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**

For the quarterly period ended June 30, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Huntington Bancshares Incorporated

(Exact name of registrant as specified in its charter)

Maryland	**1-34073**	**31-0724920**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

Registrant's address: 41 South High Street, Columbus, Ohio 43287

Registrant's telephone number, including area code: (614) 480-2265

Securities registered pursuant to Section 12(b) of the Act

Title of class	Trading Symbol(s)	Name of exchange on which registered
Depositary Shares (each representing a 1/40th interest in a share of 4.500% Series H Non-Cumulative, perpetual preferred stock)	**HBANP**	**NASDAQ**
Depositary Shares (each representing a 1/1000th interest in a share of 5.70% Series I Non-Cumulative, perpetual preferred stock)	**HBANM**	**NASDAQ**
Common Stock—Par Value $0.01 per Share	**HBAN**	**NASDAQ**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). ☒ Yes ☐ No

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

Large Accelerated Filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

There were 1,442,194,344 shares of the registrant's common stock ($0.01 par value) outstanding on June 30, 2022.

HUNTINGTON BANCSHARES INCORPORATED
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Glossary of Acronyms and Terms

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

ACL	Allowance for Credit Losses
AFS	Available-for-Sale
ALLL	Allowance for Loan and Lease Losses
AOCI	Accumulated Other Comprehensive Income
ASC	Accounting Standards Codification
AULC	Allowance for Unfunded Lending Commitments
Basel III	Refers to the final rule issued by the FRB and OCC and published in the Federal Register on October 11, 2013
CARES Act	Coronavirus Aid, Relief, and Economic Security Act, as amended
C&I	Commercial and Industrial
CCAR	Comprehensive Capital Analysis and Review
CDs	Certificates of Deposit
CDI	Core Deposit Intangible
CECL	Current Expected Credit Loss
CET1	Common Equity Tier 1 on a Basel III basis
CFPB	Bureau of Consumer Financial Protection
CMO	Collateralized Mortgage Obligations
COVID-19	Coronavirus Disease 2019
CRE	Commercial Real Estate
EAD	Exposure at Default
EVE	Economic Value of Equity
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FHLB	Federal Home Loan Bank
FICO	Fair Isaac Corporation
FRB	Federal Reserve Bank or the Federal Reserve Board
FTE	Fully-Taxable Equivalent
FTP	Funds Transfer Pricing
FVO	Fair Value Option
GAAP	Generally Accepted Accounting Principles in the United States of America
HTM	Held-to-Maturity
IRS	Internal Revenue Service
LGD	Loss Given Default
LIBOR	London Interbank Offered Rate
LIHTC	Low Income Housing Tax Credit
MBS	Mortgage-Backed Securities
MD&A	Management’s Discussion and Analysis of Financial Condition and Results of Operations
MSR	Mortgage Servicing Right
NAICS	North American Industry Classification System
NALs	Nonaccrual Loans
NCO	Net Charge-off
NII	Net Interest Income
NIM	Net Interest Margin
NM	Not Meaningful
NPAs	Nonperforming Assets
OCC	Office of the Comptroller of the Currency

OCI	Other Comprehensive Income
OLEM	Other Loans Especially Mentioned
PD	Probability of Default
PPP	Paycheck Protection Program
RBHPCG	Regional Banking and The Huntington Private Client Group
ROC	Risk Oversight Committee
SBA	Small Business Administration
SCB	Stress Capital Buffer
SEC	Securities and Exchange Commission
SOFR	Secured Overnight Financing Rate
TCF	TCF Financial Corporation
TDR	Troubled Debt Restructuring
U.S. Treasury	U.S. Department of the Treasury
UPB	Unpaid Principal Balance
VIE	Variable Interest Entity
XBRL	eXtensible Business Reporting Language

PART I. FINANCIAL INFORMATION

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

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

INTRODUCTION

We are a multi-state diversified regional bank holding company organized under Maryland law in 1966 and headquartered in Columbus, Ohio. Through the Bank, we have over 150 years of servicing the financial needs of our customers. Through our subsidiaries, we provide full-service commercial and consumer banking services, mortgage banking services, automobile financing, recreational vehicle and marine financing, investment banking, capital markets, and advisory services, equipment financing, inventory finance, investment management, trust services, brokerage services, insurance products and services, and other financial products and services. At June 30, 2022, our 1,032 full-service branches and private client group offices are primarily located in Ohio, Colorado, Illinois, Indiana, Kentucky, Michigan, Minnesota, Pennsylvania, West Virginia and Wisconsin. Select financial services and other activities are also conducted in various other states. International banking services are available through the headquarters office in Columbus, Ohio. Our foreign banking activities, in total or with any individual country, are not significant.

This MD&A provides information we believe necessary for understanding our financial condition, changes in financial condition, results of operations, and cash flows. The MD&A included in our 2021 Annual Report on Form 10-K should be read in conjunction with this MD&A as this discussion provides only material updates to the 2021 Annual Report on Form 10-K. This MD&A should also be read in conjunction with the Unaudited Condensed Consolidated Financial Statements, Notes to Unaudited Condensed Consolidated Financial Statements, and other information contained in this report.

EXECUTIVE OVERVIEW

In June 2021, Huntington closed the acquisition of TCF Financial Corporation. Historical periods prior to June 9, 2021 reflect results of legacy Huntington operations. Subsequent to closing, results reflect all post-acquisition activity. See Note 3 "Acquisition of TCF Financial Corporation" of the Notes to Unaudited Condensed Consolidated Financial Statements appearing in Huntington's 2021 Annual Report on Form 10-K for further information.

In May 2022, Huntington completed the acquisition of Torana, now known as Huntington Choice Pay, a digital payments business focused on business to consumer payments. This acquisition along with the formation of our enterprise-wide payments group reflects one of our strategic priorities to accelerate our payments capabilities and expand the services provided to our customers.

In June 2022, Huntington completed the acquisition of Capstone Partners, a top tier middle market investment bank and advisory firm. The transaction brings a national scale to serve middle market business owners throughout the corporate lifecycle, building on Huntington's regional banking foundation. Capstone Partners related revenue, including mergers and acquisitions, capital raising and other advisory-related fees, is recognized within capital markets fees in the Consolidated Statements of Income.

Summary of 2022 Second Quarter Results Compared to 2021 Second Quarter

For the quarter, we reported net income of $539 million, or $0.35 per diluted common share, compared with a net loss of $15 million, or $0.05 per diluted common share, in the year-ago quarter. The 2022 second quarter reported net income benefited from the full-quarter impact of the TCF acquisition and organic growth, while the year-ago quarter was negatively impacted by the TCF acquisition initial provision for credit losses of $294 million, or $239 million after tax ($0.21 per diluted common share) in addition to acquisition-related expenses totaling $269 million, or $218 million after-tax ($0.19 per diluted common share).

Net interest income was $1.3 billion, up $423 million, or 50% from the year-ago quarter. FTE net interest income, a non-GAAP financial measure, increased $423 million, or 50%, from the year-ago quarter. The increase in FTE net interest income reflected the benefit from a $33.8 billion, or 27%, increase in average earning assets and a 49 basis point increase in the FTE NIM to 3.15%. Average earning assets growth included a $26.6 billion, or 30%, increase in average loans and leases and a $11.8 billion, or 38%, increase in average securities. The year-over-year increase in NIM was primarily due to improvements in yields on earning assets largely driven by the Federal Reserve's rate increases in addition to the 2021 second quarter unfavorable impact from the $55 million mark-to-market of interest rate caps.

The provision for credit losses decreased $144 million from the year-ago quarter to $67 million in the 2022 second quarter. The decrease in provision for credit losses was primarily due to the TCF acquisition initial provision for credit losses of $294 million recognized in the year-ago quarter, partially offset by loan and lease growth. The ACL decreased $154 million from the year-ago quarter to $2.2 billion in the 2022 second quarter to 1.87% of total loans and leases, compared to $2.3 billion, or 2.09% of total loans and leases. The decrease in ACL as a percentage of total loans and leases was driven by overall improved credit quality over the last year while recognizing the near-term recessionary risks. NCOs decreased $54 million from the year-ago-quarter to $8 million. Total NCOs represented an annualized 0.03% of average loans and leases in the current quarter, down from 0.28% in the year-ago quarter.

