal is generally not forgiven.
(3) Extends the maturity date or dates of the debt beyond what the collateral supports. This concession generally applies to loans without a balloon payment at the end of the term of the loan.

Chapter 7 bankruptcy: A bankruptcy court s discharge of a borrower s debt is considered a concession when the borrower does not reaffirm the discharged debt.

Other: A concession that is not categorized as one of the concessions described above. These concessions include, but are not limited to: principal forgiveness, collateral concessions, covenant concessions, and reduction of accrued interest.

Principal forgiveness may result from any TDR modification of any concession type. However, the aggregate amount of principal forgiven as a result of loans modified as TDRs during the three-month and nine-month periods ended September 30, 2014 and 2013, was not significant.

Following is a description of TDRs by the different loan types:

Commercial loan TDRs Commercial accruing TDRs often result from loans receiving a concession with terms that are not considered a market transaction to Huntington. The TDR remains in accruing status as long as the customer is less than 90-days past due on payments per the restructured loan terms and no loss is expected.

Commercial nonaccrual TDRs result from either: (1) an accruing commercial TDR being placed on nonaccrual status, or (2) a workout where an existing commercial NAL is restructured and a concession was given. At times, these workouts restructure the NAL so that two or more new notes are created. The primary note is underwritten based upon our normal underwriting standards and is sized so projected cash flows are sufficient to repay contractual principal and interest. The terms on the secondary note(s) vary by situation, and may include notes that defer principal and interest payments until after the primary note is repaid. Creating two or more notes often allows the borrower to continue a project or weather a temporary economic downturn and allows Huntington to right-size a loan based upon the current expectations for a borrower s or project s performance.

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Our strategy involving TDR borrowers includes working with these borrowers to allow them to refinance elsewhere, as well as allow them time to improve their financial position and remain our customer through refinancing their notes according to market terms and conditions in the future. A subsequent refinancing or modification of a loan may occur when either the loan matures according to the terms of the TDR-modified agreement or the borrower requests a change to the loan agreements. At that time, the loan is evaluated to determine if it is creditworthy. It is subjected to the normal underwriting standards and processes for other similar credit extensions, both new and existing. 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, whereas a continuation of the prior note requires a continuation of the TDR designation. In order for a TDR designation to be removed, the borrower must no longer be experiencing financial difficulties and the terms of the refinanced loan must not represent a concession.

Residential Mortgage loan TDRs Residential mortgage TDRs represent loan modifications associated with traditional first-lien mortgage loans in which a concession has been provided to the borrower. The primary concessions given to residential mortgage borrowers are amortization or maturity date changes and interest rate reductions. Residential mortgages identified as TDRs involve borrowers unable to refinance their mortgages through the Company s normal mortgage origination channels or through other independent sources. Some, but not all, of the loans may be delinquent.

Automobile, Home Equity, and Other Consumer loan TDRs The Company may make similar interest rate, term, and principal concessions as with residential mortgage loan TDRs.

TDR Impact on Credit Quality

Huntington s ALLL is largely determined by updated risk ratings assigned to commercial loans, updated borrower credit scores on consumer loans, and borrower delinquency history in both the commercial and consumer portfolios. These updated risk ratings and credit scores consider the default history of the borrower, including payment redefaults. As such, the provision for credit losses is impacted primarily by changes in borrower payment performance rather than the TDR classification. 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.

Our TDRs may include multiple concessions and the disclosure classifications are presented based on the primary concession provided to the borrower. The majority of our concessions for the C&I and CRE portfolios are the extension of the maturity date coupled with an increase in the interest rate. In these instances, the primary concession is the maturity date extension.

TDR concessions may also result in the reduction of the ALLL within the C&I and CRE portfolios. This reduction is derived from payments and the resulting application of the reserve calculation within the ALLL. The transaction reserve for non-TDR C&I and CRE loans is calculated based upon several estimated probability factors, such as PD and LGD, both of which were previously discussed. Upon the occurrence of a TDR in our C&I and CRE portfolios, the reserve is measured based on discounted expected cash flows or collateral value, less anticipated selling costs, of the modified loan in accordance with ASC 310-10. The resulting TDR ALLL calculation often results in a lower ALLL amount because (1) the discounted expected cash flows or collateral value, less anticipated selling costs, indicate a lower estimated loss, (2) if the modification includes a rate increase, the discounting of the cash flows on the modified loan, using the pre-modification interest rate, exceeds the carrying value of the loan, or (3) payments may occur as part of the modification. The ALLL for C&I and CRE loans may increase as a result of the modification, as the discounted cash flow analysis may indicate additional reserves are required.

TDR concessions on consumer loans may increase the ALLL. The concessions made to these borrowers often include interest rate reductions, and therefore, the TDR ALLL calculation results in a greater ALLL compared with the non-TDR calculation as the reserve is measured based on the estimation of the discounted expected cash flows or collateral value, less anticipated selling costs, on the modified loan in accordance with ASC 310-10. The resulting TDR ALLL calculation often results in a higher ALLL amount because (1) the discounted expected cash flows or collateral value, less anticipated selling costs, indicate a higher estimated loss or, (2) due to the rate decrease, the discounting of the cash flows on the modified loan, using the pre-modification interest rate, indicates a reduction in the expected cash flows or collateral value, less anticipated selling costs. In certain instances, the ALLL may decrease as a result of payments made in connection with the modification.

Commercial loan TDRs In instances where the bank substantiates that it will collect its outstanding balance in full, the note is considered for return to accrual status upon the borrower sustaining sufficient cash flows for a six-month period of time. This six-month period could extend before or after the restructure date. If a charge-off was taken as part of the restructuring, any interest or principal payments received on that note are applied to first reduce the bank s outstanding book balance and then to recoveries of charged-off principal, unpaid interest, and/or fee expenses while the TDR is in nonaccrual status.

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Residential Mortgage, Automobile, Home Equity, and Other Consumer loan TDRs Modified loans identified as TDRs are aggregated into pools for analysis. Cash flows and weighted average interest rates are used to calculate impairment at the pooled-loan level. Once the loans are aggregated into the pool, they continue to be classified as TDRs until contractually repaid or charged-off.

Residential mortgage loans not guaranteed by a U.S. government agency such as the FHA, VA, and the USDA, including TDR loans, are reported as accrual or nonaccrual based upon delinquency status. Nonaccrual TDRs are those that are greater than 150-days contractually past due. Loans guaranteed by U.S. government organizations continue to accrue interest upon delinquency.

The following tables present by class and by the reason for the modification, the number of contracts, post-modification outstanding balance, and the financial effects of the modification for the three-month and nine-month periods ended September 30, 2014 and 2013:

	New Troubled Debt Restructurings During The Three-Month Period Ended (1)					
	September 30, 2014			September 30, 2013		
(dollar amounts in thousands)	Number of Contracts	Post-modification Outstanding Ending Balance	Financial effects of modification (2)	Number of Contracts	Post-modification Outstanding Ending Balance	Financial effects of modification (2)
C&I Owner occupied:						
Interest rate reduction	**2**	**$ 360**	**$**	2	$ 257	$ 9
Amortization or maturity date change	**27**	**11,562**	**132**	16	3,617	(10)
Other	**1**	**91**		4	2,935	166
Total C&I Owner occupied	**30**	**$ 12,013**	**$ 132**	22	$ 6,809	$ 165
C&I Other commercial and industrial:						
Interest rate reduction	**2**	**$ 4,076**	**$ (14)**	7	$ 19,082	$ (1,491)
Amortization or maturity date change	**78**	**35,952**	**(202)**	29	9,978	(1,730)
Other	**6**	**683**	**(6)**	10	4,815	(40)
Total C&I Other commercial and industrial	**86**	**$ 40,711**	**$ (222)**	46	$ 33,875	$ (3,261)
CRE Retail properties:						
Interest rate reduction	**1**	**$ 124**	**$ (1)**	2	$ 378	$ (5)
Amortization or maturity date change	**7**	**1,997**	**(4)**	10	25,693	4,162
Other				5	8,034	(1,740)
Total CRE Retail properties	**8**	**$ 2,121**	**$ (5)**	17	$ 34,105	$ 2,417
CRE Multi family:						
Interest rate reduction	**9**	**$ 2,744**	**$ (75)**	2	$ 1,455	$ (3)
Amortization or maturity date change	**9**	**5,724**	**(3)**	5	731	(25)
Other	**3**	**470**	**(4)**	2	161	6
Total CRE Multi family	**21**	**$ 8,938**	**$ (82)**	9	$ 2,347	$ (22)
CRE Office:						
Interest rate reduction		**$**	**$**	2	$ 129	$ 1
Amortization or maturity date change	**6**	**2,575**	**(7)**	4	3,032	153
Other	**1**	**10,564**	**328**	2	2,777	160
Total CRE Office	**7**	**$ 13,139**	**$ 321**	8	$ 5,938	$ 314
CRE Industrial and warehouse:						
Interest rate reduction		**$**	**$**		$	$

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Amortization or maturity date change	**9**	**3,610**	**(45)**	2	497	(6)
Other						
Total CRE Industrial and Warehouse	**9**	**$ 3,610**	**$ (45)**	2	$ 497	$ (6)
CRE Other commercial real estate:						
Interest rate reduction	**3**	**$ 205**	**$ 95**	4	$ 4,450	$ (44)
Amortization or maturity date change	**3**	**1,762**	**(6)**	9	2,400	(14)
Other				7	5,111	54
Total CRE Other commercial real estate	**6**	**$ 1,967**	**$ 89**	20	$ 11,961	$ (4)
Automobile:						
Interest rate reduction	**7**	**$ 199**	**$ 2**	3	$ 5	$
Amortization or maturity date change	**381**	**2,531**	**34**	458	2,639	(18)
Chapter 7 bankruptcy	**165**	**1,420**	**34**	151	1,096	(33)
Other						
Total Automobile	**553**	**$ 4,150**	**$ 70**	612	$ 3,740	$ (51)
Residential mortgage:						
Interest rate reduction	**7**	**$ 633**	**$ 10**	26	$ 2,755	$ 36
Amortization or maturity date change	**64**	**7,723**	**(37)**	146	20,578	320
Chapter 7 bankruptcy	**33**	**3,082**	**128**	92	10,107	134
Other	**1**	**106**		3	327	8
Total Residential mortgage	**105**	**$ 11,544**	**$ 101**	267	$ 33,767	$ 498
First-lien home equity:						
Interest rate reduction	**29**	**$ 2,730**	**$ 42**	47	$ 4,239	$ 487
Amortization or maturity date change	**69**	**5,518**	**(316)**	88	5,815	(390)
Chapter 7 bankruptcy	**24**	**1,988**	**104**	35	2,443	(27)
Other						
Total First-lien home equity	**122**	**$ 10,236**	**$ (170)**	170	$ 12,497	$ 70
Junior-lien home equity:						
Interest rate reduction	**3**	**$ 320**	**$ 15**	4	$ 167	$ 30
Amortization or maturity date change	**412**	**16,092**	**(2,140)**	441	14,301	(1,246)
Chapter 7 bankruptcy	**49**	**750**	**710**	462	1,787	14,062
Other						
Total Junior-lien home equity	**464**	**$ 17,162**	**$ (1,415)**	907	$ 16,255	$ 12,846
Other consumer:						
Interest rate reduction	**1**	**$**	**$**	1	$ 8	$
Amortization or maturity date change	**14**	**642**	**33**	3	8	
Chapter 7 bankruptcy	**2**	**5**		2	5	
Other						
Total Other consumer	**17**	**$ 647**	**$ 33**	6	$ 21	$
Total new troubled debt restructurings	**1,428**	**$ 126,238**	**$ (1,193)**	2,086	$ 161,812	$ 12,966

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(1) TDRs may include multiple concessions and the disclosure classifications are based on the primary concession provided to the borrower.
(2) Amounts represent the financial impact via provision for loan and lease losses as a result of the modification.

	New Troubled Debt Restructurings During The Nine-Month Period Ended (1)					
	September 30, 2014			September 30, 2013		
(dollar amounts in thousands)	Number of Contracts	Post-modification Outstanding Ending Balance	Financial effects of modification (2)	Number of Contracts	Post-modification Outstanding Ending Balance	Financial effects of modification (2)
C&I Owner occupied:						
Interest rate reduction	**17**	**$ 2,141**	**$ 21**	16	$ 5,532	$ (463)
Amortization or maturity date change	**64**	**19,899**	**70**	49	12,631	(22)
Other	**5**	**1,906**	**(35)**	12	5,358	255
Total C&I Owner occupied	**86**	**$ 23,946**	**$ 56**	77	$ 23,521	$ (230)
C&I Other commercial and industrial:						
Interest rate reduction	**21**	**$ 49,557**	**$ (1,936)**	19	$ 61,838	$ (1,044)
Amortization or maturity date change	**187**	**89,331**	**156**	95	47,611	1,665
Other	**16**	**7,354**	**(75)**	24	11,815	171
Total C&I Other commercial and industrial	**224**	**$ 146,242**	**$ (1,855)**	138	$ 121,264	$ 792
CRE Retail properties:						
Interest rate reduction	**4**	**$ 11,229**	**$ 420**	4	$ 1,116	$ (8)
Amortization or maturity date change	**17**	**24,147**	**(185)**	16	26,596	4,160
Other	**9**	**13,765**	**(35)**	10	17,758	(557)
Total CRE Retail properties	**30**	**$ 49,141**	**$ 200**	30	$ 45,470	$ 3,595
CRE Multi family:						
Interest rate reduction	**20**	**$ 3,484**	**$ (75)**	8	$ 4,106	$ 7
Amortization or maturity date change	**20**	**6,104**	**(5)**	13	1,966	(18)
Other	**7**	**4,770**	**57**	4	8,043	(2)
Total CRE Multi family	**47**	**$ 14,358**	**$ (23)**	25	$ 14,115	$ (13)
CRE Office:						
Interest rate reduction	**2**	**$ 120**	**$ (1)**	6	$ 6,209	$ 1,657
Amortization or maturity date change	**16**	**11,791**	**(367)**	11	7,375	175
Other	**5**	**35,476**	**(3,153)**	4	3,059	159
Total CRE Office	**23**	**$ 47,387**	**$ (3,521)**	21	$ 16,643	$ 1,991
CRE Industrial and warehouse:						
Interest rate reduction	**2**	**$ 4,046**	**$**		$	$
Amortization or maturity date change	**14**	**7,166**	**167**	7	1,590	(9)
Other	**1**	**977**		1	5,867	
Total CRE Industrial and Warehouse	**17**	**$ 12,189**	**$ 167**	8	$ 7,457	$ (9)
CRE Other commercial real estate:						

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Interest rate reduction	**8**	**$ 5,224**	**$ 146**	13	$ 5,940	$ 8
Amortization or maturity date change	**47**	**74,767**	**(2,781)**	13	3,100	(12)
Other	**2**	**926**	**(1)**	8	5,463	53
Total CRE Other commercial real estate	**57**	**$ 80,917**	**$ (2,636)**	34	$ 14,503	$ 49
Automobile:						
Interest rate reduction	**55**	**$ 627**	**$ 10**	11	$ 78	$
Amortization or maturity date change	**1,550**	**9,758**	**61**	1,146	6,550	(52)
Chapter 7 bankruptcy	**483**	**3,791**	**(7)**	864	5,384	344
Other						
Total Automobile	**2,088**	**$ 14,176**	**$ 64**	2,021	$ 12,012	$ 292
Residential mortgage:						
Interest rate reduction	**22**	**$ 2,866**	**$ (14)**	58	$ 11,228	$
Amortization or maturity date change	**281**	**39,025**	**518**	323	43,589	389
Chapter 7 bankruptcy	**150**	**15,573**	**503**	157	16,697	577
Other	**4**	**405**	**5**	15	1,612	38
Total Residential mortgage	**457**	**$ 57,869**	**$ 1,012**	553	$ 73,126	$ 1,004
First-lien home equity:						
Interest rate reduction	**124**	**$ 10,696**	**$ 646**	106	$ 9,553	$ 908
Amortization or maturity date change	**204**	**16,682**	**(647)**	165	11,365	(959)
Chapter 7 bankruptcy	**67**	**4,410**	**204**	93	5,897	587
Other						
Total First-lien home equity	**395**	**$ 31,788**	**$ 203**	364	$ 26,815	$ 536
Junior-lien home equity:						
Interest rate reduction	**171**	**$ 6,142**	**$ 185**	20	$ 916	$ 155
Amortization or maturity date change	**1,045**	**41,177**	**(5,732)**	981	35,672	(3,613)
Chapter 7 bankruptcy	**152**	**2,363**	**2,148**	642	4,044	17,181
Other						
Total Junior-lien home equity	**1,368**	**$ 49,682**	**$ (3,399)**	1,643	$ 40,632	$ 13,723
Other consumer:						
Interest rate reduction	**1**	**$**	**$**	4	$ 227	$ 42
Amortization or maturity date change	**44**	**1,777**	**11**	8	72	5
Chapter 7 bankruptcy	**21**	**446**	**(51)**	19	285	56
Other						
Total Other consumer	**66**	**$ 2,223**	**$ (40)**	31	$ 584	$ 103
Total new troubled debt restructurings	**4,858**	**$ 529,918**	**$ (9,772)**	4,945	$ 396,142	$ 21,833

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

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

Any loan within any portfolio or class is considered as payment redefaulted at 90-days past due.

The following tables present TDRs that have defaulted within one year of modification during the three-month and nine-month periods ended September 30, 2014 and 2013:

	Troubled Debt Restructurings That Have Redefaulted (1) Within One Year Of Modification During The Three Months Ended			
	September 30, 2014		**September 30, 2013**	
(dollar amounts in thousands)	Number of Contracts	Ending Balance	Number of Contracts	Ending Balance
C&I Owner occupied:				
Interest rate reduction		**$**		$
Amortization or maturity date change	**2**	**388**	3	349
Other				
Total C&I Owner occupied	**2**	**$ 388**	3	$ 349
C&I Other commercial and industrial:				
Interest rate reduction		**$**		$
Amortization or maturity date change	**3**	**88**	7	263
Other				
Total C&I Other commercial and industrial	**3**	**$ 88**	7	$ 263
CRE Retail Properties:				
Interest rate reduction		**$**		$
Amortization or maturity date change				
Other				
Total CRE Retail properties		**$**		$
CRE Multi family:				
Interest rate reduction		**$**		$
Amortization or maturity date change	**1**	**138**	2	225
Other				
Total CRE Multi family	**1**	**$ 138**	2	$ 225
CRE Office:				
Interest rate reduction		**$**		$
Amortization or maturity date change				
Other				
Total CRE Office		**$**		$
CRE Industrial and Warehouse:				
Interest rate reduction	**1**	**$ 1,339**		$
Amortization or maturity date change			1	361
Other			1	726
Total CRE Industrial and Warehouse	**1**	**$ 1,339**	2	$ 1,087
CRE Other commercial real estate:				
Interest rate reduction		**$**		$
Amortization or maturity date change	**1**	**197**	2	725
Other				
Total CRE Other commercial real estate	**1**	**$ 197**	2	$ 725
Automobile:				
Interest rate reduction		**$**		$
Amortization or maturity date change	**13**	**144**	8	93
Chapter 7 bankruptcy	**5**	**31**	17	107
Other				

Total Automobile	**18**	**$ 175**	25	$ 200

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Residential mortgage:				
Interest rate reduction	**1**	**$ 118**		$
Amortization or maturity date change	**20**	**2,300**	19	2,930
Chapter 7 bankruptcy	**10**	**1,007**	10	658
Other				
Total Residential mortgage	**31**	**$ 3,425**	29	$ 3,588
First-lien home equity:				
Interest rate reduction	**1**	**$ 39**		$
Amortization or maturity date change	**6**	**998**	1	14
Chapter 7 bankruptcy	**6**	**243**	5	193
Other				
Total First-lien home equity	**13**	**$ 1,280**	6	$ 207
Junior-lien home equity:				
Interest rate reduction		**$**	1	$
Amortization or maturity date change	**8**	**578**	2	102
Chapter 7 bankruptcy	**15**	**24**	6	80
Other				
Total Junior-lien home equity	**23**	**$ 602**	9	$ 182
Other consumer:				
Interest rate reduction		**$**		$
Amortization or maturity date change				
Chapter 7 bankruptcy			1	94
Other				
Total Other consumer		**$**	1	$ 94
Total troubled debt restructurings with subsequent redefault	**93**	**$ 7,632**	86	$ 6,920

(1) Subsequent redefault is defined as a payment redefault within 12 months of the restructuring date. Payment redefault is defined as 90-days past due for any loan within any portfolio or class. Any loan may be considered to be in payment redefault prior to the guidelines noted above when collection of principal or interest is in doubt.