Noninterest income was $485 million, an increase of $41 million, or 9%, and noninterest expense decreased $54 million, or 5%, from the year-ago quarter. The increase to noninterest income was primarily due to the full-quarter benefit from the TCF acquisition, completed in June 2021. The decrease to noninterest expense was primarily due to a reduction in acquisition-related expenses of $245 million and execution of cost reduction initiatives, partially offset by the full-quarter impact from the TCF acquisition.

The tangible common equity to tangible assets ratio was 5.80% at June 30, 2022, down 108 basis points from December 31, 2021, primarily due to a decrease in tangible common equity related to higher interest rates causing a decrease in accumulated other comprehensive income and the impact from the acquisitions of Capstone Partners and Torana, partially offset by earnings. CET1 risk-based capital ratio was 9.05%, down from 9.33% from December 31, 2021. The regulatory Tier 1 risk-based capital ratio was 10.63% compared to 10.99% at December 31, 2021. The decrease in regulatory capital ratios was primarily driven by risk-weighted assets growth and goodwill recognized, partially offset by earnings.

During the first six months of 2022, Huntington repurchased no shares of common stock under the current repurchase authorization which began the third quarter of 2021 and expired June 30, 2022. As of June 30, 2022, the end of the current repurchase authorization, Huntington completed $650 million of the share repurchase authorization.

Business Overview

General

Our general business objectives are:

- Build on our vision to become the country’s leading people-first, digitally powered bank
- Drive sustainable long-term revenue growth and efficiency
- Deliver a Category of One customer experience through proactive and personalized guidance, differentiated products, and expertise
- Extend our digital capabilities with focus on ease of use, access to information, and self-service across products and services
- Add scale and scope by acquiring and deepening relationships and launching of select partnerships
- Maintain positive operating leverage and execute disciplined capital management
- Execute effective risk management with an aggregate moderate-to-low, through-the-cycle risk appetite

COVID-19

The COVID-19 pandemic has caused unprecedented disruption that has affected daily living and has negatively impacted the economy. As further discussed in “Discussion of Results of Operations,” the volatility in the markets and economic uncertainty caused by the pandemic continue to have impact.

Huntington reacted quickly to the changes required by the pandemic as a result of the commitment and flexibility of our colleagues coupled with well-prepared business continuity plans. We continue to make progress welcoming more of our colleagues back to the office as part of our Coming Back Together plan. We offer Workplace Flex to help employees achieve work/life harmony in support of the business. We achieve this with flexible work arrangements, parental leave, and other health, wellness and financial benefits and services that assist employees and their families. We continue to monitor the impact of the virus and current government guidelines.

Economy

Growth in economic activity and demand for goods and services, alongside labor shortages, supply chain complications and geopolitical matters, have contributed to rising inflation. In response, the FRB has raised interest rates and began reducing the size of its balance sheet. Furthermore, the FRB signaled that it would continue to implement these policy actions in order to bring inflation down. The timing and impact of inflation and rising interest rates on our business and related financial results will depend on future developments, which are highly uncertain and difficult to predict. Our businesses and financial results may be impacted by a variety of other factors as well, such as an economic slowdown or recession.

We delivered positive results this quarter, driven by continued execution of strategic initiatives in addition to loan and lease and revenue growth. Further, we added capabilities through the acquisitions of Capstone Partners and Torana during the quarter. Additionally, we saw net interest income expansion, average deposit growth and demonstrated disciplined expense management. Credit continues to perform well in keeping with our aggregate moderate-to-low risk profile through-the-cycle. Through our disciplined and proactive approach, we believe Huntington is well positioned to manage through the uncertainty in the macroeconomic environment. We remain focused on delivering profitable growth.

DISCUSSION OF RESULTS OF OPERATIONS

This section provides a review of financial performance on a consolidated basis. Key Unaudited Condensed Consolidated Balance Sheet and Unaudited Condensed Statement of Income trends are discussed. All earnings per share data are reported on a diluted basis. For additional insight on financial performance, please read this section in conjunction with the “Business Segment Discussion”.

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Table 1 - Selected Quarterly Income Statement Data

(amounts in millions, except per share data)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change Amount	Change Percent
Interest income	$ 1,331	$ 935	$ 396	42 %
Interest expense	70	97	(27)	(28)
Net interest income	1,261	838	423	50
Provision for credit losses	67	211	(144)	(68)
Net interest income after provision for credit losses	1,194	627	567	90
Service charges on deposit accounts	105	88	17	19
Card and payment processing income	96	80	16	20
Mortgage banking income	44	67	(23)	(34)
Trust and investment management services	63	56	7	13
Capital markets fees	54	35	19	54
Insurance income	27	25	2	8
Leasing revenue	27	12	15	NM
Bank owned life insurance income	11	16	(5)	(31)
Gain on sale of loans	12	3	9	NM
Net gains on sales of securities	—	10	(10)	(100)
Other noninterest income	46	52	(6)	(12)
Total noninterest income	485	444	41	9
Personnel costs	577	592	(15)	(3)
Outside data processing and other services	153	162	(9)	(6)
Net occupancy	58	72	(14)	(19)
Equipment	61	55	6	11
Professional services	19	48	(29)	(60)
Marketing	24	15	9	60
Deposit and other insurance expense	20	8	12	150
Amortization of intangibles	13	11	2	18
Lease financing equipment depreciation	11	5	6	120
Other noninterest expense	82	104	(22)	(21)
Total noninterest expense	1,018	1,072	(54)	(5)
Income (loss) before income taxes	661	(1)	662	NM
Provision for income taxes	120	14	106	NM
Income (loss) after income taxes	541	(15)	556	NM
Income attributable to non-controlling interest	2	—	2	NM
Net income (loss) attributable to Huntington Bancshares Inc	539	(15)	554	NM
Dividends on preferred shares	28	43	(15)	(35)
Net income (loss) applicable to common shares	$ 511	$ (58)	$ 569	NM
Average common shares—basic	1,441	1,125	316	28
Average common shares—diluted	1,463	1,125	338	30
Net income per common share—basic	$ 0.35	$ (0.05)	$ 0.40	NM
Net income per common share—diluted	0.35	(0.05)	0.40	NM
Return on average total assets	1.22 %	(0.05)%		
Return on average common shareholders' equity	12.8	(1.9)		
Return on average tangible common shareholders' equity (1)	19.9	(2.1)		
Net interest margin (2)	3.15	2.66		
Efficiency ratio (3)	57.3	83.1		
Effective tax rate	18.1	(2,353.3)		
Revenue and Net Interest Income—FTE (non-GAAP)				
Net interest income	$ 1,261	$ 838	$ 423	50
FTE adjustment	6	6	—	—
Net interest income, FTE (non-GAAP) (2)	1,267	844	423	50
Noninterest income	485	444	41	9
Total revenue, FTE (non-GAAP) (2)	$ 1,752	$ 1,288	$ 464	36

(1) Net income (loss) 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 21% tax rate.

(2) On an FTE basis assuming a 21% tax rate.

(3) Noninterest expense less amortization of intangibles and goodwill impairment divided by the sum of FTE net interest income and noninterest income excluding securities gains (losses).

Table 2 - Selected Year to Date Income Statement Data

	Six Months Ended June 30,		Change	
(amounts in millions, except per share data)	2022	2021	Amount	Percent
Interest income	$ 2,526	$ 1,804	$ 722	40 %
Interest expense	119	(6)	125	NM
Net interest income	2,407	1,810	597	33
Provision for credit losses	92	151	(59)	(39)
Net interest income after provision for credit losses	2,315	1,659	656	40
Service charges on deposit accounts	202	157	45	29
Card and payment processing income	182	145	37	26
Mortgage banking income	93	167	(74)	(44)
Trust and investment management services	128	108	20	19
Capital markets fees	96	64	32	50
Insurance income	58	52	6	12
Leasing revenue	62	16	46	NM
Bank owned life insurance income	28	32	(4)	(13)
Gain on sale of loans	40	6	34	NM
Net gains on sales of securities	—	10	(10)	(100)
Other noninterest income	95	82	13	16
Total noninterest income	984	839	145	17
Personnel costs	1,157	1,060	97	9
Outside data processing and other services	318	277	41	15
Net occupancy	122	114	8	7
Equipment	142	101	41	41
Professional services	38	65	(27)	(42)
Marketing	45	29	16	55
Deposit and other insurance expense	38	16	22	138
Amortization of intangibles	27	21	6	29
Lease financing equipment depreciation	25	5	20	NM
Other noninterest expense	159	177	(18)	(10)
Total noninterest expense	2,071	1,865	206	11
Income before income taxes	1,228	633	595	94
Provision for income taxes	225	116	109	94
Income after income taxes	1,003	517	486	94
Income attributable to non-controlling interest	4	—	4	100
Net income attributable to Huntington Bancshares Inc	999	517	482	93
Dividends on preferred shares	56	74	(18)	(24)
Net income applicable to common shares	$ 943	$ 443	$ 500	113 %
Average common shares—basic	1,440	1,071	369	34 %
Average common shares—diluted	1,464	1,094	370	34
Net income per common share—basic	$ 0.65	$ 0.41	$ 0.24	59
Net income per common share—diluted	0.64	0.40	0.24	60
Revenue and Net Interest Income—FTE (Non-GAAP)				
Net interest income	$ 2,407	$ 1,810	$ 597	33 %
FTE adjustment	14	12	2	17
Net interest income, FTE (non-GAAP) (1)	2,421	1,822	599	33
Noninterest income	984	839	145	17
Total revenue, FTE (non-GAAP) (1)	$ 3,405	$ 2,661	$ 744	28 %

(1) On an FTE basis assuming a 21% tax rate.

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Average Balance Sheet / Net Interest Income

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

Table 3 - Consolidated Quarterly Average Balance Sheet and Net Interest Margin

	Three Months Ended							
	June 30, 2022			June 30, 2021			Change in Average Balances	
(dollar amounts in millions)	Average Balances	Interest Income (FTE) (1)	Yield/ Rate (2)	Average Balances	Interest Income (FTE) (1)	Yield/ Rate (2)	Amount	Percent
Assets:								
Interest-bearing deposits at Federal Reserve Bank	$ 3,532	$ 7	0.80 %	$ 7,636	$ 2	0.11 %	$ (4,104)	(54)%
Interest-bearing deposits in banks	161	1	1.32	319	—	0.01	(158)	(50)
Securities:								
Trading account securities	30	1	3.99	48	1	2.96	(18)	(38)
Available-for-sale securities:								
Taxable	21,672	123	2.25	20,096	67	1.34	1,576	8
Tax-exempt	2,859	19	2.71	2,832	17	2.42	27	1
Total available-for-sale securities	24,531	142	2.30	22,928	84	1.47	1,603	7
Held-to-maturity securities—taxable	17,234	90	2.10	7,280	35	1.94	9,954	137
Other securities	755	6	3.62	479	2	1.72	276	58
Total securities	42,550	239	2.24	30,735	122	1.59	11,815	38
Loans held for sale	1,033	10	4.08	1,294	9	2.79	(261)	(20)
Loans and leases: (3)								
Commercial:								
Commercial and industrial	42,689	415	3.84	34,126	319	3.70	8,563	25
Commercial real estate	15,276	131	3.41	9,083	72	3.13	6,193	68
Lease financing	4,919	61	4.98	2,798	36	5.00	2,121	76
Total commercial	62,884	607	3.83	46,007	427	3.67	16,877	37
Consumer:								
Residential mortgage	20,527	158	3.09	13,768	104	3.04	6,759	49
Automobile	13,557	115	3.40	12,793	115	3.62	764	6
Home equity	10,373	115	4.44	9,375	89	3.79	998	11
RV and marine	5,317	55	4.12	4,447	46	4.13	870	20
Other consumer	1,291	30	9.08	1,004	27	10.61	287	29
Total consumer	51,065	473	3.70	41,387	381	3.69	9,678	23
Total loans and leases	113,949	1,080	3.77	87,394	808	3.68	26,555	30
Allowance for loan and lease losses	(2,053)			(1,828)			(225)	(12)
Net loans and leases	111,896			85,566			26,330	31
Total earning assets	161,225	1,337	3.33	127,378	941	2.96	33,847	27
Cash and due from banks	1,669			1,106			563	51
Goodwill and other intangible assets	5,613			3,055			2,558	84
All other assets	10,107			8,119			1,988	24
Total assets	$ 176,561			$ 137,830			$ 38,731	28 %
Liabilities and Shareholders' Equity:								
Interest-bearing deposits:								
Demand deposits—interest-bearing	$ 41,712	$ 11	0.10 %	$ 29,729	$ 4	0.04 %	$ 11,983	40 %
Money market deposits	33,791	8	0.09	28,124	4	0.06	5,667	20
Savings and other domestic deposits	21,683	1	0.02	15,190	2	0.04	6,493	43
Core certificates of deposit (4)	2,228	—	0.07	1,832	1	0.19	396	22
Other domestic deposits of $250,000 or more	225	—	0.23	259	—	0.26	(34)	(13)
Negotiable CDs, brokered and other deposits	2,981	5	0.72	2,986	1	0.16	(5)	—
Total interest-bearing deposits	102,620	25	0.10	78,120	12	0.06	24,500	31
Short-term borrowings	2,103	7	1.40	241	—	0.47	1,862	NM
Long-term debt (5)	7,024	38	2.16	6,887	85	4.97	137	2
Total interest-bearing liabilities	111,747	70	0.25	85,248	97	0.45	26,499	31
Demand deposits—noninterest-bearing	42,388			34,558			7,830	23
All other liabilities	4,168			2,608			1,560	60
Total Huntington Bancshares Inc shareholders' equity	18,228			15,410			2,818	18
Non-controlling interest	30			6			24	NM
Total equity	18,258			15,416			2,842	18
Total liabilities and shareholders' equity	$ 176,561			$ 137,830			$ 38,731	28 %
Net interest rate spread			3.08			2.51		
Impact of noninterest-bearing funds on margin			0.07			0.15		
Net interest margin/NII (FTE)		$ 1,267	3.15 %		$ 844	2.66 %		

(1) FTE yields are calculated assuming a 21% tax rate.
(2) Average yield rates include the impact of applicable derivatives. Loan and lease and deposit average yield rates also include impact of applicable non-deferrable and amortized fees.
(3) For purposes of this analysis, NALs are reflected in the average balances of loans and leases.
(4) Includes consumer certificates of deposit of $250,000 or more.
(5) Reflects the net mark-to-market impact of interest rate caps, a detriment of $55 million, or 318 bps, for the three-month period ended June 30, 2021. There was no impact for the three-month period ended June 30, 2022.

2022 Second Quarter versus 2021 Second Quarter

Net interest income for the 2022 second quarter increased $423 million, or 50%, from the 2021 second quarter. FTE net interest income, a non-GAAP financial measure, for the 2022 second quarter increased $423 million, or 50%, from the 2021 second quarter. The increase in FTE net interest income reflects the benefit of a $33.8 billion, or 27%, increase in average total earning assets and a 49 basis point increase in the FTE NIM to 3.15%. The increase in average total earning assets included a $26.6 billion, or 30%, increase in average loans and leases and a $11.8 billion, or 38%, increase in average securities. Average balances across earning asset categories for the 2022 second quarter reflect the full-quarter impact of the TCF acquisition in addition to organic growth. The increase in average securities was additionally driven by the redeployment of excess liquidity into securities in the second half of 2021.

The NIM expansion was primarily due to improvements in yields on earning assets driven by the Federal Reserve's rate increases in addition to the 2021 second quarter unfavorable impact from the $55 million mark-to-market of interest rate caps.

Net interest income for the 2022 second quarter included $16 million of net interest income from purchase accounting accretion and $5 million in accelerated PPP loan fees recognized upon forgiveness payments from the SBA, compared to $9 million and $30 million, respectively, in the 2021 second quarter.