	Troubled Debt Restructurings That Have Redefaulted (1) Within One Year of Modification During The Nine Months Ended			
	September 30, 2014		September 30, 2013	
(dollar amounts in thousands)	Number of Contracts	Ending Balance	Number of Contracts	Ending Balance
C&I Owner occupied:				
Interest rate reduction		**$**		$
Amortization or maturity date change	**4**	**788**	7	820
Other	**1**	**230**	7	1,203
Total C&I Owner occupied	**5**	**$ 1,018**	14	$ 2,023
C&I Other commercial and industrial:				
Interest rate reduction		**$**		$
Amortization or maturity date change	**10**	**1,132**	16	379
Other				
Total C&I Other commercial and industrial	**10**	**$ 1,132**	16	$ 379
CRE Retail Properties:				
Interest rate reduction		**$**		$

Amortization or maturity date change		3		835
Other				
Total CRE Retail properties	$	3	$	835

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CRE Multi family:				
Interest rate reduction		**$**		$
Amortization or maturity date change	**2**	**350**	2	225
Other				
Total CRE Multi family	**2**	**$ 350**	2	$ 225
CRE Office:				
Interest rate reduction		**$**		$
Amortization or maturity date change	**1**	**493**	2	1,131
Other				
Total CRE Office	**1**	**$ 493**	2	$ 1,131
CRE Industrial and Warehouse:				
Interest rate reduction	**1**	**$ 1,339**		$
Amortization or maturity date change			1	361
Other			1	726
Total CRE Industrial and Warehouse	**1**	**$ 1,339**	2	$ 1,087
CRE Other commercial real estate:				
Interest rate reduction		**$**		$
Amortization or maturity date change	**2**	**758**	3	774
Other			1	5
Total CRE Other commercial real estate	**2**	**$ 758**	4	$ 779
Automobile:				
Interest rate reduction		**$**	1	$ 112
Amortization or maturity date change	**39**	**326**	28	294
Chapter 7 bankruptcy	**42**	**262**	115	461
Other				
Total Automobile	**81**	**$ 588**	144	$ 867
Residential mortgage:				
Interest rate reduction	**4**	**$ 468**		$
Amortization or maturity date change	**64**	**7,354**	56	8,317
Chapter 7 bankruptcy	**33**	**2,952**	46	3,826
Other			2	418
Total Residential mortgage	**101**	**$ 10,774**	104	$ 12,561
First-lien home equity:				
Interest rate reduction	**3**	**$ 202**		$
Amortization or maturity date change	**14**	**1,928**	1	14
Chapter 7 bankruptcy	**14**	**843**	11	942
Other				
Total First-lien home equity	**31**	**$ 2,973**	12	$ 956
Junior-lien home equity:				
Interest rate reduction		**$**	1	$
Amortization or maturity date change	**22**	**1,276**	3	159
Chapter 7 bankruptcy	**37**	**620**	26	649
Other				
Total Junior-lien home equity	**59**	**$ 1,896**	30	$ 808
Other consumer:				
Interest rate reduction		**$**		$
Amortization or maturity date change				
Chapter 7 bankruptcy			2	96

Other				
Total Other consumer		**$**	2	$ 96
Total troubled debt restructurings with subsequent redefault	**293**	**$ 21,321**	335	$ 21,747

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(1) Subsequent redefault is defined as a payment redefault within 12 months of the restructuring date. Payment redefault is defined as 90-days past due for any loan in any portfolio or class. Any loan in any portfolio or class may be considered to be in payment redefault prior to the guidelines noted above when collection of principal or interest is in doubt.

Pledged Loans and Leases

At September 30, 2014, the Bank has access to the Federal Reserve s discount window and advances from the FHLB Cincinnati. As of September 30, 2014, these borrowings and advances are secured by $17.4 billion of loans and securities.

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4. AVAILABLE-FOR-SALE AND OTHER SECURITIES

Listed below are the contractual maturities (under 1 year, 1-5 years, 6-10 years, and over 10 years) of available-for-sale and other securities at September 30, 2014 and December 31, 2013:

	September 30, 2014		December 31, 2013	
(dollar amounts in thousands)	**Amortized Cost**	**Fair Value**	Amortized Cost	Fair Value
U.S. Treasury:				
Under 1 year	**$**	**$**	$ 50,793	$ 51,086
1-5 years	**5,429**	**5,424**	507	516
6-10 years				
Over 10 years			1	2
Total U.S. Treasury	**5,429**	**5,424**	51,301	51,604
Federal agencies: mortgage-backed securities:				
Under 1 year	**61,913**	**62,155**	16,548	16,607
1-5 years	**234,364**	**237,900**	164,794	166,946
6-10 years	**254,277**	**257,620**	440,116	443,456
Over 10 years	**4,417,140**	**4,429,157**	2,940,986	2,939,212
Total Federal agencies: mortgage-backed securities	**4,967,694**	**4,986,832**	3,562,444	3,566,221
Other agencies:				
Under 1 year	**33,124**	**33,418**	2,833	2,880
1-5 years	**9,725**	**10,178**	291,726	297,510
6-10 years	**72,141**	**72,243**	19,318	19,498
Over 10 years	**72,795**	**73,112**		
Total other agencies	**187,785**	**188,951**	313,877	319,888
Total U.S. Government backed agencies	**5,160,908**	**5,181,207**	3,927,622	3,937,713
Municipal securities:				
Under 1 year	**234,499**	**234,252**	191,788	190,762
1-5 years	**230,524**	**234,392**	206,719	211,916
6-10 years	**857,371**	**863,298**	556,873	554,772
Over 10 years	**371,054**	**382,859**	184,883	188,542
Total municipal securities	**1,693,448**	**1,714,801**	1,140,263	1,145,992
Private-label CMO:				
Under 1 year				
1-5 years				
6-10 years	**1,467**	**1,533**	1,997	2,089
Over 10 years	**44,095**	**42,139**	49,241	47,015
Total private-label CMO	**45,562**	**43,672**	51,238	49,104
Asset-backed securities:				
Under 1 year				
1-5 years	**259,345**	**260,221**	434,825	438,156

6-10 years	**124,605**	**123,519**	260,354	260,880
Over 10 years	**611,469**	**549,460**	477,105	392,004
Total asset-backed securities	**995,419**	**933,200**	1,172,284	1,091,040
Covered bonds:				
Under 1 year				
1-5 years			280,595	285,874
6-10 years				
Over 10 years				
Total covered bonds			280,595	285,874
Corporate debt:				
Under 1 year	**18,821**	**19,152**	903	916
1-5 years	**298,430**	**307,695**	283,079	292,989
6-10 years	**173,072**	**170,636**	161,398	152,608
Over 10 years			10,113	10,727
Total corporate debt	**490,323**	**497,483**	455,493	457,240

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Other:				
Under 1 year	**750**	**750**	500	500
1-5 years	**3,150**	**3,066**	3,399	3,327
6-10 years				
Over 10 years				
Non-marketable equity securities	**331,322**	**331,322**	320,991	320,992
Marketable equity securities	**15,460**	**16,303**	16,522	16,971
Total other	**350,682**	**351,441**	341,412	341,790
Total available-for-sale and other securities	**$ 8,736,342**	**$ 8,721,804**	$ 7,368,907	$ 7,308,753

Other securities at September 30, 2014 and December 31, 2013 include $157.0 million and $165.5 million of stock issued by the FHLB of Cincinnati, and $174.3 million and $155.4 million, respectively, of Federal Reserve Bank stock. Nonmarketable equity securities are recorded at amortized cost. Other securities also include marketable equity securities.

The following tables provide amortized cost, fair value, and gross unrealized gains and losses recognized in OCI by investment category at September 30, 2014 and December 31, 2013:

		Unrealized		
(dollar amounts in thousands)	**Amortized Cost**	**Gross Gains**	**Gross Losses**	**Fair Value**
September 30, 2014				
U.S. Treasury	**$ 5,429**	**$ 9**	**$ (14)**	**$ 5,424**
Federal agencies:				
Mortgage-backed securities	**4,967,694**	**48,815**	**(29,677)**	**4,986,832**
Other agencies	**187,785**	**1,367**	**(201)**	**188,951**
Total U.S. Government backed securities	**5,160,908**	**50,191**	**(29,892)**	**5,181,207**
Municipal securities (1)	**1,693,448**	**33,347**	**(11,994)**	**1,714,801**
Private-label CMO	**45,562**	**1,111**	**(3,001)**	**43,672**
Asset-backed securities	**995,419**	**2,376**	**(64,595)**	**933,200**
Corporate debt	**490,323**	**10,507**	**(3,347)**	**497,483**
Other securities	**350,682**	**843**	**(84)**	**351,441**
Total available-for-sale and other securities	**$ 8,736,342**	**$ 98,375**	**$ (112,913)**	**$ 8,721,804**

		Unrealized		
(dollar amounts in thousands)	**Amortized Cost**	**Gross Gains**	**Gross Losses**	**Fair Value**
December 31, 2013				
U.S. Treasury	$ 51,301	$ 303	$	$ 51,604
Federal agencies:				
Mortgage-backed securities	3,562,444	42,319	(38,542)	3,566,221
Other agencies	313,877	6,105	(94)	319,888
Total U.S. Government backed securities	3,927,622	48,727	(38,636)	3,937,713
Municipal securities (2)	1,140,263	18,825	(13,096)	1,145,992
Private-label CMO	51,238	1,188	(3,322)	49,104
Asset-backed securities	1,172,284	6,771	(88,015)	1,091,040
Covered bonds	280,595	5,279		285,874
Corporate debt	455,493	11,241	(9,494)	457,240
Other securities	341,412	511	(133)	341,790

Total available-for-sale and other securities	$ 7,368,907	$ 92,542	$ (152,696)	$ 7,308,753

(1) On May 20, 2014 approximately $208.2 million of municipal equipment finance instruments were acquired.
(2) Effective December 31, 2013 approximately $600.4 million of direct purchase municipal instruments were reclassified from C&I loans to available-for-sale securities.

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At September 30, 2014, the carrying value of investment securities pledged to secure public and trust deposits, trading account liabilities, U.S. Treasury demand notes, and security repurchase agreements totaled $3.6 billion. There were no securities of a single issuer, which are not governmental or government-sponsored, that exceeded 10% of shareholders equity at September 30, 2014.

The following tables provide detail on investment securities with unrealized losses aggregated by investment category and the length of time the individual securities have been in a continuous loss position, at September 30, 2014 and December 31, 2013:

	Less than 12 Months		Over 12 Months		Total	
(dollar amounts in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
September 30, 2014						
U.S. Treasury	**$ 4,910**	**$ (14)**	**$**	**$**	**$ 4,910**	**$ (14)**
Federal agencies:						
Mortgage-backed securities	**1,455,043**	**(10,664)**	**466,552**	**(19,013)**	**1,921,595**	**(29,677)**
Other agencies	**50,064**	**(169)**	**1,275**	**(32)**	**51,339**	**(201)**
Total U.S. Government backed securities	**1,510,017**	**(10,847)**	**467,827**	**(19,045)**	**1,977,844**	**(29,892)**
Municipal securities	**426,425**	**(10,709)**	**140,218**	**(1,285)**	**566,643**	**(11,994)**
Private-label CMO			**22,734**	**(3,001)**	**22,734**	**(3,001)**
Asset-backed securities	**245,189**	**(1,856)**	**338,569**	**(62,739)**	**583,758**	**(64,595)**
Corporate debt	**82,328**	**(409)**	**108,432**	**(2,938)**	**190,760**	**(3,347)**
Other securities			**1,416**	**(84)**	**1,416**	**(84)**
Total temporarily impaired securities	**$ 2,263,959**	**$ (23,821)**	**$ 1,079,196**	**$ (89,092)**	**$ 3,343,155**	**$ (112,913)**

	Less than 12 Months		Over 12 Months		Total	
(dollar amounts in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2013						
U.S. Treasury	$	$	$	$	$	$
Federal agencies:						
Mortgage-backed securities	1,628,454	(37,174)	12,682	(1,368)	1,641,136	(38,542)
TLGP securities						
Other agencies	2,069	(94)			2,069	(94)
Total U.S. Government backed securities	1,630,523	(37,268)	12,682	(1,368)	1,643,205	(38,636)
Municipal securities	551,114	(12,395)	7,531	(701)	558,645	(13,096)
Private-label CMO			22,639	(3,322)	22,639	(3,322)
Asset-backed securities	391,665	(9,720)	107,419	(78,295)	499,084	(88,015)
Covered bonds						
Corporate debt	146,308	(7,729)	26,155	(1,765)	172,463	(9,494)
Other securities	3,078	(72)	2,530	(61)	5,608	(133)
Total temporarily impaired securities	$ 2,722,688	$ (67,184)	$ 178,956	$ (85,512)	$ 2,901,644	$ (152,696)

The following table is a summary of realized securities gains and losses for the three-month and nine-month periods ended September 30, 2014 and 2013:

	Three Months Ended September 30,	Nine Months Ended September 30,

(dollar amounts in thousands)	**2014**	2013	**2014**	2013
Gross gains on sales of securities	**$ 198**	$ 448	**$ 17,678**	$ 1,635
Gross (losses) on sales of securities		(264)	**(20)**	(654)
Net gain on sales of securities	**$ 198**	$ 184	**$ 17,658**	$ 981

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Collateralized Debt Obligations and Private-Label CMO Securities

Our highest risk segments of our investment portfolio are the CDO and 2003-2006 vintage private-label CMO portfolios. Of the $43.7 million of the private-label CMO securities reported at fair value at September 30, 2014, approximately $20.4 million are rated below investment grade. The CDOs are in the asset-backed securities portfolio. These segments are in run off, and we have not purchased these types of securities since 2008. The performance of the underlying securities in each of these segments reflects the deterioration of CDO issuers and 2003-2006 non-agency mortgages. Each of these securities in these two segments is subjected to a rigorous review of its projected cash flows. These reviews are supported with analysis from independent third parties.

The fair values of the private label CMO and CDO assets have been impacted by various market conditions. The unrealized losses were primarily the result of wider liquidity spreads on asset-backed securities and increased market volatility on non-agency mortgage and asset-backed securities that are collateralized by certain mortgage loans. In addition, the expected average lives of the asset-backed securities backed by trust-preferred securities have been extended, due to changes in the expectations of when the underlying securities would be repaid. The contractual terms and / or cash flows of the investments do not permit the issuer to settle the securities at a price less than the amortized cost. Huntington does not intend to sell, nor does it believe it will be required to sell these securities until the fair value is recovered, which may be maturity and; therefore, does not consider them to be other-than-temporarily impaired at September 30, 2014.

The following table summarizes the relevant characteristics of our CDO securities portfolio, which are included in asset-backed securities, at September 30, 2014. Each security is part of a pool of issuers and supports a more senior tranche of securities except for the I-Pre TSL II, and MM Comm III securities which are the most senior class.

Collateralized Debt Obligation Data

September 30, 2014

(dollar amounts in thousands)

Deal Name	Par Value	Amortized Cost	Fair Value	Unrealized Loss (2)	Lowest Credit Rating (3)	# of Issuers Currently Performing/ Remaining (4)	Actual Deferrals and Defaults as a % of Original Collateral	Expected Defaults as a % of Remaining Performing Collateral	Excess Subordination (5)
Alesco II (1)	$ 41,646	$ 29,034	$ 15,430	$ (13,604)	C	29/33	10 %	9 %	%
ICONS	20,000	20,000	16,052	(3,948)	BB	19/21	7	17	59
I-Pre TSL II	6,798	6,782	6,581	(201)	AA	18/21	7	12	93
MM Comm III	5,626	5,375	4,440	(935)	BB	5/9	5	9	30
Pre TSL IX (1)	5,000	3,955	2,422	(1,533)	C	29/40	17	9	6
Pre TSL XI (1)	25,000	20,749	12,355	(8,394)	C	44/57	16	9	8
Pre TSL XIII (1)	27,530	20,379	13,429	(6,950)	C	43/58	18	15	9
Reg Diversified (1)	25,500	6,908	1,097	(5,811)	D	23/41	38	10	
Soloso (1)	12,500	2,440	342	(2,098)	C	37/61	29	21	
Tropic III	31,000	31,000	16,436	(14,564)	CCC+	27/40	22	9	38
Total at September 30, 2014	**$ 200,600**	**$ 146,622**	**$ 88,584**	**$ (58,038)**					
Total at December 31, 2013	$ 214,419	$ 161,730	$ 84,136	$ (77,594)					

(1) Security was determined to have OTTI. As such, the book value is net of recorded credit impairment.
(2) The majority of securities have been in a continuous loss position for 12 months or longer.
(3) For purposes of comparability, the lowest credit rating expressed is equivalent to Fitch ratings even where the lowest rating is based on another nationally recognized credit rating agency.
(4) Includes both banks and/or insurance companies.
(5) Excess subordination percentage represents the additional defaults in excess of both current and projected defaults that the CDO can absorb before the bond experiences credit impairment. Excess subordinated percentage is calculated by (a) determining what percentage of defaults a deal can experience before the bond has credit impairment, and (b) subtracting from this default breakage percentage both total current and expected future default percentages.

Security Impairment

Huntington evaluated OTTI on the debt security types listed below.

Alt-A mortgage backed and private-label CMO securities are collateralized by first-lien residential mortgage loans. The securities are valued by a third party pricing specialist using a discounted cash flow approach and proprietary pricing model. The model uses inputs such as estimated prepayment speeds, losses, recoveries, default rates that are implied by the underlying performance of collateral in the structure or similar structures, discount rates that are implied by market prices for similar securities, collateral structure types, and house price depreciation / appreciation rates that are based upon macroeconomic forecasts. The remaining Alt-A mortgage backed securities were sold during the third quarter of 2014.

Collateralized Debt Obligations are backed by a pool of debt securities issued by financial institutions. The collateral generally consists of trust-preferred securities and subordinated debt securities issued by banks, bank holding companies, and insurance companies. A full cash flow analysis is used to estimate fair values and assess impairment for each security within this portfolio. A third party pricing specialist with direct industry experience in pooled-trust-preferred security evaluations is engaged to provide assistance estimating the fair value and expected cash flows on this portfolio. The full cash flow analysis is completed by evaluating the relevant credit and structural aspects of each pooled-trust-preferred security in the portfolio, including collateral performance projections for each piece of collateral in the security and terms of the security s structure. The credit review includes an analysis of profitability, credit quality, operating efficiency, leverage, and liquidity using available financial and regulatory information for each underlying collateral issuer. The analysis also includes a review of historical industry default data, current/near term operating conditions, and the impact of macroeconomic and regulatory changes. Using the results of our analysis, we estimate appropriate default and recovery probabilities for each piece of collateral then estimate the expected cash flows for each security. The cumulative probability of default ranges from a low of 2.3% to 100%.

Many collateral issuers have the option of deferring interest payments on their debt for up to five years. For issuers who are deferring interest, assumptions are made regarding the issuers ability to resume interest payments and make the required principal payment at maturity; the cumulative probability of default for these issuers currently ranges from 31% to 100%, and a 10% recovery assumption. The fair value of each security is obtained by discounting the expected cash flows at a market discount rate, ranging from LIBOR plus 3.0% to LIBOR plus 13.0% as of September 30, 2014. The market discount rate is determined by reference to yields observed in the market for similarly rated collateralized debt obligations, specifically high-yield collateralized loan obligations. The relatively high market discount rate is reflective of the uncertainty of the cash flows and illiquid nature of these securities. The large differential between the fair value and amortized cost of some of the securities reflects the high market discount rate and the expectation that the majority of the cash flows will not be received until near the final maturity of the security (the final maturities range from 2032 to 2035).

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, generally to become effective on July 21, 2015. The Volcker Rule prohibits an insured depository institution and its 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.

On January 14, 2014, the five federal agencies approved an interim final rule to permit banking entities to retain interests in certain collateralized debt obligations backed primarily by trust preferred securities from the investment prohibitions of section 619 of the Volcker Rule. Under the interim final rule, the agencies permit the retention of an interest in or sponsorship of covered funds by banking entities if certain qualifications are met. In addition, the agencies released a non-exclusive list of issuers that meet the requirements of the interim final rule. At September 30, 2014, we had investments in ten different pools of trust preferred securities. Eight of our pools are included in the list of non-exclusive issuers. We have analyzed the ICONS and I-Pre TSL II pools that were not included on the list and believe that it is more likely than not that we would not be required to sell and will be able to hold these securities to recovery under the final Volcker Rule regulations.

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For the three-month and nine-month periods ended September 30, 2014 and 2013, the following table summarizes by security type the total OTTI losses recognized in the Unaudited Condensed Consolidated Statements of Income for securities evaluated for impairment as described above.

(dollar amounts in thousands)	Three Months Ended September 30, **2014**	Three Months Ended September 30, 2013	Nine Months Ended September 30, **2014**	Nine Months Ended September 30, 2013
Available-for-sale and other securities:				
Pooled-trust-preferred		(86)		(1,466)
Private label CMO				(336)
Total debt securities		(86)		(1,802)
Equity securities				
Total available-for-sale and other securities	**$**	$ (86)	**$**	$ (1,802)

The following table rolls forward the OTTI recognized in earnings on debt securities held by Huntington for the three-month and nine-month periods ended September 30, 2014 and 2013 as follows:

(dollar amounts in thousands)	Three Months Ended **September 30, 2014**	Three Months Ended September 30, 2013	Nine Months Ended **September 30, 2014**	Nine Months Ended September 30, 2013
Balance, beginning of period	**$ 30,869**	$ 49,851	**$ 30,869**	$ 49,433
Reductions from sales/maturities		(11,886)		(13,184)
Credit losses not previously recognized				
Additional credit losses		86		1,802
Balance, end of period	**$ 30,869**	$ 38,051	**$ 30,869**	$ 38,051

As of September 30, 2014, Management has evaluated all other investment securities with unrealized losses and all non-marketable securities for impairment and concluded no additional OTTI is required.