Table 4 - Consolidated YTD Average Balance Sheets and Net Interest Margin

	Six months ended							
	June 30, 2022			June 30, 2021			Change in Average Balances	
(dollar amounts in millions)	Average Balances	Interest Income (FTE) (1)	Yield/ Rate (2)	Average Balances	Interest Income (FTE) (1)	Yield/ Rate (2)	Amount	Percent
Assets:								
Interest-bearing deposits at Federal Reserve Bank	$ 5,354	$ 10	0.38 %	$ 6,855	$ 4	0.11 %	$ (1,501)	(22)%
Interest-bearing deposits in banks	168	1	0.71	248	—	0.03	(80)	(32)
Securities:								
Trading account securities	38	1	3.63	50	1	3.32	(12)	(24)
Available-for-sale securities:								
Taxable	22,931	213	1.85	17,476	116	1.33	5,455	31
Tax-exempt	2,873	41	2.86	2,742	34	2.46	131	5
Total available-for-sale securities	25,804	254	1.96	20,218	150	1.48	5,586	28
Held-to-maturity securities—taxable	15,902	156	1.97	7,772	77	1.98	8,130	105
Other securities	860	11	2.64	447	4	1.69	413	92
Total securities	42,604	422	1.98	28,487	232	1.63	14,117	50
Loans held for sale	1,137	20	3.58	1,343	18	2.71	(206)	(15)
Loans and leases: (3)								
Commercial:								
Commercial and industrial	42,047	807	3.82	33,145	634	3.80	8,902	27
Commercial real estate	15,170	245	3.22	8,134	121	2.96	7,036	87
Lease financing	4,915	122	4.95	2,500	64	5.08	2,415	97
Total commercial	62,132	1,174	3.76	43,779	819	3.72	18,353	42
Consumer:								
Residential mortgage	20,019	304	3.04	12,936	199	3.08	7,083	55
Automobile	13,510	227	3.39	12,729	231	3.67	781	6
Home equity	10,394	217	4.21	9,093	169	3.75	1,301	14
RV and marine	5,210	107	4.14	4,320	90	4.21	890	21
Other consumer	1,288	58	9.02	988	54	10.89	300	30
Total consumer	50,421	913	3.64	40,066	743	3.73	10,355	26
Total loans and leases	112,553	2,087	3.71	83,845	1,562	3.73	28,708	34
Allowance for loan and lease losses	(2,050)			(1,818)			(232)	(13)
Net loans and leases	110,503			82,027			28,476	35
Total earning assets	161,816	2,540	3.17	120,778	1,816	3.03	41,038	34
Cash and due from banks	1,659			1,093			566	52
Goodwill and other intangible assets	5,598			2,618			2,980	114
All other assets	10,061			7,783			2,278	29
Total assets	$ 177,084			$ 130,454			$ 46,630	36 %
Liabilities and Shareholders' Equity:								
Interest-bearing deposits:								
Demand deposits—interest-bearing	$ 41,176	$ 14	0.07 %	$ 28,279	$ 6	0.04 %	$ 12,897	46 %
Money market deposits	33,235	12	0.07	27,190	8	0.06	6,045	22
Savings and other domestic deposits	21,501	2	0.02	13,743	3	0.04	7,758	56
Core certificates of deposit (4)	2,393	1	0.10	1,487	3	0.36	906	61
Other domestic deposits of $250,000 or more	270	—	0.19	309	—	0.15	(39)	(13)
Negotiable CDs, brokered and other deposits	3,216	7	0.42	3,169	3	0.17	47	1
Total interest-bearing deposits	101,791	36	0.07	74,177	23	0.06	27,614	37
Short-term borrowings	3,408	14	0.83	224	—	0.34	3,184	NM
Long-term debt (5)	6,969	69	1.99	7,324	(29)	(0.78)	(355)	(5)
Total interest-bearing liabilities	112,168	119	0.21	81,725	(6)	(0.02)	30,443	37
Demand deposits—noninterest-bearing	42,177			31,841			10,336	32
All other liabilities	4,068			2,512			1,556	62
Total Huntington Bancshares Inc shareholders' equity	18,644			14,373			4,271	30
Non-controlling interest	27			3			24	NM
Total equity	18,671			14,376			4,295	30
Total liabilities and shareholders' equity	$ 177,084			$ 130,454			$ 46,630	36 %
Net interest rate spread			2.96			3.05		
Impact of noninterest-bearing funds on margin			0.06			(0.01)		
Net interest margin/NII		$ 2,421	3.02 %		$ 1,822	3.04 %		

(1) FTE yields are calculated assuming a 21% tax rate.
(2) Average yield rates include the impact of applicable derivatives. Loan and lease and deposit average yield rates also include impact of applicable non-deferrable and amortized fees.
(3) For purposes of this analysis, NALs are reflected in the average balances of loans and leases.
(4) Includes consumer certificates of deposit of $250,000 or more.
(5) Reflects the net mark-to-market impact of interest rate caps, a benefit of $89 million, or 244 bps, for the first six-month period of 2021. There was no impact for the first six-month period of 2022.

2022 First Six Months versus 2021 First Six Months

Net interest income for the first six-month period of 2022 increased $597 million, or 33%, from the year-ago period. FTE net interest income, a non-GAAP financial measure, for the first six-month period of 2022 increased $599 million, or 33%, from the year-ago period. The increase in FTE net interest income reflected the benefit of a $41.0 billion, or 34%, increase in average total earning assets, partially offset by a 2 basis point decrease in the FTE net interest margin to 3.02%. The increase in average total earning assets included a $28.7 billion, or 34%, increase in average loans and leases and a $14.1 billion, or 50%, increase in average securities. Average balances across earning assets categories reflect the late second-quarter 2021 TCF acquisition in addition to organic growth. The increase in average securities was additionally driven by the redeployment of excess liquidity into securities in the second half of 2021.

The NIM compression was driven by the benefit from the $89 million net mark-to-market impact of interest rate caps in the prior year and the impact of lower accelerated PPP loan fees recognized upon forgiveness payments from the SBA in 2022, partially offset by improvements in yields on securities and the benefit from an increase in net interest income from purchase accounting accretion in 2022.

Net interest income for the first six-month period of 2022 included $35 million of net interest income from purchase accounting accretion and $16 million in accelerated PPP loan fees recognized upon forgiveness payments from the SBA, compared to $9 million and $75 million, respectively, in the year-ago period.

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 credit allowance at levels appropriate to absorb our estimate of credit losses expected over the life of the loan and lease portfolio, securities portfolio and unfunded lending commitments.

The provision for credit losses for the 2022 second quarter was $67 million, a decrease of $144 million, compared to the 2021 second quarter. On a year-to-date basis, provision for credit losses for the first six-month period of 2022 was $92 million, a decrease of $59 million, or 39%, compared to the year-ago period. The decrease in provision expense over the prior year quarter and the prior year-to-date period was primarily attributed to the second quarter 2021 TCF acquisition initial provision for credit losses of $294 million ($234 million from loans and leases and $60 million from acquired unfunded lending commitments), partially offset by loan and lease growth. The components of the provision for credit losses were as follows:

Table 5 - Provision for Credit Losses

	Three Months Ended		Six Months Ended	
(dollar amounts in millions)	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Provision for loan and lease losses	$ 64	$ 145	$ 71	$ 98
Provision for unfunded lending commitments	3	66	17	53
Provision for securities	—	—	4	—
Total provision for credit losses	$ 67	$ 211	$ 92	$ 151

The ACL decreased $154 million from the year-ago quarter to $2.2 billion, or 1.87%, of total loans and leases, compared to $2.3 billion, or 2.09% of total loans and leases. The decrease in ACL as a percentage of total loans and leases was driven by overall improved credit quality over the last year while recognizing the near-term recessionary risks.

Noninterest Income

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

Table 6 - Noninterest Income

	Three Months Ended		2Q22 vs. 2Q21	
	June 30,	June 30,	Change	
(dollar amounts in millions)	2022	2021	Amount	Percent
Service charges on deposit accounts	$ 105	$ 88	$ 17	19 %
Card and payment processing income	96	80	16	20
Mortgage banking income	44	67	(23)	(34)
Trust and investment management services	63	56	7	13
Capital markets fees	54	35	19	54
Insurance income	27	25	2	8
Leasing revenue	27	12	15	125
Bank owned life insurance income	11	16	(5)	(31)
Gain on sale of loans	12	3	9	NM
Net gains on sales of securities	—	10	(10)	(100)
Other noninterest income	46	52	(6)	(12)
Total noninterest income	$ 485	$ 444	$ 41	9 %

2022 Second Quarter versus 2021 Second Quarter

Noninterest income for the 2022 second quarter was $485 million, an increase of $41 million, or 9%, from the year-ago quarter. The increase in noninterest income for the 2022 second quarter was driven by the full-quarter impact from the TCF acquisition, completed in June 2021. Capital markets fees increased $19 million, or 54%, primarily reflecting higher interest rate derivative fees, underwriting and advisory fees, foreign exchange fees and loan syndication. Gain on sale of loans increased $9 million, primarily due to resuming the sale of SBA loans in 2022. Trust and investment management services increased $7 million, or 13%, reflecting continued strong sales and the TCF acquisition. All other increases were primarily a result of the impact of the TCF acquisition. Partially offsetting these increases, mortgage banking income decreased $23 million, or 34%, primarily reflecting lower secondary marketing spreads and lower salable volume. Net gains on sales of securities decreased $10 million as the 2021 second quarter included sales reflecting securities optimization following the acquisition of TCF.