5. HELD-TO-MATURITY SECURITIES

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

Listed below are the contractual maturities (under 1 year, 1-5 years, 6-10 years, and over 10 years) of held-to-maturity securities at September 30, 2014 and December 31, 2013:

(dollar amounts in thousands)	**September 30, 2014** Amortized Cost	**September 30, 2014** Fair Value	December 31, 2013 Amortized Cost	December 31, 2013 Fair Value
Federal agencies: mortgage-backed securities:				
Under 1 year	**$**	**$**	$	$
1-5 years				
6-10 years	**24,901**	**23,674**	24,901	22,549

Over 10 years	**3,249,587**	**3,223,650**	3,574,156	3,506,018
Total Federal agencies: mortgage-backed securities	**3,274,488**	**3,247,324**	3,599,057	3,528,567
Other agencies:				
Under 1 year				
1-5 years				
6-10 years	**54,766**	**55,186**	38,588	39,075
Over 10 years	**158,851**	**156,696**	189,999	185,097
Total other agencies	**213,617**	**211,882**	228,587	224,172
Total U.S. Government backed agencies	**3,488,105**	**3,459,206**	3,827,644	3,752,739
Municipal securities:				
Under 1 year				
1-5 years				
6-10 years				
Over 10 years	**8,388**	**7,850**	9,023	8,159
Total municipal securities	**8,388**	**7,850**	9,023	8,159
Total held-to-maturity securities	**$ 3,496,493**	**$ 3,467,056**	$ 3,836,667	$ 3,760,898

The following table provides amortized cost, gross unrealized gains and losses, and fair value by investment category at September 30, 2014 and December 31, 2013:

(dollar amounts in thousands)	**Amortized Cost**	**Unrealized Gross Gains**	**Unrealized Gross Losses**	**Fair Value**
September 30, 2014				
Federal Agencies:				
Mortgage-backed securities	**$ 3,274,488**	**$ 14,648**	**$ (41,812)**	**$ 3,247,324**
Other agencies	**213,617**	**755**	**(2,490)**	**211,882**
Total U.S. Government backed securities	**3,488,105**	**15,403**	**(44,302)**	**3,459,206**
Municipal securities	**8,388**		**(538)**	**7,850**
Total held-to-maturity securities	**$ 3,496,493**	**$ 15,403**	**$ (44,840)**	**$ 3,467,056**

(dollar amounts in thousands)	Amortized Cost	Unrealized Gross Gains	Unrealized Gross Losses	Fair Value
December 31, 2013				
Federal Agencies:				
Mortgage-backed securities	$ 3,599,057	$ 5,573	$ (76,063)	$ 3,528,567
Other agencies	228,587	776	(5,191)	224,172
Total U.S. Government backed securities	3,827,644	6,349	(81,254)	3,752,739
Municipal securities	9,023		(864)	8,159
Total held-to-maturity securities	$ 3,836,667	$ 6,349	$ (82,118)	$ 3,760,898

The following tables provide detail on held-to-maturity securities with unrealized losses aggregated by investment category and the length of time the individual securities have been in a continuous loss position, at September 30, 2014 and December 31, 2013:

	Less than 12 Months		**Over 12 Months**		**Total**	
(dollar amounts in thousands)	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
September 30, 2014						
Federal Agencies:						
Mortgage-backed securities	**$ 1,504,885**	**$ (16,953)**	**$ 668,968**	**$ (24,859)**	**$ 2,173,853**	**$ (41,812)**
Other agencies	**37,380**	**(146)**	**71,374**	**(2,344)**	**108,754**	**(2,490)**
Total U.S. Government backed securities	**1,542,265**	**(17,099)**	**740,342**	**(27,203)**	**2,282,607**	**(44,302)**
Municipal securities	**7,849**	**(538)**			**7,849**	**(538)**
Total temporarily impaired securities	**$ 1,550,114**	**$ (17,637)**	**$ 740,342**	**$ (27,203)**	**$ 2,290,456**	**$ (44,840)**

	Less than 12 Months		Over 12 Months		Total	
(dollar amounts in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2013						
Federal Agencies:						

Mortgage-backed securities	$ 2,849,198	$ (73,711)	$ 22,548	$ (2,352)	$ 2,871,746	$ (76,063)
Other agencies	144,417	(5,191)			144,417	(5,191)
Total U.S. Government backed securities	2,993,615	(78,902)	22,548	(2,352)	3,016,163	(81,254)
Municipal securities	8,159	(864)			8,159	(864)
Total temporarily impaired securities	$ 3,001,774	$ (79,766)	$ 22,548	$ (2,352)	$ 3,024,322	$ (82,118)

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Security Impairment

Huntington evaluates the held-to-maturity securities portfolio on a quarterly basis for impairment. Impairment would exist when the present value of the expected cash flows is not sufficient to recover the entire amortized cost basis at the balance sheet date. Under these circumstances, any impairment would be recognized in earnings. As of September 30, 2014, Management has evaluated held-to-maturity securities with unrealized losses for impairment and concluded no OTTI is required.

6. LOAN SALES AND SECURITIZATIONS

Residential Mortgage Loans

The following table summarizes activity relating to residential mortgage loans sold with servicing retained for the three-month and nine-month periods ended September 30, 2014 and 2013:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2014**	2013	**2014**	2013
Residential mortgage loans sold with servicing retained	**$ 654,747**	$ 853,287	**$ 1,703,056**	$ 2,603,414
Pretax gains resulting from above loan sales (1)	**16,781**	23,224	**43,853**	91,519

(1) Recorded in mortgage banking income.

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

The following tables summarize the changes in MSRs recorded using either the fair value method or the amortization method for the three-month and nine-month periods ended September 30, 2014 and 2013:

Fair Value Method:	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2014**	2013	**2014**	2013
Fair value, beginning of period	**$ 26,747**	$ 37,544	**$ 34,236**	$ 35,202
Change in fair value during the period due to:				
Time decay (1)	**(467)**	(727)	**(1,848)**	(1,961)
Payoffs (2)	**(1,343)**	(3,015)	**(4,869)**	(9,774)
Changes in valuation inputs or assumptions (3)	**501**	304	**(2,081)**	10,639
Fair value, end of period:	**$ 25,438**	$ 34,106	**$ 25,438**	$ 34,106
Weighted-average life (years)	**5.2**	4.1	**5.2**	4.1

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

(2) Represents decrease in value associated with loans that paid off during the period.
(3) Represents change in value resulting primarily from market-driven changes in interest rates and prepayment speeds.

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Amortization Method: *(dollar amounts in thousands)*	Three Months Ended September 30, 2014	2013	Nine Months Ended September 30, 2014	2013
Carrying value, beginning of period	**$ 133,113**	$ 117,978	**$ 128,064**	$ 85,545
New servicing assets created	**7,173**	9,864	**17,802**	28,614
Servicing assets acquired			**3,505**	
Impairment (charge) / recovery	**487**	(132)	**(1,573)**	21,459
Amortization and other	**(4,311)**	(3,040)	**(11,336)**	(10,948)
Carrying value, end of period	**$ 136,462**	$ 124,670	**$ 136,462**	$ 124,670
Fair value, end of period	**$ 141,976**	$ 136,590	**$ 141,976**	$ 136,590
Weighted-average life (years)	**6.7**	6.3	**6.7**	6.3

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

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

For MSRs under the fair value method, a summary of key assumptions and the sensitivity of the MSR value at September 30, 2014 and December 31, 2013, to changes in these assumptions follows:

	September 30, 2014	Decline in fair value due to		December 31, 2013	Decline in fair value due to	
(dollar amounts in thousands)	Actual	10% adverse change	20% adverse change	Actual	10% adverse change	20% adverse change
Constant prepayment rate *(annualized)*	**13.50 %**	**$ (1,127)**	**$ (2,164)**	11.90 %	$ (1,935)	$ (3,816)
Spread over forward interest rate swap rates	**676 bps**	**(777)**	**(1,508)**	1,069 bps	(1,376)	(2,753)

For MSRs under the amortization method, a summary of key assumptions and the sensitivity of the MSR value at September 30, 2014 and December 31, 2013, to changes in these assumptions follows:

	September 30, 2014	Decline in fair value due to		December 31, 2013	Decline in fair value due to	
(dollar amounts in thousands)	Actual	10% adverse change	20% adverse change	Actual	10% adverse change	20% adverse change
Constant prepayment rate *(annualized)*	**9.40 %**	**$ (4,485)**	**$ (8,671)**	6.70 %	$ (6,813)	$ (12,977)
Spread over forward interest rate swap rates	**955 bps**	**(4,682)**	**(9,064)**	940 bps	(6,027)	(12,054)

Total servicing fees included in mortgage banking income amounted to $10.8 million and $10.9 million for the three-month periods ended September 30, 2014 and 2013, respectively. For the nine-month periods ended September 30, 2014 and 2013, total servicing fees included in mortgage banking income were $32.6 million and $33.0 million, respectively. The unpaid principal balance of residential mortgage loans serviced for third parties was $15.6 billion and $15.2 billion at September 30, 2014 and December 31, 2013, respectively.

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Automobile Loans and Leases

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

Changes in the carrying value of automobile loan servicing rights for the three-month and nine-month periods ended September 30, 2014 and 2013, and the fair value at the end of each period were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2014**	2013	**2014**	2013
Carrying value, beginning of period	**$ 11,515**	$ 25,688	**$ 17,672**	$ 35,606
New servicing assets created				
Amortization and other	**(2,476)**	(4,334)	**(8,633)**	(14,252)
Carrying value, end of period	**$ 9,039**	$ 21,354	**$ 9,039**	$ 21,354
Fair value, end of period	**$ 9,130**	$ 21,446	**$ 9,130**	$ 21,446
Weighted-average life (years)	**2.8**	3.6	**2.8**	3.6

A summary of key assumptions and the sensitivity of the automobile loan servicing rights value to changes in these assumptions at September 30, 2014 and December 31, 2013 follows:

	September 30, 2014			December 31, 2013		
		Decline in fair value due to			Decline in fair value due to	
(dollar amounts in thousands)	Actual	10% adverse change	20% adverse change	Actual	10% adverse change	20% adverse change
Constant prepayment rate *(annualized)*	**14.63 %**	**$ (359)**	**$ (604)**	14.65 %	$ (584)	$ (1,183)
Spread over forward interest rate swap rates	**500 bps**	**(3)**	**(6)**	500 bps	(7)	(15)

Servicing income, net of amortization of capitalized servicing assets and impairment, amounted to $1.9 million and $2.5 million for the three-month periods ending September 30, 2014, and 2013, respectively. For the nine-month periods ended September 30, 2014 and 2013, total servicing income, net of amortization of capitalized servicing assets and impairment, was $6.0 million and $7.8 million, respectively. The unpaid principal balance of automobile loans serviced for third parties was $1.0 billion and $1.6 billion at September 30, 2014 and December 31, 2013, respectively.

Small Business Association (SBA) Portfolio

The following table summarizes activity relating to SBA loans sold with servicing retained for the three-month and nine-month periods ended September 30, 2014 and 2013:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2014**	2013	**2014**	2013
SBA loans sold with servicing retained	**$ 63,470**	$ 49,808	**$ 149,571**	$ 116,094

Pretax gains resulting from above loan sales (1)	**7,432**	4,718	**17,204**	12,059

(1) Recorded in other noninterest income.

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

The following tables summarize the changes in the carrying value of the servicing asset for the three-month and nine-month periods ended September 30, 2014 and 2013, and the fair value at the end of each period were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2014**	2013	**2014**	2013
Carrying value, beginning of period	**$ 17,192**	$ 15,220	**$ 16,865**	$ 15,147
New servicing assets created	**2,181**	1,339	**5,042**	3,567
Amortization and other	**(1,458)**	(1,154)	**(3,992)**	(3,309)
Carrying value, end of period	**$ 17,915**	$ 15,405	**$ 17,915**	$ 15,405
Fair value, end of period	**$ 17,915**	$ 15,405	**$ 17,915**	$ 15,405
Weighted-average life (years)	**3.5**	3.5	**3.5**	3.5

A summary of key assumptions and the sensitivity of the SBA loan servicing rights value to changes in these assumptions at September 30, 2014 and December 31, 2013 follows:

	September 30, 2014			December 31, 2013		
		Decline in fair value due to			Decline in fair value due to	
(dollar amounts in thousands)	Actual	10% adverse change	20% adverse change	Actual	10% adverse change	20% adverse change
Constant prepayment rate *(annualized)*	**5.70 %**	**$ (206)**	**$ (410)**	5.90 %	$ (221)	$ (438)
Discount rate	**1,500 bps**	**(937)**	**(1,442)**	1,500 bps	(446)	(873)

Servicing income, net of amortization of capitalized servicing assets, amounted to $1.9 million and $1.6 million for the three-month periods ending September 30, 2014, and 2013, respectively. For the nine-month periods ended September 30, 2014 and 2013, total servicing income, net of amortization of capitalized servicing assets, was $5.4 million and $4.7 million, respectively. The unpaid principal balance of SBA loans serviced for third parties was $1.1 billion and $0.9 billion at September 30, 2014 and December 31, 2013, respectively.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

Business segments are based on segment leadership structure, which reflects how segment performance is monitored and assessed. During the 2014 first quarter, we realigned our business segments to drive our ongoing growth and leverage the knowledge of our highly experienced team. We now 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, along with technology and operations, other unallocated assets, liabilities, revenue, and expense. All periods presented have been reclassified to conform to the current period classification. During the 2014 third quarter, we moved our insurance brokerage business from Treasury / Other to Commercial Banking to align with a change in management responsibilities. Amounts relating to the realignment are disclosed in the table below.

A rollforward of goodwill by business segment for the first nine-month period of 2014 is presented in the table below:

(dollar amounts in thousands)	Retail & Business Banking	Commercial Banking	AFCRE	RBHPCG	Home Lending	Treasury/ Other	Huntington Consolidated
Balance, beginning of period	**$ 286,824**	**$ 16,169**	**$**	**$ 98,951**	**$**	**$ 42,324**	**$ 444,268**
Goodwill acquired during the period	**81,273**						**81,273**
Adjustments		**43,425**		**(8,939)**	**3,000**	**(37,486)**	
Impairment					**(3,000)**		**(3,000)**
Balance, end of period	**$ 368,097**	**$ 59,594**	**$**	**$ 90,012**	**$**	**$ 4,838**	**$ 522,541**

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During the 2014 third quarter, Huntington completed the acquisition of 24 Bank of America branches in Michigan and recorded $17.1 million of goodwill. The remaining $64.2 million of goodwill acquired during the period was the result of the Camco Financial acquisition, which was completed on March 1, 2014. For additional information on the acquisitions, see Business Combinations footnote.

Goodwill is not amortized but is evaluated for impairment on an annual basis at October 1 of each year or whenever events or changes in circumstances indicate the carrying value may not be recoverable. As a result of the 2014 first quarter reorganization in our reported business segments, goodwill was reallocated among the business segments. Immediately following the reallocation, impairment of $3.0 million was recorded in the Home Lending reporting segment.

At September 30, 2014 and December 31, 2013, Huntington s other intangible assets consisted of the following:

(dollar amounts in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
September 30, 2014			
Core deposit intangible	**$ 400,058**	**$ (358,492)**	**$ 41,566**
Customer relationship	**107,920**	**(64,310)**	**43,610**
Other	**25,164**	**(25,016)**	**148**
Total other intangible assets	**$ 533,142**	**$ (447,818)**	**$ 85,324**
December 31, 2013			
Core deposit intangible	$ 380,249	$ (335,552)	$ 44,697
Customer relationship	106,974	(58,675)	48,299
Other	25,164	(24,967)	197
Total other intangible assets	$ 512,387	$ (419,194)	$ 93,193

The estimated amortization expense of other intangible assets for the remainder of 2014 and the next five years is as follows:

(dollar amounts in thousands)	Amortization Expense
2014	$ 10,390
2015	25,092
2016	11,205
2017	10,050
2018	8,528
2019	7,471

8. OTHER LONG-TERM DEBT

In February 2014, the Bank issued $500.0 million of senior notes at 99.842% of face value. The senior bank note issuances mature on April 1, 2019 and have a fixed coupon rate of 2.20%. The senior note issuance may be redeemed one month prior to the maturity date at 100% of principal plus accrued and unpaid interest.

In April 2014, the Bank issued $500.0 million of senior notes at 99.842% of face value. The senior note issuances mature on April 24, 2017 and have a fixed coupon rate of 1.375%. In April 2014, the Bank also issued $250.0 million of senior notes at 100% of face value. The senior bank note issuances mature on April 24, 2017 and have a variable coupon rate equal to the three-month LIBOR plus 0.425%. Both senior note issuances may be redeemed one month prior to their maturity date at 100% of principal plus accrued and unpaid interest.

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9. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the three-month and nine-month periods ended September 30, 2014 and 2013, were as follows:

	Three Months Ended September 30, 2014		
(dollar amounts in thousands)	Pretax	Tax (Expense) Benefit	After-tax
Noncredit-related impairment recoveries (losses) on debt securities not expected to be sold	**$ 3,289**	**$ (1,163)**	**$ 2,126**
Unrealized holding gains (losses) on available-for-sale debt securities arising during the period	**(14,000)**	**4,908**	**(9,092)**
Less: Reclassification adjustment for net losses (gains) included in net income	**250**	**(88)**	**162**
Net change in unrealized holding gains (losses) on available-for-sale debt securities	**(10,461)**	**3,657**	**(6,804)**
Net change in unrealized holding gains (losses) on available-for-sale equity securities	**18**	**(6)**	**12**
Unrealized gains (losses) on derivatives used in cash flow hedging relationships arising during the period	**(32,512)**	**11,379**	**(21,133)**
Less: Reclassification adjustment for net (gains) losses included in net income	**(148)**	**52**	**(96)**
Net change in unrealized gains (losses) on derivatives used in cash flow hedging relationships	**(32,660)**	**11,431**	**(21,229)**
Net change in pension and other post-retirement obligations	**8,818**	**(3,086)**	**5,732**
Total other comprehensive income (loss)	**$ (34,285)**	**$ 11,996**	**$ (22,289)**

	Three Months Ended September 30, 2013		
(dollar amounts in thousands)	Pretax	Tax (Expense) Benefit	After-tax
Noncredit-related impairment recoveries (losses) on debt securities not expected to be sold	$ 2,975	$ (1,041)	$ 1,934
Unrealized holding gains (losses) on available-for-sale debt securities arising during the period	4,388	(1,683)	2,705
Less: Reclassification adjustment for net losses (gains) included in net income	3,023	(1,058)	1,965
Net change in unrealized holding gains (losses) on available-for-sale debt securities	10,386	(3,782)	6,604
Net change in unrealized holding gains (losses) on available-for-sale equity securities	(121)	45	(76)
Unrealized gains (losses) on derivatives used in cash flow hedging relationships arising during the period	26,672	(9,335)	17,337
Less: Reclassification adjustment for net (gains) losses included in net income	(3,085)	1,080	(2,005)
Net change in unrealized gains (losses) on derivatives used in cash flow hedging relationships	23,587	(8,255)	15,332
Re-measurement obligation	79,532	(27,836)	51,696
Defined benefit pension items	(31,672)	11,085	(20,587)
Net change in pension and other post-retirement obligations	47,860	(16,751)	31,109
Total other comprehensive income (loss)	$ 81,712	$ (28,743)	$ 52,969

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(dollar amounts in thousands)	Nine Months Ended September 30, 2014 Pretax	Tax (expense) Benefit	After-tax
Noncredit-related impairment recoveries (losses) on debt securities not expected to be sold	**$ 11,949**	**$ (4,225)**	**$ 7,724**
Unrealized holding gains (losses) on available-for-sale debt securities arising during the period	**48,682**	**(17,439)**	**31,243**
Less: Reclassification adjustment for net losses (gains) included in net income	**(15,409)**	**5,393**	**(10,016)**
Net change in unrealized holding gains (losses) on available-for-sale debt securities	**45,222**	**(16,271)**	**28,951**
Net change in unrealized holding gains (losses) on available-for-sale equity securities	**394**	**(138)**	**256**
Unrealized gains (losses) on derivatives used in cash flow hedging relationships arising during the period	**(2,454)**	**858**	**(1,596)**
Less: Reclassification adjustment for net (gains) losses included in net income	**(3,853)**	**1,349**	**(2,504)**
Net change in unrealized gains (losses) on derivatives used in cash flow hedging relationships	**(6,307)**	**2,207**	**(4,100)**
Net change in pension and other post-retirement obligations	**10,594**	**(3,708)**	**6,886**
Total other comprehensive income (loss)	**$ 49,903**	**$ (17,910)**	**$ 31,993**

(dollar amounts in thousands)	Nine Months Ended September 30, 2013 Pretax	Tax (expense) Benefit	After-tax
Noncredit-related impairment recoveries (losses) on debt securities not expected to be sold	$ 14,987	$ (5,245)	$ 9,742
Unrealized holding gains (losses) on available-for-sale debt securities arising during the period	(123,647)	43,413	(80,234)
Less: Reclassification adjustment for net losses (gains) included in net income	4,254	(1,489)	2,765
Net change in unrealized holding gains (losses) on available-for-sale debt securities	(104,406)	36,679	(67,727)
Net change in unrealized holding gains (losses) on available-for-sale equity securities	32	(12)	20
Unrealized gains (losses) on derivatives used in cash flow hedging relationships arising during the period	(71,579)	25,053	(46,526)
Less: Reclassification adjustment for net (gains) losses included in net income	(11,571)	4,049	(7,522)
Net change in unrealized gains (losses) on derivatives used in cash flow hedging relationships	(83,150)	29,102	(54,048)
Re-measurement obligation	79,532	(27,836)	51,696
Defined benefit pension items	(15,217)	5,326	(9,891)
Net change in pension and other post-retirement obligations	64,315	(22,510)	41,805
Total other comprehensive income (loss)	$ (123,209)	$ 43,259	$ (79,950)

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The following table presents activity in accumulated other comprehensive income (loss), net of tax, for the three-month and nine-month periods ended September 30, 2014 and 2013:

(dollar amounts in thousands)	Unrealized gains and (losses) on debt securities (1)	Unrealized gains and (losses) on equity securities	Unrealized gains and (losses) on cash flow hedging derivatives	Unrealized gains (losses) for pension and other post-retirement obligations	Total
Balance, December 31, 2012	$ 38,304	$ 194	$ 47,084	$ (236,399)	$ (150,817)
Other comprehensive income before reclassifications	(70,492)	20	(46,526)	51,696	(65,302)
Amounts reclassified from accumulated OCI to earnings	2,765		(7,522)	(9,891)	(14,648)
Period change	(67,727)	20	(54,048)	41,805	(79,950)
Balance, September 30, 2013	$ (29,423)	$ 214	$ (6,964)	$ (194,594)	$ (230,767)
Balance, December 31, 2013	$ (39,234)	$ 292	$ (18,844)	$ (156,223)	$ (214,009)
Other comprehensive income before reclassifications	38,967	256	(1,596)		37,627
Amounts reclassified from accumulated OCI to earnings	(10,016)		(2,504)	6,886	(5,634)
Period change	28,951	256	(4,100)	6,886	31,993
Balance, September 30, 2014	$ (10,283)	$ 548	$ (22,944)	$ (149,337)	$ (182,016)

(1) Amounts at September 30, 2014 and December 31, 2013 include $0.6 million and $0.2 million, respectively, of net unrealized losses on securities transferred from the available-for-sale securities portfolio to the held-to-maturity securities portfolio. The net unrealized gains will be recognized in earnings over the remaining life of the security using the effective interest method.