Table 7 - Noninterest Income—2022 First Six Months Ended vs. 2021 First Six Months Ended

	Six Months Ended June 30,		Change	
(dollar amounts in millions)	2022	2021	Amount	Percent
Service charges on deposit accounts	$ 202	$ 157	$ 45	29 %
Card and payment processing income	182	145	37	26
Mortgage banking income	93	167	(74)	(44)
Trust and investment management services	128	108	20	19
Capital markets fees	96	64	32	50
Insurance income	58	52	6	12
Leasing revenue	62	16	46	NM
Bank owned life insurance income	28	32	(4)	(13)
Gain on sale of loans	40	6	34	NM
Net gains on sales of securities	—	10	(10)	(100)
Other noninterest income	95	82	13	16
Total noninterest income	$ 984	$ 839	$ 145	17 %

Noninterest income for the first six-month period of 2022 increased $145 million, or 17%, from the year-ago period. The first six-month period of 2022 noninterest income across categories was driven by the full-period impact of the TCF acquisition, completed in June 2021. Gain on sale of loans increased $34 million, reflecting higher SBA loan sales resulting from the strategic decision to retain SBA loans on the balance sheet during 2021. Capital markets fees increased $32 million, or 50%, primarily reflecting higher interest rate derivative fees, foreign exchange fees, loan syndication fees and underwriting and advisory fees. Trust and investment management services increased $20 million, or 19%, primarily reflecting continued strong sales and the TCF acquisition. All other increases were primarily result of the impact of the TCF acquisition. These increases were partially offset by a decrease in mortgage banking of $74 million, or 44%, primarily reflecting lower secondary marketing spreads and lower salable volume, and a decrease in net gains on sales of securities of $10 million, as the prior year included sales reflecting securities optimization following the acquisition of TCF.

Noninterest Expense

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

Table 8 - Noninterest Expense

	Three Months Ended		2Q22 vs. 2Q21	
	June 30,	June 30,	Change	
(dollar amounts in millions)	2022	2021	Amount	Percent
Personnel costs	$ 577	$ 592	$ (15)	(3)%
Outside data processing and other services	153	162	(9)	(6)
Net occupancy	58	72	(14)	(19)
Equipment	61	55	6	11
Professional services	19	48	(29)	(60)
Marketing	24	15	9	60
Deposit and other insurance expense	20	8	12	150
Amortization of intangibles	13	11	2	18
Lease financing equipment depreciation	11	5	6	120
Other noninterest expense	82	104	(22)	(21)
Total noninterest expense	$ 1,018	$ 1,072	$ (54)	(5)%
Number of employees (average full-time equivalent)	19,866	17,018	2,848	17 %

Impacts of acquisition-related expenses:

	Three Months Ended	
	June 30,	June 30,
(dollar amounts in millions)	2022	2021
Personnel costs	$ 2	$ 110
Outside data processing and other services	12	33
Net occupancy	6	35
Equipment	—	3
Professional services	1	36
Deposit and other insurance expense	1	—
Other noninterest expense	2	52
Total noninterest expense adjustments	$ 24	$ 269

2022 Second Quarter versus 2021 Second Quarter

Noninterest expense for the 2022 second quarter was $1.0 billion, a decrease of $54 million, or 5%, from the year-ago quarter, primarily reflecting a $245 million decrease in acquisition-related expenses and execution of cost reduction initiatives, partially offset by the full-quarter impact of the TCF acquisition, completed in June 2021.

Table 9 - Noninterest Expense—2022 First Six Months Ended vs. 2021 First Six Months Ended

	Six Months Ended June 30,		Change	
(dollar amounts in millions)	2022	2021	Amount	Percent
Personnel costs	$ 1,157	$ 1,060	$ 97	9 %
Outside data processing and other services	318	277	41	15
Net occupancy	122	114	8	7
Equipment	142	101	41	41
Professional services	38	65	(27)	(42)
Marketing	45	29	16	55
Deposit and other insurance expense	38	16	22	138
Amortization of intangibles	27	21	6	29
Lease financing equipment depreciation	25	5	20	NM
Other noninterest expense	159	177	(18)	(10)
Total noninterest expense	$ 2,071	$ 1,865	$ 206	11 %

Impacts of TCF acquisition-related expenses:

	Six Months Ended June 30,	
(dollar amounts in millions)	2022	2021
Personnel costs	$ 7	$ 110
Outside data processing and other services	37	41
Net occupancy	16	38
Equipment	2	4
Professional services	3	44
Deposit and other insurance expense	1	
Other noninterest expense	4	53
Total noninterest expense adjustments	$ 70	$ 290

Noninterest expense increased $206 million, or 11%, from the year-ago period, primarily reflecting the full-period impact of the TCF acquisition, partially offset by a $220 million decrease in acquisition-related expenses and execution of cost reduction initiatives. Equipment expense increased $41 million, or 41%, primarily reflecting the impact of the TCF acquisition and timing of technology equipment purchases and amortization. Marketing expense increased $16 million, or 55%, primarily reflecting investment in new product launches and expanding brand marketing. All other increases were primarily a result of the impact of the TCF acquisition. Professional services expense decreased $27 million, or 42%, and other noninterest expense decreased $18 million, or 10%, both primarily reflecting decreases in acquisition-related expense, partially offset by the impact of the TCF acquisition.

Provision for Income Taxes

The provision for income taxes in the 2022 second quarter was $120 million, compared to $14 million in the 2021 second quarter. The provision for income taxes for the six-month periods ended June 30, 2022 and June 30, 2021 was $225 million and $116 million, respectively. All periods included the benefits from general business credits, capital losses, tax-exempt income, tax-exempt bank owned life insurance income, and investments in qualified affordable housing projects. The effective tax rates for the 2022 second quarter and 2021 second quarter were 18.1% and (2,353.3)%, respectively. Excluding TCF acquisition-related expense of $269 million, the related tax benefit of $51 million and discrete tax expenses of $16 million, the 2021 second quarter effective tax rate would have been 18.8%. The effective tax rates for the six-month periods ended June 30, 2022 and June 30, 2021 were 18.3% and 18.5%, respectively.

The net federal deferred tax asset was $401 million and the net state deferred tax asset was $49 million at June 30, 2022.

We file income tax returns with the IRS and various state, city, and foreign jurisdictions. Federal income tax audits have been completed for tax years through 2009. The 2010 and 2011 tax years remain under exam by the IRS. While the statute of limitations remains open for tax years 2012 through 2020, the IRS has advised that tax years 2012 through 2014 will not be audited and is currently examining the 2015 and 2016 federal income tax returns. Also, with few exceptions, we are no longer subject to state and local income tax examinations for tax years before 2017.

RISK MANAGEMENT AND CAPITAL

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

We believe that our primary risk exposures are credit, market, liquidity, operational and compliance. More information on risk can be found in Item 1A Risk Factors below, the Risk Factors section included in Item 1A of our 2021 Annual Report on Form 10-K and subsequent filings with the SEC. The MD&A included in our 2021 Annual Report on Form 10-K should be read in conjunction with this MD&A as this discussion provides only material updates to the 2021 Annual Report on Form 10-K. This MD&A should also be read in conjunction with the Unaudited Condensed Consolidated Financial Statements, Notes to Unaudited Condensed Consolidated Financial Statements, and other information contained in this report. Our definition, philosophy, and approach to risk management have not materially changed from the discussion presented in the 2021 Annual Report on Form 10-K.