The following table presents the reclassification adjustments out of accumulated OCI included in net income and the impacted line items as listed on the Unaudited Condensed Consolidated Statements of Income for the three-month and nine-month periods ended September 30, 2014 and 2013:

Accumulated OCI components	Reclassifications out of accumulated OCI — Amounts reclassified from accumulated OCI		Location of net gain (loss) reclassified from accumulated OCI into earnings
(dollar amounts in thousands)	**Three Months Ended September 30, 2014**	Three Months Ended September 30, 2013	
Gains (losses) on debt securities:			
Amortization of unrealized gains (losses)	**$ 138**	$ 187	Interest income - held-to-maturity securities - taxable
Realized gain (loss) on sale of securities	**(388)**	(3,125)	Noninterest income - net gains (losses) on sale of securities
OTTI recorded		(85)	Noninterest income - net gains (losses) on sale of securities
	(250)	(3,023)	Total before tax
	88	1,058	Tax (expense) benefit

	$ (162)	$ (1,965)	Net of tax
Gains (losses) on cash flow hedging relationships:			
Interest rate contracts	**$ 148**	$ 3,078	Interest income - loans and leases
Interest rate contracts		7	Noninterest income - other income
	148	3,085	Total before tax
	(52)	(1,080)	Tax (expense) benefit
	$ 96	$ 2,005	Net of tax

Amortization of defined benefit pension and post-retirement items:			
Actuarial gains (losses)	**$ (8,818)**	$ (1,192)	Noninterest expense - personnel costs
Prior service costs			Noninterest expense - personnel costs
Curtailment		32,864	Noninterest expense - personnel costs
	(8,818)	31,672	Total before tax
	3,086	(11,085)	Tax (expense) benefit
	$ (5,732)	$ 20,587	Net of tax

Accumulated OCI components	Reclassifications out of accumulated OCI Amounts reclassified from accumulated OCI		Location of net gain (loss) reclassified from accumulated OCI into earnings
(dollar amounts in thousands)	**Nine Months Ended September 30, 2014**	Nine Months Ended September 30, 2013	
Gains (losses) on debt securities:			
Amortization of unrealized gains (losses)	**$ 476**	$ 303	Interest income - held-to-maturity securities - taxable
Realized gain (loss) on sale of securities	**14,933**	(2,754)	Noninterest income - net gains (losses) on sale of securities
OTTI recorded		(1,803)	Noninterest income - net gains (losses) on sale of securities
	15,409	(4,254)	Total before tax
	(5,393)	1,489	Tax (expense) benefit
	$ 10,016	$ (2,765)	Net of tax
Gains (losses) on cash flow hedging relationships:			
Interest rate contracts	**$ 3,935**	$ 11,367	Interest income - loans and leases
Interest rate contracts	**(82)**	204	Noninterest income - other income
	3,853	11,571	Total before tax
	(1,349)	(4,049)	Tax (expense) benefit
	$ 2,504	$ 7,522	Net of tax
Amortization of defined benefit pension and post-retirement items:			
Actuarial gains (losses)	**$ (10,594)**	$ (21,101)	Noninterest expense - personnel costs
Prior service costs		3,454	Noninterest expense - personnel costs
Curtailment		32,864	Noninterest expense - personnel costs
	(10,594)	15,217	Total before tax
	3,708	(5,326)	Tax (expense) benefit
	$ (6,886)	$ 9,891	Net of tax

10. SHAREHOLDERS EQUITY

2014 Share Repurchase Program

On March 26, 2014, Huntington announced that the Federal Reserve did not object to Huntington s proposed capital actions included in Huntington s capital plan submitted to the Federal Reserve in January 2014. These actions included a potential repurchase of up to $250 million of common stock through the first quarter of 2015. The new repurchase authorization represents a $23 million, or 10%, increase from the recently completed common stock repurchase authorization. Purchases of common stock may include open market purchases, privately negotiated transactions, and accelerated repurchase programs. Huntington s board of directors authorized a share repurchase program consistent with Huntington s capital plan.

On April 29, 2014, Huntington repurchased approximately 2.2 million shares of common stock from a third party under an accelerated share repurchase program. The accelerated share repurchase program enabled Huntington to purchase 1.9 million shares immediately, while the third party could have purchased shares in the market up through June 24, 2014 (the Repurchase Term). In connection with the repurchase of these shares, Huntington entered into a variable share forward sale agreement, which provides for a settlement, reflecting a price differential based on the adjusted volume-weighted average price as defined in the agreement with the third party. The variable share forward agreement was settled in shares, resulting in approximately 0.3 million shares being delivered to Huntington on June 27, 2014. Based on the adjusted volume-weighted average prices through June 24, 2014, the settlement of the variable share forward agreement did not have a material impact to Huntington.

During the three-month period ended September 30, 2014, Huntington repurchased a total of 5.4 million shares at a weighted average share price of $9.70. Huntington repurchased a total of 32.1 million shares of common stock during the nine-month period ended September 30, 2014, at a weighted average share price of $9.34.

2013 Share Repurchase Program

On March 14, 2013, Huntington announced that the Federal Reserve did not object to Huntington s proposed capital actions included in Huntington s capital plan submitted to the Federal Reserve in January of this year. These actions included an increase in the quarterly dividend per common share to $0.05, starting in the second quarter of 2013 and potential repurchase of up to $227 million of common stock through the first quarter of 2014. Huntington s board of directors authorized a share repurchase program consistent with Huntington s capital plan. This program replaced the previously authorized share repurchase program authorized by Huntington s board of directors in 2012.

During the three-month period ended September 30, 2013, Huntington repurchased a total of 2.0 million shares at a weighted average share price of $8.18. Huntington repurchased a total of 16.7 million shares of common stock during the nine-month period ended September 30, 2013, at a weighted average share price of $7.46.

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11. EARNINGS PER SHARE

Basic earnings per share is the amount of earnings (adjusted for dividends declared on preferred stock) available to each share of common stock outstanding during the reporting period. Diluted earnings per share is the amount of earnings available to each share of common stock outstanding during the reporting period adjusted to include the effect of potentially dilutive common shares. Potentially dilutive common shares include incremental shares issued for stock options, restricted stock units and awards, distributions from deferred compensation plans, and the conversion of the Company s convertible preferred. Potentially dilutive common shares are excluded from the computation of diluted earnings per share in periods in which the effect would be antidilutive. For diluted earnings per share, net income available to common shares can be affected by the conversion of the Company s convertible preferred stock. Where the effect of this conversion would be dilutive, net income available to common shareholders is adjusted by the associated preferred dividends and deemed dividend. The calculation of basic and diluted earnings per share for each of the three-month and nine-month periods ended September 30, 2014 and 2013, was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands, except per share amounts)	**2014**	2013	**2014**	2013
Basic earnings per common share:				
Net income	**$ 155,016**	$ 178,836	**$ 468,778**	$ 483,110
Preferred stock dividends	**(7,964)**	(7,967)	**(23,891)**	(23,904)
Net income available to common shareholders	**$ 147,052**	$ 170,869	**$ 444,887**	$ 459,206
Average common shares issued and outstanding	**816,497**	830,398	**820,884**	835,410
Basic earnings per common share	**$ 0.18**	$ 0.21	**$ 0.54**	$ 0.55
Diluted earnings per common share:				
Net income available to common shareholders	**$ 147,052**	$ 170,869	**$ 444,887**	$ 459,206
Effect of assumed preferred stock conversion				
Net income applicable to diluted earnings per share	**$ 147,052**	$ 170,869	**$ 444,887**	$ 459,206
Average common shares issued and outstanding	**816,497**	830,398	**820,884**	835,410
Dilutive potential common shares:				
Stock options and restricted stock units and awards	**11,367**	9,254	**11,397**	7,764
Shares held in deferred compensation plans	**1,506**	1,373	**1,443**	1,350
Other	**253**		**203**	
Dilutive potential common shares:	**13,126**	10,627	**13,043**	9,114
Total diluted average common shares issued and outstanding	**829,623**	841,025	**833,927**	844,524
Diluted earnings per common share	**$ 0.18**	$ 0.20	**$ 0.53**	$ 0.54

For the three-month periods ended September 30, 2014 and 2013, approximately 2.6 million and 5.6 million, respectively, of options to purchase shares of common stock were not included in the computation of diluted earnings per share because the effect would be antidilutive. For the nine-month periods ended September 30, 2014 and 2013, amounts not included in the computation of diluted earnings per share were 2.7 million and 9.7 million shares, respectively.

12. SHARE-BASED COMPENSATION

Huntington sponsors nonqualified and incentive share based compensation plans. These plans provide for the granting of stock options and other awards to officers, directors, and other employees. Compensation costs are included in personnel costs on the Unaudited Condensed Consolidated Statements of Income. Stock options are granted at the closing market price on the date of the grant. Options granted typically vest ratably over four years or when other conditions are met. Stock options, which represented a portion of our grant values, have no intrinsic value until the stock price increases. Options granted prior to May 2004 have a term of ten years. All options granted after May 2004 have a term of seven years.

In 2012, shareholders approved the Huntington Bancshares Incorporated 2012 Long-Term Incentive Plan (the Plan) which authorized 51.0 million shares for future grants. The Plan is the only active plan under which Huntington is currently granting share based options and awards. At September 30, 2014, 14.9 million shares from the Plan were available for future grants. Huntington issues shares to fulfill stock option exercises and restricted stock unit and award vesting from available authorized common shares. At September 30, 2014, the Company believes there are adequate authorized common shares to satisfy anticipated stock option exercises and restricted stock unit and award vesting in 2014.

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Huntington uses the Black-Scholes option pricing model to value options in determining our share-based compensation expense. Forfeitures are estimated at the date of grant based on historical rates, and updated as necessary, and reduce the compensation expense recognized. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the date of grant. The expected dividend yield is based on the dividend rate and stock price at the date of the grant. Expected volatility is based on the estimated volatility of Huntington s stock over the expected term of the option.

The following table illustrates total share-based compensation expense and related tax benefit for the three-month and nine-month periods ended September 30, 2014 and 2013:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2014**	2013	**2014**	2013
Share-based compensation expense	**$ 10,864**	$ 9,746	**$ 33,656**	$ 27,643
Tax benefit	**3,670**	3,278	**11,354**	9,311

Huntington s stock option activity and related information for the nine-month period ended September 30, 2014, was as follows:

(amounts in thousands, except years and per share amounts)	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2014	23,300	$ 7.61		
Granted	1,807	9.22		
Assumed	214			
Exercised	(2,799)	5.97		
Forfeited/expired	(2,074)	17.45		
Outstanding at September 30, 2014	**20,448**	**$ 6.99**	**4.1**	**$ 63,550**
Expected to vest at September 30, 2014 (1)	**5,102**	**$ 7.56**	**5.6**	**$ 11,098**
Exercisable at September 30, 2014	**14,744**	**$ 6.75**	**3.5**	**$ 51,340**

(1) The number of options expected to vest includes an estimate of 602 thousand shares expected to be forfeited.

The aggregate intrinsic value represents the amount by which the fair value of underlying stock exceeds the in-the-money option exercise price. For the nine-month periods ended September 30, 2014 and 2013, cash received for the exercises of stock options was $16.7 million and $11.0 million, respectively. The tax benefit realized from stock option exercises was $2.4 million and $1.3 million for each respective period.

Huntington also grants restricted stock, restricted stock units, performance share awards and other stock-based awards. Restricted stock units and awards are issued at no cost to the recipient, and can be settled only in shares at the end of the vesting period. Restricted stock awards provide the holder with full voting rights and cash dividends during the vesting period. Restricted stock units do not provide the holder with voting rights or cash dividends during the vesting period, but do accrue a dividend equivalent that is paid upon vesting, and are subject to certain service restrictions. Performance share awards are payable contingent upon Huntington achieving certain predefined performance objectives over the three-year measurement period. The fair value of these awards is the closing market price of Huntington s common stock on the date of award.

The weighted-average grant date fair value of nonvested shares granted for the nine-month periods ended September 30, 2014 and 2013, were $9.14 and $7.12, respectively. The total fair value of awards vested was $25.1 million and $14.8 million during the nine-month periods ended September 30, 2014, and 2013, respectively. As of September 30, 2014, the total unrecognized compensation cost related to nonvested awards was $71.3 million with a weighted-average expense recognition period of 2.6 years.

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The following table summarizes the status of Huntington s restricted stock units, performance share awards, and restricted stock awards as of September 30, 2014, and activity for the nine-month period ended September 30, 2014:

(amounts in thousands, except per share amounts)	Restricted Stock Awards	Weighted-Average Grant Date Fair Value Per Share	Restricted Stock Units	Weighted-Average Grant Date Fair Value Per Share	Performance Share Awards	Weighted-Average Grant Date Fair Value Per Share
Nonvested at January 1, 2014		$	12,064	$ 6.80	1,646	$ 6.95
Granted			4,573	9.15	1,076	9.08
Assumed	27					
Vested	(14)	9.53	(3,890)	6.42		
Forfeited	(1)	9.53	(615)	7.45	(131)	7.16
Nonvested at September 30, 2014	12	$ 9.53	12,132	$ 7.78	2,591	$ 7.83

13. BENEFIT PLANS

Huntington sponsors the Plan, a non-contributory defined benefit pension plan covering substantially all employees hired or rehired prior to January 1, 2010. The Plan, which was modified in 2013 and no longer accrues service benefits to participants, provides benefits based upon length of service and compensation levels. The funding policy of Huntington is to contribute an annual amount that is at least equal to the minimum funding requirements but not more than the amount deductible under the Internal Revenue Code. There is no required minimum contribution for 2014. During the 2013 third quarter, the board of directors approved, and management communicated, a curtailment of the Company s pension plan effective December 31, 2013.

In addition, Huntington has an unfunded defined benefit post-retirement plan that provides certain healthcare and life insurance benefits to retired employees who have attained the age of 55 and have at least 10 years of vesting service under this plan. For any employee retiring on or after January 1, 1993, post-retirement healthcare benefits are based upon the employee s number of months of service and are limited to the actual cost of coverage. Life insurance benefits are a percentage of the employee s base salary at the time of retirement, with a maximum of $50,000 of coverage. The employer paid portion of the post-retirement health and life insurance plan was eliminated for employees retiring on and after March 1, 2010. Eligible employees retiring on and after March 1, 2010, who elect retiree medical coverage, will pay the full cost of this coverage. Huntington will not provide any employer paid life insurance to employees retiring on and after March 1, 2010. Eligible employees will be able to convert or port their existing life insurance at their own expense under the same terms that are available to all terminated employees.

Beginning January 1, 2015, Huntington will terminate the company sponsored retiree health care plan for Medicare eligible retirees and their dependents. Instead, Huntington will partner with a third party to assist the retirees and their dependents in selecting individual policies from a variety of carriers on a private exchange. This plan amendment resulted in a measurement of the liability at the approval date. The result of the measurement was a $5.2 million reduction of the liability and increase in accumulated other comprehensive income. It will also result in a reduction of expense over the estimated life of plan participants.

The following table shows the components of net periodic benefit expense of the Plan and the Post-Retirement Benefit Plan:

	Pension Benefits Three Months Ended September 30,		Post Retirement Benefits Three Months Ended September 30,	
(dollar amounts in thousands)	**2014**	2013	**2014**	2013
Service cost (1)	**$ 435**	$ 5,428	**$**	$
Interest cost	**8,099**	7,749	**258**	216
Expected return on plan assets	**(11,446)**	(11,768)		
Amortization of prior service cost			**(338)**	(339)

Amortization of gain	**1,442**	1,738	**(144)**	(150)
Curtailments		(34,613)		
Settlements	**2,500**	2,000		
Recognized net actuarial loss		1,061		
Benefit expense	**$ 1,030**	$ (28,405)	**$ (224)**	$ (273)

(1) Since no participants will be earning benefits after December 31, 2013, the 2014 service cost represents only administrative expenses.

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	Pension Benefits Nine Months Ended September 30,		Post Retirement Benefits Nine Months Ended September 30,	
(dollar amounts in thousands)	**2014**	2013	**2014**	2013
Service cost	**$ 1,305**	$ 19,696	**$**	$
Interest cost	**24,299**	22,363	**776**	647
Expected return on plan assets	**(34,338)**	(35,950)		
Amortization of prior service cost		(2,884)	**(1,016)**	(1,015)
Amortization of gain	**4,326**	21,306	**(432)**	(450)
Curtailments		(34,613)		
Settlements	**7,500**	5,000		
Recognized net actuarial loss		1,061		
Benefit expense	**$ 3,092**	$ (4,021)	**$ (672)**	$ (818)

The Bank, as trustee, held all Plan assets at September 30, 2014 and December 31, 2013. The Plan assets consisted of the following investments:

	Fair Value			
(dollar amounts in thousands)	**September 30, 2014**		December 31, 2013	
Cash	**$ 3**	**%**	$	%
Cash equivalents:				
Huntington funds money market	**12,622**	**2**	803	
Fixed income:				
Huntington funds fixed income funds			74,048	11
Corporate obligations	**214,356**	**33**	180,757	28
Mutual funds fixed income	**46,857**	**7**		
U.S. government obligations	**59,290**	**9**	51,932	8
U.S. government agencies	**7,047**	**1**	6,146	1
Equities:				
Huntington funds	**71,061**	**11**	289,379	45
Mutual funds equities	**120,202**	**19**		
Exchange traded funds	**28,014**	**4**	24,705	4
Huntington common stock			20,324	3
Other common stock	**89,768**	**14**		
Limited partnerships	**3,003**		926	
Fair value of plan assets	**$ 652,223**	**100%**	$ 649,020	100%

Investments of the Plan are accounted for at cost on the trade date and are reported at fair value. The Plan s investments at September 30, 2014, are classified as Level 1 within the fair value hierarchy, except for corporate obligations, U.S. government obligations, and U.S. government agencies, which are classified as Level 2, and limited partnerships, which are classified as Level 3. In general, investments of the Plan are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible changes in the values of investments will occur in the near term and such changes could materially affect the amounts reported in the Plan assets.

The investment objective of the Plan is to maximize the return on Plan assets over a long time period, while meeting the Plan obligations. At September 30, 2014, Plan assets were invested 48% in equity investments, 50% in bonds, and 2% in cash with an average duration of 11.97 years on bond investments. The estimated life of benefit obligations was 11 years. Although it may fluctuate with market conditions, Management has targeted a long-term allocation of Plan assets of 20% to 50% in equity investments and 80% to 50% in bond investments. The allocation of Plan assets between equity investments and fixed income investments will change from time to time with the allocation to fixed income investments increasing as the funding level increases.

Huntington also sponsors other nonqualified retirement plans, the most significant being the SERP and the SRIP. The SERP provides certain former officers and directors, and the SRIP provides certain current and former officers and directors of Huntington and its subsidiaries with defined pension benefits in excess of limits imposed by federal tax law. During the 2013 third quarter, the board of directors approved, and management communicated, a curtailment of the Company s SRIP plan effective December 31, 2013.

Huntington has a defined contribution plan that is available to eligible employees. Huntington matches participant contributions, up to the first 4% of base pay contributed to the Plan.

The following table shows the costs of providing the SERP, SRIP, and defined contribution plans:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2014**	2013	**2014**	2013
SERP & SRIP	**$ 504**	$ 1,570	**$ 1,467**	$ 3,949
Defined contribution plan	**8,325**	4,671	**23,239**	13,614
Benefit cost	**$ 8,829**	$ 6,241	**$ 24,706**	$ 17,563

14. FAIR VALUES OF ASSETS AND LIABILITIES

Huntington follows the fair value accounting guidance under ASC 820 and ASC 825.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A three-level valuation hierarchy was established for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, 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 to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Transfers in and out of Level 1, 2, or 3 are recorded at fair value at the beginning of the reporting period.

Following is a description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Mortgage loans held for sale

Huntington elected to apply the fair value option for mortgage loans originated with the intent to sell which are included in loans held for sale. Mortgage loans held for sale are classified as Level 2 and are estimated using security prices for similar product types.

Available-for-sale securities and trading account securities

Securities accounted for at fair value include both the available-for-sale and trading portfolios. Huntington uses prices obtained from third party pricing services and recent trades to determine the fair value of securities. AFS and trading securities are classified as Level 1 using quoted market prices (unadjusted) in active markets for identical securities that Huntington has the ability to access at the measurement date. 0.3% of the positions in these portfolios are Level 1, and consist of U.S. Treasury securities and money market mutual funds. When quoted market prices are not available, fair values are classified as Level 2 using quoted prices for similar assets in active markets, quoted prices of identical or similar assets in markets that are not active, and inputs that are observable for the asset, either directly or indirectly, for substantially the full term of the financial instrument. 83.3% of the positions in these portfolios are Level 2, and consist of U.S. Government and agency debt securities, agency mortgage backed securities, asset-backed securities, municipal securities and other securities. For both Level 1 and Level 2 securities, management uses various methods and techniques to corroborate prices obtained from the pricing service, including reference to dealer or other market quotes, and by reviewing valuations of comparable instruments. If relevant market prices are limited or unavailable, valuations may require significant management judgment or estimation to determine fair value, in which case the fair values are classified as Level 3. 16.4% of our positions are Level 3, and consist of non-agency ALT-A asset-backed securities, private-label CMO securities, CDO-preferred CDO securities and municipal securities. A significant change in the unobservable inputs for these securities may result in a significant change in the ending fair value measurement of these securities.

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The Alt-A, private label CMO and CDO-preferred securities portfolios are classified as Level 3 and as such use significant estimates to determine the fair value of these securities which results in greater subjectivity. The Alt-A and private label CMO securities portfolios are subjected to a monthly review of the projected cash flows, while the cash flows of the CDO-preferred securities portfolio are reviewed quarterly. These reviews are supported with analysis from independent third parties, and are used as a basis for impairment analysis.

Alt-A mortgage-backed and private-label CMO securities are collateralized by first-lien residential mortgage loans. The securities valuation methodology incorporates values obtained from a third party pricing specialist using a discounted cash flow approach and a proprietary pricing model and includes assumptions management believes market participants would use to value the securities under current market conditions. The model uses inputs such as estimated prepayment speeds, losses, recoveries, default rates that are implied by the underlying performance of collateral in the structure or similar structures, house price depreciation / appreciation rates that are based upon macroeconomic forecasts and discount rates that are implied by market prices for similar securities with similar collateral structures. The remaining Alt-A mortgage-backed securities were sold during the third quarter of 2014.

CDO-preferred securities are CDOs backed by a pool of debt securities issued by financial institutions. The collateral generally consists of trust-preferred securities and subordinated debt securities issued by banks, bank holding companies, and insurance companies. A full cash flow analysis is used to estimate fair values and assess impairment for each security within this portfolio. We engage a third party pricing specialist with direct industry experience in CDO-preferred securities valuations to provide assistance in estimating the fair value and expected cash flows for each security in this portfolio. The PD of each issuer and the market discount rate are the most significant inputs in determining fair value. Management evaluates the PD assumptions provided by the third party pricing specialist by comparing the current PD to the assumptions used the previous quarter, actual defaults and deferrals in the current period, and trend data on certain financial ratios of the issuers. Huntington also evaluates the assumptions related to discount rates. Relying on cash flows is necessary because there was a lack of observable transactions in the market and many of the original sponsors or dealers for these securities are no longer able to provide a fair value that is compliant with ASC 820.

Huntington utilizes the same processes to determine the fair value of investment securities classified as held-to-maturity for impairment evaluation purposes.

Automobile loans

Effective January 1, 2010, Huntington consolidated an automobile loan securitization that previously had been accounted for as an off-balance sheet transaction. As a result, Huntington elected to account for these automobile loan receivables at fair value per guidance supplied in ASC 825. The automobile loan receivables are classified as Level 3. The key assumptions used to determine the fair value of the automobile loan receivables included projections of expected losses and prepayment of the underlying loans in the portfolio and a market assumption of interest rate spreads. Certain interest rates are available from similarly traded securities while other interest rates are developed internally based on similar asset-backed security transactions in the market. During the first quarter of 2014 Huntington cancelled the 2009 and 2006 Automobile Trust. Huntington continues to report the associated automobile loan receivables at fair value due to its 2010 election.

MSRs

MSRs do not trade in an active market with readily observable prices. Accordingly, the fair value of these assets is classified as Level 3. Huntington determines the fair value of MSRs using an income approach model based upon our month-end interest rate curve and prepayment assumptions. The model utilizes assumptions to estimate future net servicing income cash flows, including estimates of time decay, payoffs, and changes in valuation inputs and assumptions. Servicing brokers and other sources of information (e.g. discussion with other mortgage servicers and industry surveys) are used to obtain information on market practice and assumptions. On at least a quarterly basis, third party marks are obtained from at least one service broker. Huntington reviews the valuation assumptions against this market data for reasonableness and adjusts the assumptions if deemed appropriate. Any recommended change in assumptions and / or inputs are presented for review to the Mortgage Price Risk Subcommittee for final approval.

Derivatives

Derivatives classified as Level 1 consist of exchange traded options and forward commitments to deliver mortgage-backed securities which are valued using quoted prices. Asset and liability conversion swaps and options, and interest rate caps are classified as Level 2. These derivative positions are valued using a discounted cash flow method that incorporates current market interest rates. Derivatives classified as Level 3 consist primarily of interest rate lock agreements related to mortgage loan commitments. The determination of fair value includes assumptions related to the likelihood that a commitment will ultimately result in a closed loan, which is a significant unobservable assumption. A significant increase or decrease in the external market price would result in a significantly higher or lower fair value measurement.

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Assets and Liabilities measured at fair value on a recurring basis

Assets and liabilities measured at fair value on a recurring basis at September 30, 2014 and December 31, 2013 are summarized below:

(dollar amounts in thousands)	Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	Netting Adjustments (1)	**Balance at September 30, 2014**
Assets					
Loans held for sale	$	$ 339,061	$	$	$ 339,061
Trading account securities:					
U.S. Treasury securities	15,580				15,580
Federal agencies: Mortgage-backed					
Federal agencies: Other agencies		2,246			2,246
Municipal securities		5,804			5,804
Other securities	39,605	3,225			42,830
	55,185	11,275			66,460
Available-for-sale and other securities:					
U.S. Treasury securities	5,424				5,424
Federal agencies: Mortgage-backed		4,986,832			4,986,832
Federal agencies: Other agenlcies		188,951			188,951
Municipal securities		460,006	1,254,795		1,714,801
Private-label CMO		12,738	30,934		43,672
Asset-backed securities		844,616	88,584		933,200
Corporate debt		497,483			497,483
Other securities	16,303	3,816			20,119
	21,727	6,994,442	1,374,313		8,390,482
Automobile loans			16,700		16,700
MSRs			25,438		25,438
Derivative assets	44,244	217,448	4,262	(58,616)	207,336
Liabilities					
Derivative liabilities	39,227	134,710	727	(36,188)	138,476
Short-term borrowings		2,990			2,990

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(dollar amounts in thousands)	Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	Netting Adjustments (1)	Balance at December 31, 2013
Assets					
Mortgage loans held for sale	$	$ 278,928	$	$	$ 278,928
Trading account securities:					
U.S. Treasury securities					
Federal agencies: Mortgage-backed					
Federal agencies: Other agencies		834			834
Municipal securities		2,180			2,180
Other securities	32,081	478			32,559
	32,081	3,492			35,573
Available-for-sale and other securities:					
U.S. Treasury securities	51,604				51,604
Federal agencies: Mortgage-backed		3,566,221			3,566,221
Federal agencies: Other agencies		319,888			319,888
Municipal securities		491,455	654,537		1,145,992
Private-label CMO		16,964	32,140		49,104
Asset-backed securities		983,621	107,419		1,091,040
Covered bonds		285,874			285,874
Corporate debt		457,240			457,240
Other securities	16,971	3,828			20,799
	68,575	6,125,091	794,096		6,987,762
Automobile loans			52,286		52,286
MSRs			34,236		34,236
Derivative assets	36,774	219,045	3,066	(58,856)	200,029
Liabilities					
Derivative liabilities	22,787	124,123	676	(18,312)	129,274
Short-term borrowings		1,089			1,089

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

The tables below present a rollforward of the balance sheet amounts for the three-month and nine-month periods ended September 30, 2014 and 2013, for financial instruments measured on a recurring basis and classified as Level 3. The classification of an item as Level 3 is based on the significance of the unobservable inputs to the overall fair value measurement. However, Level 3 measurements may also include observable components of value that can be validated externally. Accordingly, the gains and losses in the table below include changes in fair value due in part to observable factors that are part of the valuation methodology.

Level 3 Fair Value Measurements
Three Months Ended September 30, 2014

			Available-for-sale securities			
(dollar amounts in thousands)	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans
Opening balance	**$ 26,747**	**$ 6,196**	**$ 1,206,455**	**$ 31,633**	**$ 106,461**	**$ 25,498**
Transfers into Level 3						
Transfers out of Level 3						
Total gains/losses for the period:						
Included in earnings	**(1,309)**	**(1,847)**		**8**	**171**	**(253)**
Included in OCI			**14,344**	**(137)**	**5,826**	
Purchases			**224,615**			
Sales					**(22,870)**	
Repayments						**(8,545)**
Issues						
Settlements		**(813)**	**(190,619)**	**(570)**	**(1,004)**	
Closing balance	**$ 25,438**	**$ 3,536**	**$ 1,254,795**	**$ 30,934**	**$ 88,584**	**$ 16,700**
Change in unrealized gains or losses for the period included in earnings (or changes in net assets) for assets held at end of the reporting date	**$ (1,309)**	**$ (1,847)**	**$ 14,344**	**$ (137)**	**$ 5,468**	**$ (253)**

Level 3 Fair Value Measurements

Three Months Ended September 30, 2013

			Available-for-sale securities			
(dollar amounts in thousands)	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans
Opening balance	$ 37,544	$ (4,226)	$ 58,100	$ 32,926	$ 119,861	$ 91,140
Transfers into Level 3						
Transfers out of Level 3						
Total gains/losses for the period:						
Included in earnings	(3,438)	11,568		32	(25)	(617)
Included in OCI			2,595	891	10,535	
Purchases						
Sales					(8,281)	
Repayments						(20,743)
Issues						
Settlements		243	(1,840)	(1,518)	(7,188)	
Closing balance	$ 34,106	$ 7,585	$ 58,855	$ 32,331	$ 114,902	$ 69,780
Change in unrealized gains or losses for the period included in earnings (or changes in net assets) for assets held at end of the reporting date	$ (3,437)	$ 11,568	$ 2,595	$ 923	$ (25)	$ (617)

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Level 3 Fair Value Measurements
Nine Months Ended September 30, 2014

(dollar amounts in thousands)	MSRs	Derivative instruments	Available-for-sale securities: Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans
Opening balance	**$ 34,236**	**$ 2,390**	**$ 654,537**	**$ 32,140**	**$ 107,419**	**$ 52,286**
Transfers into Level 3						
Transfers out of Level 3						
Total gains/losses for the period:						
Included in earnings	**(8,798)**	**2,785**		**24**	**38**	**(705)**
Included in OCI			**7,555**	**364**	**20,256**	
Purchases			**805,893**			
Sales					**(22,700)**	
Repayments						**(34,881)**
Issues						
Settlements		**(1,639)**	**(213,190)**	**(1,594)**	**(16,429)**	
Closing balance	**$ 25,438**	**$ 3,536**	**$ 1,254,795**	**$ 30,934**	**$ 88,584**	**$ 16,700**
Change in unrealized gains or losses for the period included in earnings (or changes in net assets) for assets held at end of the reporting date	**$ (8,798)**	**$ 2,785**	**$ 7,555**	**$ 364**	**$ 19,554**	**$ (705)**

Level 3 Fair Value Measurements
Nine Months Ended September 30, 2013

(dollar amounts in thousands)	MSRs	Derivative instruments	Available-for-sale securities: Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans
Opening balance	$ 35,202	$ 12,702	$ 61,228	$ 48,775	$ 110,037	$ 142,762
Transfers into Level 3						
Transfers out of Level 3						
Total gains/losses for the period:						
Included in earnings	(1,096)	(1,591)		(207)	(2,321)	16
Included in OCI			3,287	968	31,220	
Purchases						
Sales				(10,254)	(8,281)	
Repayments						(72,998)
Issues						
Settlements		(3,526)	(5,660)	(6,951)	(15,753)	
Closing balance	$ 34,106	$ 7,585	$ 58,855	$ 32,331	$ 114,902	$ 69,780
Change in unrealized gains or losses for the period included in earnings (or changes in net assets) for assets held at end of the reporting date	$ (1,096)	$ (1,591)	$ 3,287	$ (207)	$ (2,321)	$ 16

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The table below summarizes the classification of gains and losses due to changes in fair value, recorded in earnings for Level 3 assets and liabilities for the three-month and nine-month periods ended September 30, 2014 and 2013:

			Level 3 Fair Value Measurements Three Months Ended September 30, 2014			
			Available-for-sale securities			
(dollar amounts in thousands)	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans
Classification of gains and losses in earnings:						
Mortgage banking income	**$ (1,309)**	**$ (1,847)**	**$**	**$**	**$**	**$**
Securities gains (losses)					**170**	
Interest and fee income				**8**	**1**	**(243)**
Noninterest income						**(10)**
Total	**$ (1,309)**	**$ (1,847)**	**$**	**$ 8**	**$ 171**	**$ (253)**

			Level 3 Fair Value Measurements Three Months Ended September 30, 2013			
			Available-for-sale securities			
(dollar amounts in thousands)	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans
Classification of gains and losses in earnings:						
Mortgage banking income	$ (3,438)	$ 11,568	$	$	$	$
Securities gains (losses)					(86)	
Interest and fee income				32	61	(1,032)
Noninterest income						415
Total	$ (3,438)	$ 11,568	$	$ 32	$ (25)	$ (617)

			Level 3 Fair Value Measurements Nine Months Ended September 30, 2014			
			Available-for-sale securities			
(dollar amounts in thousands)	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans
Classification of gains and losses in earnings:						
Mortgage banking income	**$ (8,798)**	**$ 2,785**	**$**	**$**	**$**	**$**
Securities gains (losses)					**170**	
Interest and fee income				**24**	**38**	**(819)**
Noninterest income						**114**
Total	**$ (8,798)**	**$ 2,785**	**$**	**$ 24**	**$ 208**	**$ (705)**

			Level 3 Fair Value Measurements Nine Months Ended September 30, 2013			
			Available-for-sale securities			
(dollar amounts in thousands)	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans
Classification of gains and losses in earnings:						

Mortgage banking income	$ (1,096)	$ (1,591)		$	$	$
Securities gains (losses)				(334)	(1,465)	
Interest and fee income				127	(856)	(3,056)
Noninterest income						3,072
Total	$ (1,096)	$ (1,591)	$	$ (207)	$ (2,321)	$ 16

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Assets and liabilities under the fair value option

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

	September 30, 2014			December 31, 2013		
(dollar amounts in thousands)	Fair value carrying amount	Aggregate unpaid principal	Difference	Fair value carrying amount	Aggregate unpaid principal	Difference
Assets						
Mortgage loans held for sale	**$ 339,061**	**$ 326,658**	**$ 12,403**	$ 278,928	$ 276,945	$ 1,983
Automobile loans	**16,700**	**15,920**	**780**	52,286	50,800	1,486

The following tables present the net gains (losses) from fair value changes, including net gains (losses) associated with instrument specific credit risk for the three-month and nine-month periods ended September 30, 2014 and 2013:

	Net gains (losses) from fair value changes			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2014**	2013	**2014**	2013
Assets				
Mortgage loans held for sale	**$ 4,562**	$ 18,459	**$ 3,700**	$ (6,885)
Automobile loans	**(253)**	(618)	**(706)**	14

	Gains (losses) included in fair value changes associated with instrument specific credit risk			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2014**	2013	**2014**	2013
Assets				
Automobile loans	**$ 323**	$ 468	**$ 861**	$ 1,620

Assets and Liabilities measured at fair value on a nonrecurring basis

Certain assets and liabilities may be required to be measured at fair value on a nonrecurring basis in periods subsequent to their initial recognition. These assets and liabilities are not measured at fair value on an ongoing basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment. At September 30, 2014, assets measured at fair value on a nonrecurring basis were as follows:

		Fair Value Measurements Using				
(dollar amounts in thousands)	Fair Value at September 30, 2014	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total Gains/(Losses) For the Three Months Ended September 30, 2014	Total Gains/(Losses) For the Nine Months Ended September 30, 2014
Impaired loans	**$ 91,757**	**$**	**$**	**$ 91,757**	**$ (12,719)**	**$ (33,819)**
Other real estate owned	**36,270**			**36,270**	**874**	**3,571**

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

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

Significant unobservable inputs for assets and liabilities measured at fair value on a recurring and nonrecurring basis

The table below presents quantitative information about the significant unobservable inputs for assets and liabilities measured at fair value on a recurring and nonrecurring basis at September 30, 2014 and December 31, 2013:

Quantitative Information about Level 3 Fair Value Measurements

(dollar amounts in thousands)	Fair Value at September 30, 2014	Valuation Technique	Significant Unobservable Input	Range (Weighted Average)
MSRs	$ 25,438	Discounted cash flow	Constant prepayment rate	7.0% - 22.0% (13.0%)
			Spread over forward interest rate swap rates	352 - 1,100 (676)
Derivative assets	4,263	Consensus Pricing	Net market price	-4.7% - 15.8% (1.6%)
Derivative liabilities	727		Estimated Pull through %	50.0% - 89.0% (77.0%)
Municipal securities	1,254,795	Discounted cash flow	Discount rate	1.2% - 3.9% (2.6%)
Private-label CMO	30,934	Discounted cash flow	Discount rate	2.7% - 7.6% (6.1%)
			Constant prepayment rate	13.6% - 32.6% (20.7%)
			Probability of default	0.2% - 4.0% (0.7%)
			Loss severity	0.0% - 64.0% (33.8%)
Asset-backed securities	88,584	Discounted cash flow	Discount rate	3.2% - 13.2% (7.1%)
			Cumulative prepayment rate	0.0% - 100.0% (14.2%)
			Cumulative default	2.3% - 100.0% (16.9%)
			Loss given default	20.0% - 100.0% (93.7%)
			Cure given deferral	0.0% - 75.0% (31.4%)
Automobile loans	16,700	Discounted cash flow	Constant prepayment rate	119.2%
			Discount rate	0.2% - 5.0% (2.0%)
Impaired loans	91,757	Appraisal value	NA	NA
Other real estate owned	36,270	Appraisal value	NA	NA

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Quantitative Information about Level 3 Fair Value Measurements