Credit Risk

Credit risk is the risk of financial loss if a counterparty is not able to meet the agreed upon terms of the financial obligation. The majority of our credit risk is associated with lending activities, as the acceptance and management of credit risk is central to profitable lending. We also have credit risk associated with our investment securities portfolios (see Note 4 "Investment Securities and Other Securities" 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. A variety of derivative financial instruments, principally interest rate swaps, caps, and floors, are used in asset and liability management activities to protect against the risk of adverse price or interest rate movements. We also use derivatives, principally loan sale commitments, in hedging our mortgage loan interest rate lock commitments and mortgage loans held for sale. While there is credit risk associated with derivative activity, we believe this exposure is minimal.

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

Loan and Lease Credit Exposure Mix

Refer to the "*Loan and Lease Credit Exposure Mix*" section of our 2021 Annual Report on Form 10-K for a brief description of each portfolio segment.

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

Table 10 - Loan and Lease Portfolio Composition

(dollar amounts in millions)	June 30, 2022		December 31, 2021	
Commercial:				
Commercial and industrial	$ 43,440	38 %	$ 41,688	37 %
Commercial real estate	15,695	13	14,961	14
Lease financing	5,043	4	5,000	4
Total commercial	64,178	55	61,649	55
Consumer:				
Residential mortgage	21,220	18	19,256	17
Automobile	13,622	12	13,434	12
Home equity	10,426	9	10,550	9
RV and marine	5,453	5	5,058	5
Other consumer	1,322	1	1,320	2
Total consumer	52,043	45	49,618	45
Total loans and leases	$ 116,221	100 %	$ 111,267	100 %

Our loan portfolio is a managed mix of consumer and commercial credits. We manage the overall credit exposure and portfolio composition via a credit concentration policy. The policy designates specific loan types, collateral types, and loan structures to be formally tracked and assigned maximum exposure limits as a percentage of capital. Commercial lending by NAICS categories, specific limits for CRE project types, loans secured by residential real estate, large dollar exposures, and designated high risk loan categories represent examples of specifically tracked components of our concentration management process. There are no identified concentrations that exceed the assigned exposure limit. Our concentration management policy is approved by the ROC and is used to ensure a high quality, well diversified portfolio that is consistent with our overall objective of maintaining an aggregate moderate-to-low, through-the-cycle risk appetite. Changes to existing concentration limits, incorporating specific information relating to the potential impact on the overall portfolio composition and performance metrics, require the approval of the ROC prior to implementation.

Commercial Credit

Refer to the "*Commercial Credit*" section of our 2021 Annual Report on Form 10-K for our commercial credit underwriting and on-going credit management processes.

Consumer Credit

Refer to the "*Consumer Credit*" section of our 2021 Annual Report on Form 10-K for our consumer credit underwriting and on-going credit management processes.

The table below provides our total loan and lease portfolio by industry type.

Table 11 - Loan and Lease Portfolio by Industry Type

(dollar amounts in millions)	June 30, 2022		December 31, 2021	
Commercial loans and leases:				
Real estate and rental and leasing	$ 14,856	13 %	$ 14,287	13 %
Retail trade (1)	7,879	7	6,709	6
Manufacturing	7,766	6	7,401	7
Finance and insurance	5,493	5	4,595	4
Health care and social assistance	4,470	4	4,733	4
Wholesale Trade	4,453	4	4,067	4
Accommodation and food services	3,423	3	3,778	3
Transportation and warehousing	3,133	3	3,096	3
Other services	1,986	2	2,119	2
Professional, scientific, and technical services	1,874	2	1,975	2
Construction	1,715	1	1,980	2
Arts, entertainment, and recreation	1,474	1	1,495	1
Admin./Support/Waste Mgmt. and Remediation Services	1,240	1	1,285	1
Utilities	988	1	932	1
Information	918	1	870	1
Public administration	688	1	713	1
Educational services	559	—	657	—
Agriculture, forestry, fishing and hunting	424	—	453	—
Mining, quarrying, and oil and gas extraction	276	—	358	—
Management of companies and enterprises	94	—	130	—
Unclassified/other	469	—	16	—
Total commercial loans and leases by industry category	64,178	55	61,649	55
Residential mortgage	21,220	18	19,256	17
Automobile	13,622	12	13,434	12
Home equity	10,426	9	10,550	9
RV and marine	5,453	5	5,058	5
Other consumer loans	1,322	1	1,320	2
Total loans and leases	$ 116,221	100 %	$ 111,267	100 %

(1) Amounts include $1.8 billion and $1.5 billion of auto dealer services loans at June 30, 2022 and December 31, 2021, respectively.

Credit Quality

(This section should be read in conjunction with Note 5 "Loans / Leases" and Note 6 "Allowance for Credit Losses" 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 specific performance ratios. This approach forms the basis of the discussion in the sections immediately following: NPAs, NALs, ACL, and NCOs. In addition, we utilize delinquency rates, risk distribution and migration patterns, product segmentation, and origination trends in the analysis of our credit quality performance.

Credit quality performance in the 2022 second quarter reflected NCOs of $8 million, or 0.03% of average total loans and leases, annualized, a decrease of $54 million, compared to $62 million, or 0.28%, in the year-ago quarter. The decrease was driven by a $70 million reduction in Commercial NCOs resulting in net recoveries of $11 million in 2022 second quarter, partially offset by a $16 million increase in Consumer NCOs. NPAs decreased from December 31, 2021 by $68 million, or 9%, largely driven by decreases in commercial and industrial and lease financing NALs.

NPAs and NALs

(This section should be read in conjunction with Note 5 "Loans / Leases" and Note 6 "Allowance for Credit Losses" of the Notes to Unaudited Condensed Consolidated Financial Statements and "Credit Quality" section appearing in Huntington's 2021 Annual Report on Form 10-K.)

NPAs and NALs

Commercial loans are placed on nonaccrual status at 90-days past due, or earlier if repayment of principal and interest is in doubt. Of the $463 million of commercial related NALs at June 30, 2022, $300 million, or 65%, represented loans that were less than 30-days past due, demonstrating our continued commitment to proactive credit risk management.

The following table reflects period-end NALs and NPAs detail.

Table 12 - Nonaccrual Loans and Leases and Nonperforming Assets

(dollar amounts in millions)	June 30, 2022	December 31, 2021
Nonaccrual loans and leases (NALs):		
Commercial and industrial	$ 324	$ 370
Commercial real estate	117	104
Lease financing	22	48
Residential mortgage	111	111
Automobile	4	3
Home equity	78	79
RV and marine	1	1
Total nonaccrual loans and leases	657	716
Other real estate, net:		
Residential	11	8
Commercial	—	1
Total other real estate, net	11	9
Other NPAs (1)	14	25
Total nonperforming assets	$ 682	$ 750
Nonaccrual loans and leases as a % of total loans and leases	0.57 %	0.64 %
NPA ratio (2)	0.59	0.67

(1) Other nonperforming assets include certain impaired investment securities and/or nonaccrual loans held-for-sale.
(2) Nonperforming assets divided by the sum of loans and leases, other real estate owned, and other NPAs.

ACL

(This section should be read in conjunction with Note 6 "Allowance for Credit Losses" of the Notes to Unaudited Condensed Consolidated Financial Statements.)

Our ACL is comprised of two different components, both of which in our judgment are appropriate to absorb lifetime expected credit losses in our loan and lease portfolio: the ALLL and the AULC.

We use statistically-based models that employ assumptions about current and future economic conditions throughout the contractual life of the loan. The process of estimating expected credit losses is based on three key parameters: PD, EAD, and LGD. Beyond the reasonable and supportable period (two to three years), the economic variables revert to a historical equilibrium at a pace dependent on the state of the economy reflected within the economic scenario.

Future economic conditions consider multiple macroeconomic scenarios provided to us by an independent third party and are reviewed through the appropriate committee governance channels described below. These macroeconomic scenarios contain certain variables that are influential to our modeling process, the most significant being unemployment rates and GDP. The probability weights assigned to each scenario are generally expected to be consistent from period to period and determined through our ACL process. Any changes in probability weights must be supported by appropriate documentation and approval of senior management. Additionally, we consider whether to adjust the modeled estimates to address possible limitations within the models or factors not captured within the macroeconomic scenarios. Lifetime losses for most of our loans and leases are evaluated collectively based on similar risk characteristics, risk ratings, origination credit bureau scores, delinquency status, and remaining months within loan agreements, among other factors.