(dollar amounts in thousands)	Fair Value at December 31, 2013	Valuation Technique	Significant Unobservable Input	Range (Weighted Average)
MSRs	$ 34,236	Discounted cash flow	Constant prepayment rate	7% - 32% (12%)
			Spread over forward interest rate swap rates	-158 - 4,216 (1,069)
Derivative assets	3,066	Consensus Pricing	Net market price	-5.25% - 13.53% (1.3%)
Derivative liabilities	676		Estimated Pull through %	50% - 89% (78%)
Municipal securities	654,537	Discounted cash flow	Discount rate	1.6% - 4.5% (2.4%)
Private-label CMO	32,140	Discounted cash flow	Discount rate	2.9% - 8.3% (6.3%)
			Constant prepayment rate	12.0% - 31.6% (18.0%)
			Probability of default	0.1% - 4.0% (0.7%)
			Loss severity	8.0% - 64.0% (38.2%)
Asset-backed securities	107,419	Discounted cash flow	Discount rate	3.7% - 15.5% (8.1%)
			Constant prepayment rate	5.7% - 5.7% (5.7%)
			Cumulative prepayment rate	0.0% - 100% (16.6%)
			Constant default	1.4% - 4.0% (2.8%)
			Cumulative default	0.5% - 100% (18.2%)
			Loss given default	20% - 100% (93.7%)
			Cure given deferral	0.0% - 75% (35.8%)
			Loss severity	49.0% - 69.0% (63.5%)
Automobile loans	52,286	Discounted cash flow	Constant prepayment rate	79.2%
			Discount rate	0.3% - 5.0% (1.5%)
Impaired loans	114,256	Appraisal value	NA	NA
Other real estate owned	27,664	Appraisal value	NA	NA

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

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

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

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

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

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Fair values of financial instruments

The following table provides the carrying amounts and estimated fair values of Huntington s financial instruments that are carried either at fair value or cost at September 30, 2014 and December 31, 2013:

	September 30, 2014		December 31, 2013	
(dollar amounts in thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and short-term assets	$ 952,760	$ 952,760	$ 1,058,175	$ 1,058,175
Trading account securities	66,460	66,460	35,573	35,573
Loans held for sale	410,932	410,932	326,212	326,212
Available-for-sale and other securities	8,721,804	8,721,804	7,308,753	7,308,753
Held-to-maturity securities	3,496,493	3,467,056	3,836,667	3,760,898
Net loans and leases	46,092,338	45,219,329	42,472,630	40,976,014
Derivatives	207,336	207,336	200,029	200,029
Financial Liabilities				
Deposits	50,129,837	50,930,985	47,506,718	48,132,550
Short-term borrowings	1,530,938	1,522,460	552,143	543,552
Federal Home Loan Bank advances	1,658,112	1,658,370	1,808,293	1,808,558
Other long-term debt	2,590,212	2,604,544	1,349,119	1,342,890
Subordinated notes	976,264	970,949	1,100,860	1,073,116
Derivatives	138,476	138,476	129,274	129,274

The following table presents the level in the fair value hierarchy for the estimated fair values of only Huntington s financial instruments that are not already on the Unaudited Condensed Consolidated Balance Sheets at fair value at September 30, 2014 and December 31, 2013:

	Estimated Fair Value Measurements at Reporting Date Using			
(dollar amounts in thousands)	Level 1	Level 2	Level 3	Balance at September 30, 2014
Financial Assets				
Held-to-maturity securities	$	$ 3,467,056	$	$ 3,467,056
Net loans and leases			45,219,329	45,219,329
Financial Liabilities				
Deposits		46,329,168	4,601,817	50,930,985
Short-term borrowings			1,522,460	1,522,460
Federal Home Loan Bank advances			1,658,370	1,658,370
Other long-term debt			2,604,544	2,604,544
Subordinated notes			970,949	970,949

	Estimated Fair Value Measurements at Reporting Date Using			
(dollar amounts in thousands)	Level 1	Level 2	Level 3	Balance at December 31, 2013
Financial Assets				
Held-to-maturity securities	$	$ 3,760,898	$	$ 3,760,898
Net loans and leases			40,976,014	40,976,014
Financial Liabilities				
Deposits		42,279,542	5,853,008	48,132,550
Short-term borrowings			543,552	543,552
Federal Home Loan Bank advances			1,808,558	1,808,558
Other long-term debt			1,342,890	1,342,890
Subordinated notes			1,073,116	1,073,116

The short-term nature of certain assets and liabilities result in their carrying value approximating fair value. These include trading account securities, customers acceptance liabilities, short-term borrowings, bank acceptances outstanding, FHLB advances, and cash and short-term assets, which include cash and due from banks, interest-bearing deposits in banks, and federal funds sold and securities purchased under resale agreements. Loan commitments and letters-of-credit generally have short-term, variable-rate features and contain clauses that limit Huntington s exposure to changes in customer credit quality. Accordingly, their carrying values, which are immaterial at the respective balance sheet dates, are reasonable estimates of fair value. Not all the financial instruments listed in the table above are subject to the disclosure provisions of ASC Topic 820.

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

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

Held-to-maturity securities

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

Loans and Direct Financing Leases

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

Deposits

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

Debt

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

15. DERIVATIVE FINANCIAL INSTRUMENTS

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

Derivatives used in Asset and Liability Management Activities

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

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The following table presents the gross notional values of derivatives used in Huntington s asset and liability management activities at September 30, 2014, identified by the underlying interest rate-sensitive instruments:

(dollar amounts in thousands)	Fair Value Hedges	Cash Flow Hedges	Total
Instruments associated with:			
Loans	$	$ 9,315,000	$ 9,315,000
Deposits	69,100		69,100
Subordinated notes	475,000		475,000
Other long-term debt	2,285,000		2,285,000
Total notional value at September 30, 2014	**$ 2,829,100**	**$ 9,315,000**	**$ 12,144,100**

The following table presents additional information about the interest rate swaps used in Huntington s asset and liability management activities at September 30, 2014:

(dollar amounts in thousands)	Notional Value	Average Maturity (years)	Fair Value	Weighted-Average Rate Receive	Weighted-Average Rate Pay
Asset conversion swaps					
Receive fixed - generic	$ 9,315,000	2.2	$ (33,609)	0.80%	0.24%
Total asset conversion swaps	9,315,000	2.2	(33,609)	0.80	0.24
Liability conversion swaps					
Receive fixed - generic	2,829,100	3.4	45,832	1.73	0.25
Total liability conversion swaps	2,829,100	3.4	45,832	1.73	0.25
Total swap portfolio	$ 12,144,100	2.5	$ 12,223	1.01%	0.24%

These derivative financial instruments were entered into for the purpose of managing the interest rate risk of assets and liabilities. Consequently, net amounts receivable or payable on contracts hedging either interest earning assets or interest bearing liabilities were accrued as an adjustment to either interest income or interest expense. The net amounts resulted in an increase to net interest income of $24.2 million and $23.1 million for the three-month periods ended September 30, 2014, and 2013, respectively. For the nine-month periods ended September 30, 2014 and 2013, the net amounts resulted in an increase to net interest income of $73.4 million and $73.2 million, respectively.

In connection with the sale of Huntington s Class B Visa® shares, Huntington entered into a swap agreement with the purchaser of the shares. The swap agreement adjusts for dilution in the conversion ratio of Class B shares resulting from the Visa® litigation. At September 30, 2014, the fair value of the swap liability of $0.4 million is an estimate of the exposure liability based upon Huntington s assessment of the potential Visa® litigation losses.

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The following table presents the fair values at September 30, 2014 and December 31, 2013 of Huntington s derivatives that are designated and not designated as hedging instruments. Amounts in the table below are presented gross without the impact of any net collateral arrangements:

Asset derivatives included in accrued income and other assets:

(dollar amounts in thousands)	**September 30, 2014**	December 31, 2013
Interest rate contracts designated as hedging instruments	**$ 45,712**	$ 49,998
Interest rate contracts not designated as hedging instruments	**171,736**	169,047
Foreign exchange contracts not designated as hedging instruments	**28,110**	28,499
Commodities contracts not designated as hedging instruments	**15,617**	4,278
Total contracts	**$ 261,175**	$ 251,822

Liability derivatives included in accrued expenses and other liabilities:

(dollar amounts in thousands)	**September 30, 2014**	December 31, 2013
Interest rate contracts designated as hedging instruments	**$ 33,489**	$ 25,321
Interest rate contracts not designated as hedging instruments	**101,666**	99,247
Foreign exchange contracts not designated as hedging instruments	**23,020**	18,909
Commodities contracts not designated as hedging instruments	**15,112**	3,838
Total contracts	**$ 173,287**	$ 147,315

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

The following table presents the change in fair value for derivatives designated as fair value hedges as well as the offsetting change in fair value on the hedged item for three-month and nine-month periods ended September 30, 2014 and 2013:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
(dollar amounts in thousands)	**2014**	2013	**2014**	2013
Interest rate contracts				
Change in fair value of interest rate swaps hedging deposits (1)	**$ (323)**	$ (336)	**$ (829)**	$ (3,650)
Change in fair value of hedged deposits (1)	**315**	340	**809**	3,645
Change in fair value of interest rate swaps hedging subordinated notes (2)	**(6,601)**	(2,358)	**(2,520)**	(34,378)
Change in fair value of hedged subordinated notes (2)	**6,601**	2,358	**2,520**	34,378
Change in fair value of interest rate swaps hedging other long-term debt (2)	**(13,196)**	466	**(6,943)**	(1,106)
Change in fair value of hedged other long-term debt (2)	**12,924**	(316)	**9,450**	1,255

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

(2)

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

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

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The following table presents the gains and (losses) recognized in OCI and the location in the Unaudited Condensed Consolidated Statements of Income of gains and (losses) reclassified from OCI into earnings for the three-month and nine-month periods ended September 30, 2014 and 2013 for derivatives designated as effective cash flow hedges:

Derivatives in cash flow hedging relationships	Amount of gain or (loss) recognized in OCI on derivatives (effective portion) (after-tax)		Location of gain or (loss) reclassified from accumulated OCI into earnings (effective portion)	Amount of (gain) or loss reclassified from accumulated OCI into earnings (effective portion)	
	Three Months Ended September 30,			**Three Months Ended September 30,**	
(dollar amounts in thousands)	**2014**	2013		**2014**	2013
Interest rate contracts					
Loans	**$ (21,133)**	$ 17,337	Interest and fee income - loans and leases	**$ (148)**	$ (3,078)
Investment Securities			Noninterest income - other income		(7)
Subordinated notes			Interest expense - subordinated notes and other long-term debt		
Total	**$ (21,133)**	$ 17,337		**$ (148)**	$ (3,085)

Derivatives in cash flow hedging relationships	Amount of gain or (loss) recognized in OCI on derivatives (effective portion) (after-tax)		Location of gain or (loss) reclassified from accumulated OCI into earnings (effective portion)	Amount of (gain) or loss reclassified from accumulated OCI into earnings (effective portion)	
	Nine Months Ended September 30,			**Nine Months Ended September 30,**	
(dollar amounts in thousands)	**2014**	2013		**2014**	2013
Interest rate contracts					
Loans	**$ (1,596)**	$ (46,526)	Interest and fee income - loans and leases	**$ (3,853)**	$ (11,369)
Investment Securities			Interest and fee income - investment securities		(202)
Subordinated notes			Interest expense - subordinated notes and other long-term debt		
Total	**$ (1,596)**	$ (46,526)		**$ (3,853)**	$ (11,571)

Reclassified gains and losses on swaps related to loans and investment securities and swaps related to subordinated debt are recorded within interest income and interest expense, respectively. During the next twelve months, Huntington expects to reclassify to earnings $26.2 million after-tax unrealized gains on cash flow hedging derivatives currently in OCI.

The following table details the gains and (losses) recognized in noninterest income on the ineffective portion on interest rate contracts for derivatives designated as cash flow hedges for three-month and nine-month periods ended September 30, 2014 and 2013:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
(dollar amounts in thousands)	**2014**	2013	**2014**	2013
Derivatives in cash flow hedging relationships				

Interest rate contracts				
Loans	**$ 224**	$ (13)	**$ 195**	$ 895

Derivatives used in trading activities

Various derivative financial instruments are offered to enable customers to meet their financing and investing objectives and for their risk management purposes. Derivative financial instruments used in trading activities consisted predominantly of interest rate swaps, but also included interest rate caps, floors, and futures, as well as foreign exchange options and commodity contracts. Interest rate options grant the option holder the right to buy or sell an underlying financial instrument for a predetermined price before the contract expires. Interest rate futures are commitments to either purchase or sell a financial instrument at a future date for a specified price or yield and may be settled in cash or through delivery of the underlying financial instrument. Interest rate caps and floors are option-based contracts that entitle the buyer to receive cash payments based on the difference between a designated reference rate and a strike price, applied to a notional amount. Written options, primarily caps, expose Huntington to market risk but not credit risk. Purchased options contain both credit and market risk. The interest rate risk of these customer derivatives is mitigated by entering into similar derivatives having offsetting terms with other counterparties. The credit risk to these customers is evaluated and included in the calculation of fair value.

The net fair values of these derivative financial instruments, for which the gross amounts are included in accrued income and other assets or accrued expenses and other liabilities at September 30, 2014 and December 31, 2013, were $75.6 million and $80.5 million, respectively. The total notional values of derivative financial instruments used by Huntington on behalf of customers, including offsetting derivatives, were $13.5 billion and $14.3 billion at September 30, 2014 and December 31, 2013, respectively. Huntington s credit risks from interest rate swaps used for trading purposes were $165.7 million and $160.4 million at the same dates, respectively.

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

Huntington records derivatives at fair value as further described in Note 14. Huntington records these derivatives net of any master netting arrangement in the Unaudited Condensed Consolidated Balance Sheets. Collateral agreements are regularly entered into as part of the underlying derivative agreements with Huntington s counterparties to mitigate counterparty credit risk.

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

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

At September 30, 2014 and December 31, 2013, aggregate credit risk associated with these derivatives, net of collateral that has been pledged by the counterparty, was $19.1 million and $15.2 million, respectively. The credit risk associated with interest rate swaps is calculated after considering master netting agreements with broker-dealers and banks.

At September 30, 2014, Huntington pledged $116.2 million of investment securities and cash collateral to counterparties, while other counterparties pledged $82.2 million of investment securities and cash collateral to Huntington to satisfy collateral netting agreements. In the event of credit downgrades, Huntington would not be required to provide additional collateral.

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The following tables present the gross amounts of these assets and liabilities with any offsets to arrive at the net amounts recognized in the Unaudited Condensed Consolidated Balance Sheets at September 30, 2014 and December 31, 2013:

Offsetting of Financial Assets and Derivative Assets

(dollar amounts in thousands)		Gross amounts of recognized assets	Gross amounts offset in the condensed consolidated balance sheets	Net amounts of assets presented in the condensed consolidated balance sheets	Gross amounts not offset in the condensed consolidated balance sheets: Financial instruments	Gross amounts not offset in the condensed consolidated balance sheets: cash collateral received	Net amount
Offsetting of Financial Assets and Derivative Assets							
September 30, 2014	Derivatives	**$ 280,690**	**$ (78,131)**	**$ 202,559**	**$ (23,061)**	**$ (370)**	**$ 179,128**
December 31, 2013	Derivatives	300,903	(111,458)	189,445	(35,205)	(360)	153,880

Offsetting of Financial Liabilities and Derivative Liabilities

(dollar amounts in thousands)		Gross amounts of recognized liabilities	Gross amounts offset in the condensed consolidated balance sheets	Net amounts of liabilities presented in the condensed consolidated balance sheets	Gross amounts not offset in the condensed consolidated balance sheets: Financial instruments	Gross amounts not offset in the condensed consolidated balance sheets: cash collateral received	Net amount
Offsetting of Financial Liabilities and Derivative Liabilities							
September 30, 2014	Derivatives	**$ 192,802**	**$ (55,703)**	**$ 137,099**	**$ (79,343)**	**$ (518)**	**$ 57,238**
December 31, 2013	Derivatives	196,397	(76,539)	119,858	(86,204)	290	33,944

Derivatives used in mortgage banking activities

Huntington also uses certain derivative financial instruments to offset changes in value of its residential MSRs. These derivatives consist primarily of forward interest rate agreements and forward commitments to deliver mortgage-backed securities. The derivative instruments used are not designated as hedges. Accordingly, such derivatives are recorded at fair value with changes in fair value reflected in mortgage banking income. The following table summarizes the derivative assets and liabilities used in mortgage banking activities

(dollar amounts in thousands)	**September 30, 2014**	December 31, 2013
Derivative assets:		
Interest rate lock agreements	**$ 4,260**	$ 3,066
Forward trades and options	**517**	3,997
Total derivative assets	**4,777**	7,063

Derivative liabilities:		
Interest rate lock agreements	**(282)**	(231)
Forward trades and options	**(1,095)**	(40)
Total derivative liabilities	**(1,377)**	(271)
Net derivative asset (liability)	**$ 3,400**	$ 6,792

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The total notional value of these derivative financial instruments at September 30, 2014 and December 31, 2013, was $0.4 billion and $0.5 billion, respectively. The total notional amount at September 30, 2014, corresponds to trading assets with a fair value of $0.5 million and no trading liabilities. Net trading gains and (losses) related to MSR hedging for the three-month periods ended September 30, 2014 and 2013, were $(0.2) million and $0.1 million, respectively and $3.8 million and $(23.5) million for the nine-month periods ended September 30, 2014 and 2013, respectively. These amounts are included in mortgage banking income in the Unaudited Condensed Consolidated Statements of Income.

16. VIEs

Consolidated VIEs

Consolidated VIEs at September 30, 2014, consisted of automobile loan and lease securitization trusts formed in 2009 and 2006. Huntington has determined the trusts are VIEs. Huntington has concluded that it is the primary beneficiary of these trusts because it has the power to direct the activities of the entity that most significantly affect the entity s economic performance and it has either the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. During the 2014 first quarter, Huntington cancelled the 2009 and 2006 Automobile Trusts. As a result, any remaining assets at the time of the cancellation are no longer part of the trusts.

The following tables present the carrying amount and classification of the consolidated trusts assets and liabilities that were included in the Unaudited Condensed Consolidated Balance Sheets at September 30, 2014 and December 31, 2013:

	September 30, 2014			
(dollar amounts in thousands)	**2009 Automobile Trust**	**2006 Automobile Trust**	**Other Consolidated Trusts**	**Total**
Assets:				
Cash	**$**	**$**	**$**	**$**
Loans and leases				
Allowance for loan and lease losses				
Net loans and leases				
Accrued income and other assets			**243**	**243**
Total assets	**$**	**$**	**$ 243**	**$ 243**
Liabilities:				
Other long-term debt	**$**	**$**	**$**	**$**
Accrued interest and other liabilities			**243**	**243**
Total liabilities	**$**	**$**	**$ 243**	**$ 243**

	December 31, 2013			
(dollar amounts in thousands)	2009 Automobile Trust	2006 Automobile Trust	Other Consolidated Trusts	Total
Assets:				
Cash	$ 8,580	$ 79,153	$	$ 87,733
Loans and leases	52,286	151,171		203,457
Allowance for loan and lease losses		(711)		(711)
Net loans and leases	52,286	150,460		202,746
Accrued income and other assets	235	485	262	982
Total assets	$ 61,101	$ 230,098	$ 262	$ 291,461

Liabilities:							
Other long-term debt	$	$	$		$		
Accrued interest and other liabilities				262		262
Total liabilities	$	$	$	262	$	262

The automobile loans and leases were designated to repay the securitized notes. Huntington services the loans and leases and uses the proceeds from principal and interest payments to pay the securitized notes during the amortization period. Huntington has not provided financial or other support that was not previously contractually required.

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Unconsolidated VIEs

The following tables provide a summary of the assets and liabilities included in Huntington s Unaudited Condensed Consolidated Financial Statements, as well as the maximum exposure to losses, associated with its interests related to unconsolidated VIEs for which Huntington holds an interest, but is not the primary beneficiary, to the VIE at September 30, 2014, and December 31, 2013:

	September 30, 2014		
(dollar amounts in thousands)	**Total Assets**	**Total Liabilities**	**Maximum Exposure to Loss**
2012-1 Automobile Trust	**$ 2,898**	**$**	**$ 2,898**
2012-2 Automobile Trust	**4,071**		**4,071**
2011 Automobile Trust	**1,336**		**1,336**
Tower Hill Securities, Inc.	**56,145**	**65,000**	**56,145**
Trust Preferred Securities	**13,919**	**317,067**	
Low Income Housing Tax Credit Partnerships	**340,133**	**141,791**	**340,133**
Other Investments	**82,934**	**17,084**	**82,934**
Total	**$ 501,436**	**$ 540,942**	**$ 487,517**

	December 31, 2013		
(dollar amounts in thousands)	Total Assets	Total Liabilities	Maximum Exposure to Loss
2012-1 Automobile Trust	$ 5,975	$	$ 5,975
2012-2 Automobile Trust	7,396		7,396
2011 Automobile Trust	3,040		3,040
Tower Hill Securities, Inc.	66,702	65,000	66,702
Trust Preferred Securities	13,764	312,894	
Low Income Housing Tax Credit Partnerships	317,226	134,604	317,226
Other Investments	90,278	9,772	90,278
Total	$ 504,381	$ 522,270	$ 490,617

2012-1 AUTOMOBILE TRUST, 2012-2 AUTOMOBILE TRUST, and 2011 AUTOMOBILE TRUST

During the 2012 fourth quarter, 2012 first quarter and 2011 third quarter, we transferred automobile loans totaling $1.0 billion, $1.3 billion and $1.0 billion, respectively, to trusts in securitization transactions. The securitizations and the resulting sale of all underlying securities qualified for sale accounting. Huntington has concluded that it is not the primary beneficiary of these trusts because it has neither the obligation to absorb losses of the entities that could potentially be significant to the VIEs nor the right to receive benefits from the entities that could potentially be significant to the VIEs. Huntington is not required and does not currently intend to provide any additional financial support to the trusts. Investors and creditors only have recourse to the assets held by the trusts. The interest Huntington holds in the VIEs relates to servicing rights which are included within accrued income and other assets of Huntington s Unaudited Condensed Consolidated Balance Sheets. The maximum exposure to loss is equal to the carrying value of the servicing asset.

TOWER HILL SECURITIES, INC.

In 2010, we transferred approximately $92.1 million of municipal securities, $86.0 million in Huntington Preferred Capital, Inc. (Real Estate Investment Trust) Class E Preferred Stock and cash of $6.1 million to Tower Hill Securities, Inc. in exchange for $184.1 million of Common and Preferred Stock of Tower Hill Securities, Inc. The municipal securities and the REIT Shares will be used to satisfy $65.0 million of mandatorily redeemable securities issued by Tower Hill Securities, Inc. and are not available to satisfy the general debts and obligations of Huntington or any consolidated affiliates. The transfer was recorded as a secured financing. Interests held by Huntington consist of municipal securities within available for sale and other securities and Series B preferred securities within other long term debt of Huntington s Unaudited Condensed Consolidated Balance Sheets. The maximum exposure to loss is equal to the carrying value of the municipal securities.

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TRUST PREFERRED SECURITIES

Huntington has certain wholly-owned trusts whose assets, liabilities, equity, income, and expenses are not included within Huntington s Unaudited Condensed Consolidated Financial Statements. These trusts have been formed for the sole purpose of issuing trust-preferred securities, from which the proceeds are then invested in Huntington junior subordinated debentures, which are reflected in Huntington s Unaudited Condensed Consolidated Balance Sheets as subordinated notes. The trust securities are the obligations of the trusts, and as such, are not consolidated within Huntington s Unaudited Condensed Consolidated Financial Statements. A list of trust preferred securities outstanding at September 30, 2014 follows:

(dollar amounts in thousands)	Rate	Principal amount of subordinated note/ debenture issued to trust (1)	Investment in unconsolidated subsidiary
Huntington Capital I	0.94%(2)	$ 111,816	$ 6,186
Huntington Capital II	0.86(3)	54,593	3,093
Sky Financial Capital Trust III	1.63(4)	72,165	2,165
Sky Financial Capital Trust IV	1.63(4)	74,320	2,320
Camco Financial Trust	1.56(5)	4,173	155
Total		$ 317,067	$ 13,919

(1) Represents the principal amount of debentures issued to each trust, including unamortized original issue discount.
(2) Variable effective rate at September 30, 2014, based on three month LIBOR + 0.70.
(3) Variable effective rate at September 30, 2014, based on three month LIBOR + 0.625.
(4) Variable effective rate at September 30, 2014, based on three month LIBOR + 1.40.
(5) Variable effective rate (including impact of purchase accounting accretion) at September 30, 2014, based on three month LIBOR + 1.33.

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

LOW INCOME HOUSING TAX CREDIT PARTNERSHIPS

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

Huntington is a limited partner in each Low Income Housing Tax Credit Partnership. A separate unrelated third party is the general partner. Each limited partnership is managed by the general partner, who exercises full and exclusive control over the affairs of the limited partnership. The general partner has all the rights, powers and authority granted or permitted to be granted to a general partner of a limited partnership under the Ohio Revised Uniform Limited Partnership Act. Duties entrusted to the general partner of each limited partnership include, but are not limited to: investment in operating companies, company expenditures, investment of excess funds, borrowing funds, employment of agents, disposition of fund property, prepayment and refinancing of liabilities, votes and consents, contract authority, disbursement of funds, accounting methods, tax elections, bank accounts, insurance, litigation, cash reserve, and use of working capital reserve funds. Except for limited rights granted to consent to certain transactions, the limited partner(s) may not participate in the operation, management, or control of the limited partnership s business, transact any business in the limited partnership s name or have any power to sign documents for or otherwise bind the limited partnership. In addition, the general partner may only be removed by the limited partner(s) in the event the general partner fails to comply with the terms of the agreement and/or is negligent in performing its duties.

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Huntington believes the general partner of each limited partnership has the power to direct the activities which most significantly affect the performance of each partnership, therefore, Huntington has determined that it is not the primary beneficiary of any LIHTC partnership. Huntington uses the proportional amortization method to account for a majority of its investments in these entities. These investments are included in accrued income and other assets. Investments that do not meet the requirements of the proportional amortization method are recognized using the equity method. Investment losses related to these investments are included in non-interest-income in the Unaudited Condensed Consolidated Statements of Income.

During the 2014 first quarter, Huntington early adopted ASU 2014-01 (see Note 2). The amendments are required to be applied retrospectively to all periods presented. As a result of these changes, Huntington recorded a cumulative-effect adjustment to beginning retained earnings.

The following table summarizes the income statement amounts impacted by the change at the dates or for the periods indicated:

(dollar amounts in thousands)	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2013
Noninterest income		
As previously reported	$ 250,503	751,367
As reported under the new guidance	253,767	762,304
Provision for income taxes		
As previously reported	62,132	166,700
As reported under the new guidance	65,047	175,445
Net income		
As previously reported	178,487	480,918
As reported under the new guidance	178,836	483,110

The following table presents the balances of Huntington s affordable housing tax credit investments and related unfunded commitments at September 30, 2014 and December 31, 2013.

(dollar amounts in thousands)	**September 30, 2014**	December 31, 2013
Affordable housing tax credit investments	**$ 538,836**	$ 484,799
Less: amortization	**(198,703)**	(167,573)
Net affordable housing tax credit investments	**$ 340,133**	$ 317,226
Unfunded commitments	**$ 141,791**	$ 134,604

The following table presents other information relating to Huntington s affordable housing tax credit investments for the three-month and nine-month periods ended September 30, 2014 and 2013.

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
(dollar amounts in thousands)	**2014**	2013	**2014**	2013
Tax credits and other tax benefits recognized	**$ 13,370**	$ 13,984	**$ 41,430**	$ 41,861
Proportional amortization method				
Tax credit amortization expense included in provision for income taxes	**9,659**	8,197	**28,537**	24,592
Equity method				
Tax credit investment losses included in non-interest income	**290**	294	**737**	882

Huntington did not recognize any impairment losses on tax credit investments during the three-month period or nine-months ended September 30, 2014. Huntington did recognize immaterial impairment losses for the nine-months ended September 30, 2013. The impairment losses recognized related to the fair value of the tax credit investments that were less than carrying value.

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OTHER INVESTMENTS

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

17. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments to extend credit

In the ordinary course of business, Huntington makes various commitments to extend credit that are not reflected in the Unaudited Condensed Consolidated Financial Statements. The contractual amounts of these financial agreements at September 30, 2014 and December 31, 2013, were as follows:

(dollar amounts in thousands)	**September 30, 2014**	December 31, 2013
Contract amount represents credit risk:		
Commitments to extend credit		
Commercial	**$ 10,943,604**	$ 10,198,327
Consumer	**7,288,323**	6,544,606
Commercial real estate	**872,448**	765,982
Standby letters-of-credit	**477,824**	439,834

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.

Standby letters-of-credit are conditional commitments issued to guarantee the performance of a customer to a third party. These guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. Most of these arrangements mature within two years. The carrying amount of deferred revenue associated with these guarantees was $5.0 million and $2.1 million at September 30, 2014 and December 31, 2013, respectively.

Through the Company s credit process, Huntington monitors 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, losses are recognized in the provision for credit losses. At September 30, 2014, Huntington had $478 million of standby letters-of-credit outstanding, of which 82% were collateralized. Included in this $478 million total are letters-of-credit issued by the Bank that support securities that were issued by customers and remarketed by The Huntington Investment Company, the Company s broker-dealer subsidiary.

Huntington uses an internal grading system to assess an estimate of loss on its loan and lease portfolio. This same loan grading system is used to monitor credit risk associated with standby letters-of-credit. Under this grading system as of September 30, 2014, approximately $128 million of the standby letters-of-credit were rated strong with sufficient asset quality, liquidity, and good debt capacity and coverage; approximately $349 million were rated average with acceptable asset quality, liquidity, and modest debt capacity; and approximately less than $1 million were rated substandard with negative financial trends, structural weaknesses, operating difficulties, and higher leverage.

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

Commitments to sell loans

Activity related to our mortgage origination activity supports the hedging of the mortgage pricing commitments to customers and the secondary sale to third parties. At September 30, 2014 and December 31, 2013, Huntington had commitments to sell residential real estate loans of $556.0 million and $452.6 million, respectively. These contracts mature in less than one year.

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Income Taxes

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state, city, and foreign jurisdictions. Federal income tax audits have been completed through 2009. In the first quarter of 2013, the IRS began an examination of our 2010 and 2011 consolidated federal income tax returns. The Company has appealed certain proposed adjustments resulting from the IRS examination of the 2006, 2007, 2008, 2009, and 2010 tax returns. Management believes the tax positions taken related to such proposed adjustments were correct and supported by applicable statutes, regulations, and judicial authority, and intend to vigorously defend them. It is possible the ultimate resolution of the proposed adjustments, if unfavorable, may be material to the results of operations in the period it occurs. However, although no assurance can be given, Management believes the resolution of these examinations will not, individually or in the aggregate, have a material adverse impact on our consolidated financial position. Various state and other jurisdictions remain open to examination, including Ohio, Kentucky, Indiana, Michigan, Pennsylvania, West Virginia, and Illinois.

Huntington accounts for uncertainties in income taxes in accordance with ASC 740, Income Taxes. At September 30, 2014, Huntington had gross unrecognized tax benefits of $2.8 million in income tax liability related to uncertain tax positions. Total interest accrued on the unrecognized tax benefits was $4.2 million as of September 30, 2014. Huntington recognizes interest and penalties on income tax assessments or income tax refunds in the financial statements as a component of provision for income taxes. It is reasonably possible that the liability for unrecognized tax benefits could decrease in the next twelve months.

Litigation

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

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

In certain cases, exposure to loss exists in excess of the accrual to the extent such loss is reasonably possible, but not probable. Management believes an estimate of the aggregate range of reasonably possible losses, in excess of amounts accrued, for current legal proceedings is from $0 to approximately $130.0 million at September 30, 2014. For certain other cases, Management cannot reasonably estimate the possible loss at this time. Any estimate involves significant judgment, given the varying stages of the proceedings (including the fact that many of them are currently in preliminary stages), the existence of multiple defendants in several of the current proceedings whose share of liability has yet to be determined, the numerous unresolved issues in many of the proceedings, and the inherent uncertainty of the various potential outcomes of such proceedings. Accordingly, Management s estimate will change from time-to-time, and actual losses may be more or less than the current estimate.

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

The Bank has been a defendant in three lawsuits, which collectively may be material, arising from its commercial lending, depository, and equipment leasing relationships with Cyberco Holdings, Inc. (Cyberco), based in Grand Rapids, Michigan. In November 2004, the Federal Bureau of Investigation and the IRS raided the Cyberco facilities and Cyberco s operations ceased. An equipment leasing fraud was uncovered, whereby Cyberco sought financing from equipment lessors and financial institutions, including the Bank, allegedly to purchase computer equipment from Teleservices Group, Inc. (Teleservices). Cyberco created fraudulent documentation to close the financing transactions while, in fact, no computer equipment was ever purchased or leased from Teleservices which proved to be a shell corporation.

On June 22, 2007, a complaint in the United States District Court for the Western District of Michigan (District Court) was filed by El Camino Resources, Ltd, ePlus Group, Inc., and Bank Midwest, N.A., all of whom had financing relationships with Cyberco, against the Bank, which alleged that Cyberco defrauded plaintiffs and converted plaintiffs property through various means in connection with the equipment leasing scheme and alleged that the Bank aided and abetted Cyberco in committing the alleged fraud and conversion. The complaint further alleged that the Bank s actions entitled one of the plaintiffs to recover $1.9 million from the Bank as a form of unjust enrichment. In addition, plaintiffs claimed direct damages of approximately $32.0 million and additional consequential damages in excess of $20.0 million. On July 1, 2010, the District Court issued an Opinion and Order adopting in full a federal magistrate s recommendation for summary judgment in favor of the Bank on all claims except the unjust enrichment claim, and a partial summary judgment was entered on July 1, 2010. On February 6, 2012, the District Court dismissed the remaining count for unjust enrichment following a finding by the bankruptcy court that the plaintiff must pursue its rights, if any, with respect to that count in a bankruptcy court. The plaintiffs filed a notice of appeal on March 2, 2012, appealing the District Court s judgment against them on the aiding and abetting and conversion claims. Oral arguments before the Sixth Circuit Court of Appeals were held January 24, 2013, and the Sixth Circuit Court of Appeals affirmed the District Court s judgment in an opinion issued on April 8, 2013. The plaintiffs then filed a motion for rehearing en banc, which the Sixth Circuit denied on May 30, 2013. The period for plaintiffs to seek review in the United States Supreme Court has passed, and the case is completed.

The Bank has also been involved with the Chapter 7 bankruptcy proceedings of both Cyberco, filed on December 9, 2004, and Teleservices, filed on January 21, 2005. The Cyberco bankruptcy trustee commenced an adversary proceeding against the Bank on December 8, 2006, seeking over $70.0 million he alleged was transferred to the Bank. The Bank responded with a motion to dismiss and all but the preference claims were dismissed on January 29, 2008. The Cyberco bankruptcy trustee alleged preferential transfers in the amount of approximately $1.2 million. The Bankruptcy Court ordered the case to be tried in July 2012, and entered a pretrial order governing all pretrial conduct. The Bank filed a motion for summary judgment based on the Cyberco trustee seeking recovery in connection with the same alleged transfers as the Teleservices trustee in the case described below. The Bankruptcy Court granted the motion in principal part and the parties stipulated to a full dismissal which was entered on June 19, 2012.

The Teleservices bankruptcy trustee filed an adversary proceeding against the Bank on January 19, 2007, seeking to avoid and recover alleged transfers that occurred in two ways: (1) checks made payable to the Bank to be applied to Cyberco s indebtedness to the Bank, and (2) deposits into Cyberco s bank accounts with the Bank. A trial was held as to only the Bank s defenses. Subsequently, the trustee filed a summary judgment motion on her affirmative case, alleging the fraudulent transfers to the Bank totaled approximately $73.0 million and seeking judgment in that amount (which includes the $1.2 million alleged to be preferential transfers by the Cyberco bankruptcy trustee). On March 17, 2011, the Bankruptcy Court issued an Opinion determining the alleged transfers made to the Bank were not received in good faith from the time period of April 30, 2004, through November 2004, and that the Bank had failed to show a lack of knowledge of the avoidability of the alleged transfers from September 2003, through April 30, 2004. The trustee then filed an amended motion for summary judgment on her affirmative case and a hearing was held on July 1, 2011.

On March 30, 2012, the Bankruptcy Court issued an Opinion on the trustee s motion determining the Bank was the initial transferee of the checks made payable to it and was a subsequent transferee of all deposits into Cyberco s accounts. The Bankruptcy Court ruled Cyberco s deposits were themselves transfers to the Bank under the Bankruptcy Code, and the Bank was liable for both the checks and the deposits, totaling approximately $73.0 million. The Bankruptcy Court ruled the Bank may be entitled to a credit of approximately $4.0 million for the Cyberco trustee s recoveries in preference actions filed against third parties that received payments from Cyberco within 90 days preceding Cyberco s bankruptcy. Lastly, the Bankruptcy Court ruled that it will award prejudgment interest to the Teleservices trustee at a rate to be determined. A trial was held on these remaining issues on April 30, 2012, and the Court gave a bench opinion on July 23, 2012. In that opinion, the Court denied the Bank the $4.0 million credit, but ruled approximately $0.9 million in deposits were either double-counted or were outside the timeframe in which the Teleservices trustee can recover. Therefore, the Bankruptcy Court s recommended award will be reduced by this $0.9 million. Further, the Bankruptcy Court ruled the interest rate specified in the federal statute governing post-judgment interest, which is based on treasury bill rates, will be the rate of interest for determining prejudgment interest. The rulings of the Bankruptcy Court in its March 2011 and March 2012 opinions, as well as its July 23, 2012, bench opinion, will not be reduced to judgment by the Bankruptcy Court. Rather, the Bankruptcy Court has delivered a report and recommendation to the District Court for the Western District of Michigan, recommending a judgment be entered in the principal amount of $71.8 million, plus interest through July 27, 2012, in the amount of $8.8 million. The District Court is conducting a *de novo* review of the fact findings and legal conclusions in the Bankruptcy Court s opinion. Oral argument on the parties objections to the report and recommendation was held by the District Court on September 22, 2014. The parties rebuttal briefs were submitted to the District Court on October 6, 2014.

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In the pending bankruptcy cases of Cyberco and Teleservices, the Bank moved to substantively consolidate the two bankruptcy estates, principally on the ground that Teleservices was the alter ego and a mere instrumentality of Cyberco at all times. On July 2, 2010, the Bankruptcy Court issued an Opinion and Order denying the Bank s motions for substantive consolidation of the two bankruptcy estates. The Bank appealed that decision to the Bankruptcy Appellate Panel (BAP) for the Sixth Circuit, which ruled that the order denying substantive consolidation would not be a final order until the Bankruptcy Court issued its opinion on the Bank s defenses in the Teleservices adversary proceeding, and dismissed the appeal. The Bank appealed the BAP s decision to the Sixth Circuit. When the Bankruptcy Court issued its March 17, 2010, opinion in the Teleservices adversary proceeding, the Bank again appealed the order denying substantive consolidation to the BAP, which appeal was held in abeyance pending decision by the Sixth Circuit on the appeal of the BAP s 2010 order. On August 30, 2013, the Sixth Circuit affirmed the BAP s 2010 decision dismissing the original appeal. The Bank filed a status report with the BAP on the second appeal and the trustees moved to dismiss the second appeal on the ground that the Bankruptcy Court s orders denying substantive consolidation were still not final orders. The BAP granted the trustees motion in an Order dated December 23, 2013.

On January 17, 2012, the Company was named a defendant in a putative class action filed on behalf of all 88 counties in Ohio against MERSCORP, Inc. and numerous other financial institutions that participate in the mortgage electronic registration system (MERS). The complaint alleges that recording of mortgages and assignments thereof is mandatory under Ohio law and seeks a declaratory judgment that the defendants are required to record every mortgage and assignment on real property located in Ohio and pay the attendant statutory recording fees. The complaint also seeks damages, attorneys fees and costs. Although Huntington has not been named as a defendant in the other cases, similar litigation has been initiated against MERSCORP, Inc. and other financial institutions in other jurisdictions throughout the country.

18. PARENT COMPANY FINANCIAL STATEMENTS

The parent company unaudited condensed financial statements, which include transactions with subsidiaries, are as follows:

Balance Sheets *(dollar amounts in thousands)*	**September 30, 2014**	December 31, 2013
Assets		
Cash and cash equivalents	**$ 732,436**	$ 966,065
Due from The Huntington National Bank	**246,832**	246,841
Due from non-bank subsidiaries	**54,348**	57,747
Investment in The Huntington National Bank	**5,926,366**	5,537,582
Investment in non-bank subsidiaries	**518,615**	587,388
Accrued interest receivable and other assets	**274,656**	286,036
Total assets	**$ 7,753,253**	$ 7,681,659
Liabilities and Shareholders Equity		
Long-term borrowing	**$ 1,039,969**	$ 1,034,266
Dividends payable, accrued expenses, and other liabilities	**429,074**	557,240
Total liabilities	**1,469,043**	1,591,506
Shareholders equity (1)	**6,284,210**	6,090,153
Total liabilities and shareholders equity	**$ 7,753,253**	$ 7,681,659

(1) See Huntington s Unaudited Condensed Consolidated Statements of Changes in Shareholders Equity.

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Statements of Income *(dollar amounts in thousands)*	**Three Months Ended September 30, 2014**	2013	**Nine Months Ended September 30, 2014**	2013
Income				
Dividends from				
The Huntington National Bank	**$ 169,000**	$	**$ 244,000**	$
Non-bank subsidiaries	**8,827**	18,000	**12,468**	18,000
Interest from				
The Huntington National Bank	**982**	425	**2,936**	5,513
Non-bank subsidiaries	**634**	782	**2,002**	2,399
Other	**209**	353	**2,514**	1,266
Total income	**179,652**	19,560	**263,920**	27,178
Expense				
Personnel costs	**17,608**	12,951	**42,753**	41,161
Interest on borrowings	**4,261**	5,692	**12,766**	14,242
Other	**10,370**	11,923	**39,423**	26,790
Total expense	**32,239**	30,566	**94,942**	82,193
Income (loss) before income taxes and equity in undistributed net income of subsidiaries	**147,413**	(11,006)	**168,978**	(55,015)
Provision (benefit) for income taxes	**(15,038)**	(12,043)	**(44,015)**	(20,229)
Income (loss) before equity in undistributed net income of subsidiaries	**162,451**	1,037	**212,993**	(34,786)
Increase (decrease) in undistributed net income of:				
The Huntington National Bank	**(4,828)**	189,726	**248,359**	516,436
Non-bank subsidiaries	**(2,607)**	(11,927)	**7,426**	1,460
Net income	**$ 155,016**	$ 178,836	**$ 468,778**	$ 483,110
Other comprehensive income (loss) (1)	**(22,289)**	52,969	**31,993**	(79,950)
Comprehensive income	**$ 132,727**	$ 231,805	**$ 500,771**	$ 403,160

(1) See Condensed Consolidated Statements of Comprehensive Income for other comprehensive income (loss) detail.