The baseline scenario used for the 2022 second quarter assumes that the Russian invasion will not spread beyond Ukraine and the resulting disruptions to the oil, natural gas and other commodity markets will be limited and temporary. The overnight federal funds rate is forecast to average 2.1% in fourth quarter 2022 as the Federal Reserve looks to address the rising inflation. This rate is expected to peak at 2.75% prior to the expectation that the fed would start to cut rates in late 2024.

The table below is intended to show how the forecasted path of unemployment rate and GDP has changed since the end of 2021:

Table 13 - Forecasted Key Macroeconomic Variables

Baseline scenario forecast	2021	2022		2023	
	Q4	Q2	Q4	Q2	Q4
Unemployment rate (1)					
4Q 2021	4.5 %	3.7 %	3.5 %	3.5 %	3.5 %
1Q 2022	N/A	3.7	3.4	3.4	3.4
2Q 2022	N/A	3.5	3.3	3.4	3.5
Gross Domestic Product (1)					
4Q 2021	6.6 %	3.6 %	2.5 %	2.9 %	2.8 %
1Q 2022	N/A	6.1	2.5	2.9	2.9
2Q 2022	N/A	3.6	2.7	2.3	2.6

(1) Values reflect the baseline scenario forecast inputs for each period presented, not updated for subsequent actual amounts.

Management continues to assess the uncertainty in the macroeconomic environment, including those related to geopolitical instability, and current inflation levels considering multiple macroeconomic forecasts that reflected a range of possible outcomes in order to address such uncertainty. While we have incorporated estimates of economic uncertainty into our ACL, the ultimate impact the current inflation levels and attempts to lower inflation through Federal Reserve rate actions will have on the economy remains uncertain.

Management develops additional analytics to support adjustments to our modeled results. Our governance committees reviewed model results of each economic scenario for appropriate usage, concluding that the quantitative transactional reserve will continue to utilize scenario weighting. Given the uncertainty associated with key economic scenario assumptions, the June 30, 2022 ACL included a general reserve that consists of various risk profile components, including profiles related to the potential economic impact of a near-term recession as the Federal Reserve raises interest rates attempting to lower inflation, and the commercial real estate portfolio, to capture uncertainty not addressed within the quantitative transaction reserve.

Our ACL methodology committee is responsible for developing the methodology, assumptions and estimates used in the calculation, as well as determining the appropriateness of the ACL. The ALLL represents the estimate of lifetime expected losses in the loan and lease portfolio at the reported date. The loss modeling process uses an EAD concept to calculate total expected losses on both funded balances and unfunded lending commitments, where appropriate. Losses related to the unfunded lending commitments are then recorded as AULC within other liabilities in the Unaudited Condensed Consolidated Balance Sheet. A liability for expected credit losses for off-balance sheet credit exposures is recognized if Huntington has a present contractual obligation to extend the credit and the obligation is not unconditionally cancelable.

The AULC is determined by applying the same quantitative reserve determination process to the unfunded portion of the loan exposures adjusted by an applicable funding expectation. *(See Note 1 "Significant Accounting Policies" of the Notes to Unaudited Condensed Consolidated Financial Statements appearing in Huntington's 2021 Annual Report on Form 10-K.)*

Our ACL evaluation process includes the on-going assessment of credit quality metrics, and a comparison of certain ACL benchmarks to current performance. For more information, including the ALLL and AULC activity by portfolio segment, refer to Note 6 "Allowance for Credit Losses" of the Notes to the Unaudited Condensed Consolidated Financial Statements.

The table below reflects the allocation of our ALLL among our various loan categories and the reported ACL:

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

(dollar amounts in millions)	June 30, 2022		December 31, 2021	
ALLL				
Commercial				
Commercial and industrial	$ 804	38 %	$ 832	37 %
Commercial real estate	498	13	586	14
Lease financing	40	4	44	4
Total commercial	1,342	55	1,462	55
Consumer				
Residential mortgage	177	18	145	17
Automobile	146	12	108	12
Home equity	131	9	88	9
RV and marine	147	5	105	5
Other consumer	131	1	122	2
Total consumer	732	45	568	45
Total ALLL	2,074	100 %	2,030	100 %
AULC	94		77	
Total ACL	$ 2,168		$ 2,107	
Total ALLL as a % of				
Total loans and leases		1.78%		1.82%
Nonaccrual loans and leases		316		284
NPAs		304		271
Total ACL as % of				
Total loans and leases		1.87%		1.89%
Nonaccrual loans and leases		330		294
NPAs		318		281

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

At June 30, 2022, the ACL was $2.2 billion, or 1.87% of total loans and leases, compared to $2.1 billion, or 1.89%, at December 31, 2021. The decrease in ACL as a percentage of total loans and leases reflects overall improved credit quality while recognizing the near-term recessionary risks, while the increase in the total ACL was driven by loan and lease growth.

NCOs

The table below reflects NCO detail for the three-month periods ended June 30, 2022 and 2021:

Table 15 - Quarterly Net Charge-off Analysis

	Three Months Ended	
(dollar amounts in millions)	June 30, 2022	June 30, 2021
Net charge-offs (recoveries) by loan and lease type:		
Commercial:		
Commercial and industrial	$ (4)	$ 37
Commercial real estate	(4)	17
Lease financing	(3)	5
Total commercial	(11)	59
Consumer:		
Residential mortgage	(1)	—
Automobile	—	(4)
Home equity	(2)	(1)
RV and marine	1	—
Other consumer	21	8
Total consumer	19	3
Total net charge-offs	$ 8	$ 62
Net charge-offs (recoveries) - annualized percentages:		
Commercial:		
Commercial and industrial	(0.04)%	0.43 %
Commercial real estate	(0.11)	0.69
Lease financing	(0.24)	0.93
Total commercial	(0.07)	0.51
Consumer:		
Residential mortgage	(0.02)	—
Automobile	—	(0.13)
Home equity	(0.08)	(0.08)
RV and marine	0.10	0.02
Other consumer	6.60	3.26
Total consumer	0.15	0.02
Net charge-offs as a % of average loans and leases	0.03 %	0.28 %

2022 Second Quarter versus 2021 Second Quarter

NCOs were an annualized 0.03% of average loans and leases in the current quarter, down from 0.28% in the 2021 second quarter. NCOs for the commercial portfolios showed improvement, with annualized net recoveries of 0.07% in the current quarter compared to annualized net charge-offs of 0.51% in the year-ago quarter. Consumer charge-offs were higher in the quarter, compared to the year-ago quarter.

The table below reflects NCO detail for the six-month periods ended June 30, 2022 and 2021:

Table 16 - Year to Date Net Charge-off Analysis

(dollar amounts in millions)

	Six months ended June 30, 2022	Six months ended June 30, 2021
Net charge-offs (recoveries) by loan and lease type:		
Commercial:		
Commercial and industrial	$ (27)	$ 65
Commercial real estate	4	14
Lease financing	2	29
Total commercial	(21)	108
Consumer:		
Residential mortgage	(1)	—
Automobile	—	(2)
Home equity	(3)	(1)
RV and marine	4	3
Other consumer	48	18
Total consumer	48	18
Total net charge-offs	$ 27	$ 126
Net charge-offs (recoveries) - annualized percentages:		
Commercial:		
Commercial and industrial	(0.13) %	0.39 %
Commercial real estate	0.05	0.32
Lease financing	0.08	2.42
Total commercial	(0.07)	0.49
Consumer:		
Residential mortgage	(0.01)	0.01
Automobile	—	(0.04)
Home equity	(0.05)	(0.03)
RV and marine	0.15	0.15
Other consumer	7.53	3.62
Total consumer	0.19	0.09
Net charge-offs as a % of average loans	0.05 %	0.30 %

2022 First Six Months versus 2021 First Six Months

NCOs decreased $99 million in the first six-month period of 2022 to $27 million. NCOs for the commercial portfolios showed improvement, with annualized net recoveries of 0.07% in the current period compared to annualized net charge-offs of 0.49% in the year-ago period. Consumer charge-offs were higher in the period, compared to the year-ago period.

Market Risk

(This section should be read in conjunction with the "Market Risk" section appearing in Huntington's 2021 Annual Report on Form 10-K for our on-going market risk management processes.)