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Statements of Cash Flows *(dollar amounts in thousands)*	**Nine Months Ended September 30,** **2014**	2013
Operating activities		
Net income	**$ 468,778**	$ 483,110
Adjustments to reconcile net income to net cash provided by operating activities		
Equity in undistributed net income of subsidiaries	**(255,253)**	(536,591)
Depreciation and amortization	**291**	323
Other, net	**(10,376)**	(3,710)
Net cash provided by (used for) operating activities	**203,440**	(56,868)
Investing activities		
Repayments from subsidiaries	**6,400**	251,853
Advances to subsidiaries	**(1,000)**	(248,950)
Cash paid for acquisitions, net of cash received	**(13,452)**	
Net cash provided by (used for) investing activities	**(8,052)**	2,903
Financing activities		
Payment of borrowings		(50,000)
Dividends paid on stock	**(145,143)**	(132,957)
Repurchases of common stock	**(299,720)**	(124,995)
Proceeds from issuance of common stock	**2,597**	
Issuance of long-term debt		399,200
Other, net	**13,249**	8,890
Net cash provided by (used for) financing activities	**(429,017)**	100,138
Change in cash and cash equivalents	**(233,629)**	46,173
Cash and cash equivalents at beginning of period	**966,065**	921,471
Cash and cash equivalents at end of period	**$ 732,436**	$ 967,644
Supplemental disclosure:		
Interest paid	**$ 12,766**	$ 14,242

19. SEGMENT REPORTING

Our business segments are based on our internally-aligned segment leadership structure, which is how we monitor results and assess performance. During the 2014 first quarter, we reorganized our business segments to drive our ongoing growth and leverage the knowledge of our highly experienced team. We now 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. All periods presented have been reclassified to conform to the current period classification.

Retail and Business Banking: The Retail and Business Banking segment provides a wide array of financial products and services to consumer and small business customers including but not limited to checking accounts, savings accounts, money market accounts, certificates of deposit, consumer loans, and small business loans and leases. Other financial services available to consumer and small business customers include investments, insurance services, interest rate risk protection products, foreign exchange hedging, and treasury management services. Huntington serves customers primarily through our network of traditional branches in Ohio, Michigan, Pennsylvania, Indiana, West Virginia, and Kentucky. Huntington also has branches located in grocery stores in Ohio and Michigan. In addition to our extensive branch network, customers can access Huntington through online banking, mobile banking, telephone banking, and ATMs.

Huntington established a Fair Play banking philosophy and built a reputation for meeting the banking needs of consumers in a manner which makes them feel supported and appreciated. Huntington believes customers are recognizing this and other efforts as key differentiators and it is earning us more customers and deeper relationships.

Business Banking is a dynamic and growing part of our business and we are committed to being the bank of choice for small businesses in our markets. Business Banking is defined as companies with revenues up to $20 million and consists of approximately 156,000 businesses. Huntington continues to develop products and services that are designed specifically to meet the needs of small business. Huntington continues to look for ways to help companies find solutions to their capital needs.

Commercial Banking: Through a relationship banking model, this segment provides a wide array of products and services to the middle market, large corporate, and government public sector customers located primarily within our geographic footprint. The segment is divided into five business units: middle market, large corporate, specialty banking, capital markets and treasury management. During the 2014 third quarter, we moved our insurance brokerage business from Treasury / Other to Commercial Banking to align with a change in management responsibilities.

Middle Market Banking primarily focuses on providing banking solutions to companies with annual revenues of $20 million to $250 million. Through a relationship management approach, various products, capabilities and solutions are seamlessly orchestrated in a client centric way.

Corporate Banking works with larger, often more complex companies with revenues greater than $250 million. These entities, many of which are publically traded, require a different and customized approach to their banking needs.

Specialty Banking offers tailored products and services to select industries that have a foothold in the Midwest. Each banking team is comprised of industry experts with a dynamic understanding of the market and industry. Many of these industries are experiencing tremendous change, which creates opportunities for Huntington to leverage our expertise and help clients navigate, adapt and succeed.

Capital Markets has two distinct product capabilities: corporate risk management services and institutional sales, trading & underwriting. The Capital Markets Group offers a full suite of risk management tools including commodities, foreign exchange and interest rate hedging services. The Institutional Sales, Trading & Underwriting team provides access to capital and investment solutions for both municipal and corporate institutions.

The Treasury Management team helps businesses manage their working capital programs and reduce expenses. Our liquidity solutions help customers save and invest wisely, while our payables and receivables capabilities help them manage purchases and the receipt of payments for good and services. All of this is provided while helping customers take a sophisticated approach to managing their overhead, inventory, equipment and labor.

Automobile Finance and Commercial Real Estate: This segment provides lending and other banking products and services to customers outside of our normal retail and commercial banking segments. Our products and services include financing for the purchase of automobiles by customers at automotive dealerships, financing the acquisition of new and used vehicle inventory of automotive dealerships, and financing for land, buildings, and other commercial real estate owned or constructed by real estate developers, automobile dealerships, or other customers with real estate project financing needs. Products and services are delivered through highly specialized relationship-focused bankers and product partners. Huntington creates well-defined relationship plans which identify needs where solutions are developed and customer commitments are obtained.

The Automotive Finance team services automobile dealerships, its owners, and consumers buying automobiles through these dealerships. Huntington has provided new and used automobile financing and dealer services throughout the Midwest since the early 1950s. This consistency in the market and our focus on working with strong dealerships, has allowed us to expand into selected markets outside of the Midwest and to actively deepen relationships while building a strong reputation.

The Commercial Real Estate team serves real estate developers, REITs, and other customers with lending needs that are secured by commercial properties. Most of our customers are located within our footprint.

Regional Banking and The Huntington Private Client Group: RBHPCG business segment was created as the result of an organizational and management realignment that occurred in January 2014. Regional Banking and The Huntington Private Client Group is well positioned competitively as we have closely aligned with our eleven regional banking markets. A fundamental point of differentiation is our commitment to be actively engaged within our local markets building connections with community and business leaders and offering a uniquely personal experience delivered by colleagues working within those markets.

The Huntington Private Client Group is organized into units consisting of The Huntington Private Bank, The Huntington Trust, The Huntington Investment Company, Huntington Community Development, Huntington Asset Advisors, and Huntington Asset Services. Our private banking, trust, investment and community development functions focus their efforts in our Midwest footprint and Florida; while our proprietary funds and ETFs, fund administration, custody and settlements functions target a national client base.

The Huntington Private Bank provides high net-worth customers with deposit, lending (including specialized lending options) and banking services.

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The Huntington Trust also serves high net-worth customers and delivers wealth management and legacy planning through investment and portfolio management, fiduciary administration, trust services and trust operations. This group also provides retirement plan services and corporate trust to businesses.

The Huntington Investment Company, a registered investment advisor, consists of registered representatives who work with our Retail and Private Bank to provide investment solutions for our customers. This team offers a wide range of products and services, including financial planning, brokerage, annuities, IRAs, 529 plans, market linked CDs and other investment products.

Huntington Community Development focuses on improving the quality of life for our communities and the residents of low-to moderate-income neighborhoods by developing and delivering innovative products and services to support affordable housing and neighborhood stabilization.

Huntington Asset Advisors provides investment management services through a variety of internal and external channels, including advising the Huntington Funds, our proprietary family of mutual funds and Huntington Strategy Shares, our Exchange Trade Funds.

Huntington Asset Services has a national clientele and offers administrative and operational support to fund complexes, including fund accounting, transfer agency, administration, custody and distribution services. This group also works with law firms and the court system to provide custody and settlement distribution services.

Home Lending: Home Lending originates and services consumer loans and mortgages for customers who are generally located in our primary banking markets. Consumer and mortgage lending products are primarily distributed through the Retail and Business Banking segment, as well as through commissioned loan originators. Home lending earns interest on loans held in the warehouse and portfolio, earns fee income from the origination and servicing of mortgage loans, and recognizes gains or losses from the sale of mortgage loans. Home Lending supports the origination and servicing of mortgage loans across all segments.

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Listed below is certain operating basis financial information reconciled to Huntington s September 30, 2014, December 31, 2013, and September 30, 2013, reported results by business segment:

	Three Months Ended September 30,						
Income Statements *(dollar amounts in thousands)*	Retail & Business Banking	Commercial Banking	AFCRE	RBHPCG	Home Lending	Treasury/ Other	Huntington Consolidated
2014							
Net interest income	**$ 230,318**	**$ 75,485**	**$ 99,262**	**$ 25,239**	**$ 14,620**	**$ 21,411**	**$ 466,335**
Provision for credit losses	**22,528**	**13,309**	**(18,334)**	**3,179**	**3,798**		**24,480**
Noninterest income	**105,868**	**52,820**	**9,832**	**42,097**	**20,838**	**15,894**	**247,349**
Noninterest expense	**251,507**	**60,429**	**41,583**	**60,548**	**33,523**	**32,728**	**480,318**
Income taxes	**21,753**	**19,098**	**30,046**	**1,263**	**(652)**	**(17,638)**	**53,870**
Net income	**$ 40,398**	**$ 35,469**	**$ 55,799**	**$ 2,346**	**$ (1,211)**	**$ 22,215**	**$ 155,016**
2013							
Net interest income	$ 224,824	$ 70,566	$ 92,372	$ 25,898	$ 13,433	$ (2,241)	$ 424,852
Provision for credit losses	43,127	50,299	(77,686)	(7,349)	3,009		11,400
Noninterest income	105,227	57,100	10,822	43,664	18,377	18,577	253,767
Noninterest expense	242,343	63,381	40,011	57,060	36,853	(16,312)	423,336
Income taxes	15,603	4,895	49,304	6,948	(2,818)	(8,885)	65,047
Net income	$ 28,978	$ 9,091	$ 91,565	$ 12,903	$ (5,234)	$ 41,533	$ 178,836

	Nine Months Ended September 30,						
Income Statements *(dollar amounts in thousands)*	Retail & Business Banking	Commercial Banking	AFCRE	RBHPCG	Home Lending	Treasury/ Other	Huntington Consolidated
2014							
Net interest income	**$ 678,502**	**$ 218,257**	**$ 290,297**	**$ 76,399**	**$ 41,997**	**$ 58,437**	**$ 1,363,889**
Provision for credit losses	**63,962**	**30,905**	**(42,035)**	**5,353**	**20,308**	**2**	**78,495**
Noninterest income	**306,364**	**149,165**	**27,647**	**132,080**	**59,946**	**70,699**	**745,901**
Noninterest expense	**732,623**	**183,464**	**121,276**	**176,595**	**101,490**	**83,627**	**1,399,075**
Income taxes	**65,898**	**53,569**	**83,546**	**9,286**	**(6,949)**	**(41,908)**	**163,442**
Net income	**$ 122,383**	**$ 99,484**	**$ 155,157**	**$ 17,245**	**$ (12,906)**	**$ 87,415**	**$ 468,778**
2013							
Net interest income	$ 678,244	$ 210,725	$ 273,105	$ 79,926	$ 38,139	$ (6,180)	$ 1,273,959
Provision for credit losses	101,448	41,685	(89,857)	2,939	9,501	(2)	65,714
Noninterest income	292,370	152,109	32,694	144,029	85,599	55,503	762,304
Noninterest expense	719,443	193,423	117,323	176,479	109,285	(3,959)	1,311,994
Income taxes	52,403	44,704	97,417	15,588	1,733	(36,400)	175,445
Net income	$ 97,320	$ 83,022	$ 180,916	$ 28,949	$ 3,219	$ 89,684	$ 483,110

(dollar amounts in thousands)	Assets at September 30, 2014	Assets at December 31, 2013	Deposits at September 30, 2014	Deposits at December 31, 2013
Retail & Business Banking	**$ 15,061,958**	$ 14,440,869	**$ 29,265,196**	$ 28,293,993
Commercial Banking	**14,438,025**	12,524,270	**10,791,342**	10,187,891
AFCRE	**15,631,308**	14,081,112	**1,361,907**	1,170,518
RBHPCG	**3,830,366**	3,736,785	**5,897,868**	6,094,135
Home Lending	**3,929,146**	3,742,527	**268,610**	329,511
Treasury / Other	**11,439,826**	10,941,611	**2,544,914**	1,430,670
Total	**$ 64,330,629**	$ 59,467,174	**$ 50,129,837**	$ 47,506,718

20. BUSINESS COMBINATIONS

BANK OF AMERICA BRANCH ACQUISITION

On September 12, 2014, Huntington completed its acquisition and conversion of 24 Bank of America branches, furthering our presence in Michigan. Under the terms of the agreement, Huntington acquired approximately $745.2 million of deposits. The deposits were recorded at fair value in accordance with ASC 805, Business Combinations . The fair values of deposits were estimated by discounting cash flows using interest rates currently being offered on deposits with similar maturities (Level 3). As part of the acquisition, Huntington recorded $17.1 million of goodwill.

Pro forma results have not been disclosed, as those amounts are not significant to the unaudited condensed consolidated financial statements.

CAMCO FINANCIAL

On March 1, 2014, Huntington completed its acquisition of Camco Financial in a stock and cash transaction valued at $109.5 million. Camco Financial operated 22 banking offices and served communities in Southeast Ohio. The acquisition provides Huntington the opportunity to enhance our presence in several areas within our existing footprint and to expand into a few new markets.

Under the terms of the merger agreement, Camco Financial shareholders received 0.7264 shares of Huntington common stock, on a tax-free basis, or a taxable cash payment of $6.00 for each share of Camco Financial common stock. The aggregate purchase price was $109.5 million, including $17.8 million of cash and $91.7 million of common stock and options to purchase common stock. The value of the 8.7 million shares issued in connection with the merger was determined based on the closing price of Huntington s common stock on February 28, 2014.

Under the agreement, Huntington acquired approximately $559.4 million of loans and $557.4 million of deposits. Assets acquired and liabilities assumed were recorded at fair value in accordance with ASC 805, Business Combinations . The fair values for loans were estimated using discounted cash flow analyses using interest rates currently being offered for loans with similar terms (Level 3). This value was reduced by an estimate of probable losses and the credit risk associated with the loans. The fair values of deposits were estimated by discounting cash flows using interest rates currently being offered on deposits with similar maturities (Level 3). As part of the acquisition, Huntington recorded $64.2 million of goodwill, all of which is nondeductible for tax purposes.

Pro forma results have not been disclosed, as those amounts are not significant to the unaudited condensed consolidated financial statements.

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Item 3: Quantitative and Qualitative Disclosures about Market Risk

Quantitative and qualitative disclosures for the current period can be found in the Market Risk section of this report, which includes changes in market risk exposures from disclosures presented in Huntington s 2013 Form 10-K.

Item 4: Controls and Procedures

Disclosure Controls and Procedures

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

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

PART II. OTHER INFORMATION

In accordance with the instructions to Part II, the other specified items in this part have been omitted because they are not applicable or the information has been previously reported.

Item 1: Legal Proceedings

Information required by this item is set forth in Note 17 of the Notes to Unaudited Condensed Consolidated Financial Statements included in Item 1 of this report and incorporated herein by reference.

Item 1A: Risk Factors

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

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) and (b)

Not Applicable

(c)

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares (or Approximate Dollar Value) that May Yet Be Purchased Under the Plans or Programs (2)

July 1, 2014 to July 31, 2014		$		12,095,003	$ 139,161,145
August 1, 2014 to August 31, 2014	4,619,200		9.66	16,714,203	94,539,673
September 1, 2014 to September 30, 2014	818,600		9.93	17,532,803	86,410,975
Total	5,437,800	$	9.70	17,532,803	$ 86,410,975

(1) The reported shares were repurchased pursuant to Huntington s publicly announced stock repurchase authorizations.

(2) The number shown represents, as of the end of each period, the maximum number of shares (approximate dollar value) of Common Stock that may yet be purchased under publicly announced stock repurchase authorizations. The shares may be purchased, from time-to-time, depending on market conditions.

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On March 26, 2014, Huntington Bancshares Incorporated was notified by the Federal Reserve that it had no objection to Huntington s proposed capital actions included in Huntington s capital plan submitted to the Federal Reserve in January 2014. These actions included the potential repurchase of up to $250 million shares of common stock, through the first quarter of 2015. Huntington s Board of Directors authorized a share repurchase program consistent with Huntington s capital plan. During the 2014 third quarter, Huntington repurchased a total of 5.4 million shares at a weighted average share price of $9.70.

Item 6. Exhibits

Exhibit Index

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

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

Exhibit Number	Document Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference
3.1	Articles of Restatement of Charter.	Annual Report on Form 10-K for the year ended December 31, 1993	000-02525	3(i)
3.2	Articles of Amendment to Articles of Restatement of Charter.	Current Report on Form 8-K dated May 31, 2007	000-02525	3.1
3.3	Articles of Amendment to Articles of Restatement of Charter.	Current Report on Form 8-K dated May 7, 2008	000-02525	3.1
3.4	Articles of Amendment to Articles of Restatement of Charter.	Current Report on Form 8-K dated April 27, 2010	001-34073	3.1
3.5	Articles Supplementary of Huntington Bancshares Incorporated, as of April 22, 2008.	Current Report on Form 8-K dated April 22, 2008	000-02525	3.1
3.6	Articles Supplementary of Huntington Bancshares Incorporated, as of April 22. 2008.	Current Report on Form 8-K dated April 22, 2008	000-02525	3.2
3.7	Articles Supplementary of Huntington Bancshares Incorporated, as of November 12, 2008.	Current Report on Form 8-K dated November 12, 2008	001-34073	3.1
3.8	Articles Supplementary of Huntington Bancshares Incorporated, as of December 31, 2006.	Annual Report on Form 10-K for the year ended December 31, 2006	000-02525	3.4
3.9	Articles Supplementary of Huntington Bancshares Incorporated, as of December 28, 2011.	Current Report on Form 8-K dated December 28, 2011.	001-34073	3.1
3.10	Bylaws of Huntington Bancshares Incorporated, as amended and restated, as of July 16, 2014.	Current Report on Form 8-K dated July 17, 2014	001-34073	3.1
4.1	Instruments defining the Rights of Security Holders reference is made to Articles Fifth, Eighth, and Tenth of Articles of Restatement of			

	Charter, as amended and supplemented. Instruments defining the rights of holders of long-term debt will be furnished to the Securities and Exchange Commission upon request.			
10.1	*Form of 2014 Restricted Stock Unit Grant Agreement for Executive Officers	Quarterly Report on Form 10-Q dated July 30, 2014	001-34073	10.1
10.2	*Form of 2014 Stock Option Grant Agreement for Executive Officers	Quarterly Report on Form 10-Q dated July 30, 2014	001-34073	10.2
10.3	*Form of 2014 Performance Stock Unit Grant Agreement for Executive Officers	Quarterly Report on Form 10-Q dated July 30, 2014	001-34073	10.3
10.4	*Form of 2014 Restricted Stock Unit Grant Agreement for Executive Officers Version II	Quarterly Report on Form 10-Q dated July 30, 2014	001-34073	10.4

10.5	*Form of 2014 Stock Option Grant Agreement for Executive Officers Version II	Quarterly Report on Form 10-Q dated July 30, 2014	001-34073	10.5
10.6	*Form of 2014 Performance Stock Unit Grant Agreement for Executive Officers Version II	Quarterly Report on Form 10-Q dated July 30, 2014	001-34073	10.6
31.1	Rule 13a-14(a) Certification Chief Executive Officer.			
31.2	Rule 13a-14(a) Certification Chief Financial Officer.			
32.1	Section 1350 Certification Chief Executive Officer.			
32.2	Section 1350 Certification Chief Financial Officer.			
101	The following material from Huntington s Form 10-Q Report for the quarterly period ended September 30, 2014, formatted in XBRL: (1) Unaudited Condensed Consolidated Balance Sheets, (2) Unaudited Condensed Consolidated Statements of Income, (3) Unaudited Condensed Consolidated Statements of Comprehensive Income (4) Unaudited Condensed Consolidated Statement of Changes in Shareholders Equity, (5) Unaudited Condensed Consolidated Statements of Cash Flows, and (6) the Notes to Unaudited Condensed Consolidated Financial Statements.			

* Denotes management contract or compensatory plan or arrangement

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Huntington Bancshares Incorporated

(Registrant)

Date: October 28, 2014	/s/ Stephen D. Steinour Stephen D. Steinour Chairman, Chief Executive Officer and President
Date: October 28, 2014	/s/ Howell D. McCullough III Howell D. McCullough III Chief Financial Officer