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

We measure market risk exposure via financial simulation models, which provide management with insights on the potential impact to net interest income and other key metrics as a result of changes in market interest rates. Models are used to simulate cash flows and accrual characteristics of the balance sheet based on assumptions regarding the slope or shape of the yield curve, the direction and volatility of interest rates, and the changing composition and characteristics of the balance sheet resulting from strategic objectives and customer behavior. Assumptions and models provide insight on forecasted balance sheet growth and composition, and the pricing and maturity characteristics of current and future business.

In measuring the financial risks associated with interest rate sensitivity in our balance sheet, we compare a set of alternative interest rate scenarios to the results of a base case scenario derived using market forward rates. The market forward reflects the market consensus regarding the future level and slope of the yield curve across a range of tenor points. The standard set of interest rate scenarios includes two types: “shock” scenarios which are immediate parallel rate shifts, and “ramp” scenarios where the parallel shift is applied gradually over the first 12 months of the forecast on a pro rata basis. In both shock and ramp scenarios with falling rates, we presume that market rates will not go below 0%. The scenarios are inclusive of all executed interest rate risk hedging activities. Forward starting hedges are included to the extent that they have been transacted and that they start within the measurement horizon.

We use two approaches to model interest rate risk: Net interest income at risk (NII at risk) and economic value of equity at risk modeling sensitivity analysis (EVE at Risk).

Table 17 - Net Interest Income at Risk

	Net Interest Income at Risk (%)		
Basis point change scenario	-25	+100	+200
June 30, 2022	-2.1	3.0	6.0
December 31, 2021	-2.4	4.6	8.9

The NII at Risk results included in the table above reflect the analysis used monthly by management. It models gradual “ramp” +100 and +200 basis point parallel shift scenarios, implied by the forward yield curve over the next twelve months, as well as an immediate parallel “shock” scenario of -25 basis points.

The NII at Risk shows that the balance sheet is asset sensitive at both June 30, 2022, and December 31, 2021. The change in sensitivity is primarily driven by changes in market interest rate expectations, and the size and mix of the balance sheet.

Table 18 - Economic Value of Equity at Risk

	Economic Value of Equity at Risk (%)		
Basis point change scenario	-25	+100	+200
June 30, 2022	0.9	-5.1	-11.6
December 31, 2021	-0.1	-1.5	-5.6

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 “shock” scenarios.

As of June 30, 2022, EVE at risk sensitivities have increased since December 31, 2021. The change in sensitivity from December 31, 2021 was driven primarily by changes in the spot market rate curve extending the duration of the securities portfolio and shortening the duration of liabilities.

We have LIBOR-based exposure in the form of variable rate loans, derivatives, Series B preferred stock, long term debt and other securities and financial arrangements. To address the discontinuance of LIBOR in its current form, we established a LIBOR transition team and project plan under the oversight of the CRO and CFO, providing periodic updates to the ROC. As of December 31, 2021, Huntington ceased issuance of new LIBOR loans. Contract remediation efforts coordinated by the LIBOR transition team are scheduled for completion by June 2023. Source systems have been updated to support alternative reference rates. At this time alternative reference rates are predominantly SOFR based. As such, we have developed a SOFR-enabled interest rate risk monitoring framework and a strategy for managing interest rate risk during the transition from LIBOR to SOFR. We continue to monitor market developments and legislative and regulatory updates.

Use of Derivatives to Manage Interest Rate Risk

An integral component of our interest rate risk management strategy is the use of derivative instruments to minimize significant fluctuations in earnings caused by changes in market interest rates. Examples of derivative instruments that we may use as part of our interest rate risk management strategy include interest rate swaps, caps and floors, collars, forward contracts, and forward starting interest rate swaps.

Table 19 shows all swap, collar and floor positions that are utilized for purposes of managing our exposures to the variability of interest rates. The interest rates variability may impact either the fair value of the assets and liabilities or impact the cash flows attributable to net interest margin. These positions are used to protect the fair value of asset and liabilities by converting the contractual interest rate on a specified amount of assets and liabilities (i.e., notional amounts) to another interest rate index. The positions are also used to hedge the variability in cash flows attributable to the contractually specified interest rate by converting the variable rate index into a fixed rate. The volume, maturity and mix of derivative positions change frequently as we adjust our broader interest rate risk management objectives and the balance sheet positions to be hedged. For further information, including the notional amount and fair values of these derivatives, refer to Note 14 “Derivative Financial Instruments” of the Notes to Unaudited Condensed Consolidated Financial Statements.

The following tables present additional information about the interest rate swaps and floors used in Huntington’s asset and liability management activities at June 30, 2022 and December 31, 2021.

Table 19 - Weighted-Average Maturity, Receive Rate and SOFR/LIBOR Reset Rate on Asset Liability Management Instruments

	June 30, 2022				
(dollar amounts in millions)	Notional Value	Average Maturity (years)	Fair Value	Weighted-Average Fixed Rate	Weighted-Average Reset Rate
Asset conversion swaps					
Receive Fixed - Pay 1 month LIBOR	$ 7,875	1.91	$ (282)	1.21 %	1.22 %
Receive Fixed - Pay SOFR (1)	4,500	3.49	(80)	2.31	0.91
Pay Fixed - Receive 1 month LIBOR (2)	3,615	5.37	339	0.88	1.58
Pay Fixed - Receive SOFR	326	7.42	29	1.44	0.79
Receive Fixed - Pay SOFR - forward starting	150	4.89	(2)	2.49	—
Pay Fixed - Receive 1 month LIBOR - forward starting (3)	4,500	3.68	288	0.98	—
Pay Fixed - Receive SOFR - forward starting (3)	1,403	5.23	41	1.87	—
Liability conversion swaps					
Receive Fixed - Pay 1 month LIBOR	1,430	2.35	(26)	2.01	1.24
Receive Fixed - Pay SOFR (1)	3,550	4.14	(49)	2.27	0.56
Purchased swaption collars					
Purchased Interest Rate Swaption Collars (4)	2,000	0.43	7	2.46 / 3.76	—
Basis Swaps					
Pay SOFR- Receive Fed Fund (economic hedges) (5)	230	3.16	—	1.58	1.52
Pay Fed Fund - Receive SOFR (economic hedges) (5)	41	0.48	—	1.51	1.58
Total swap portfolio (6)	$ 29,620		$ 265		

(dollar amounts in millions)	Notional Value	Average Maturity (years)	Fair Value	Weighted-Average Fixed Rate	Weighted-Average Reset Rate
	December 31, 2021				
Asset conversion swaps					
Receive Fixed - Pay 1 month LIBOR	$ 10,775	1.88	$ 58	1.38 %	0.11 %
Pay Fixed - Receive 1 month LIBOR (2)	1,625	8.83	34	1.08	0.10
Pay Fixed - Receive SOFR	67	7.98	—	1.32	—
Receive Fixed - Pay 1 month LIBOR - forward starting (3)	6,500	3.97	78	0.90	—
Pay Fixed - Receive SOFR - forward starting (7)	36	7.32	—	1.29	—
Liability conversion swaps					
Receive Fixed - Pay 1 month LIBOR	1,928	2.16	54	2.13	0.10
Basis Swaps					
Pay SOFR- Receive Fed Fund (economic hedges) (5)	230	3.66	—	0.08	0.06
Pay Fed Fund - Receive SOFR (economic hedges) (5)	41	0.98	—	0.05	0.08
Total swap portfolio	$ 21,202		$ 224		

(dollar amounts in millions)	Notional Value	Average Maturity (years)	Fair Value	Weighted-Average Floor Strike	Weighted-Average Reset Rate
	December 31, 2021				
Interest rate floors					
Purchased Interest Rate Floors - 1 month LIBOR	$ 375	0.06	$ 2	1.93 %	0.10 %
Total floors portfolio	$ 375		$ 2		

(1) SOFR based swaps compound on a daily-basis.
(2) Amounts include interest rate swaps as fair value hedges of fixed-rate investment securities using the portfolio layer method.
(3) Forward starting swaps effective starting from April 2022 to February 2023.
(4) The weighted average fixed rates for the swaption collars are the weighted average strike rates for the upper and lower bounds of the collars.
(5) Swaps have variable pay and variable receive resets. Weighted Average Fixed Rate column represents pay rate reset.
(6) LIBOR swap instruments that remain outstanding in July 2023 will transition to a SOFR-based rate.
(7) Forward starting swaps effective starting from January 2022 to February 2023.

MSRs

(This section should be read in conjunction with Note 7 "Mortgage Loan Sales and Servicing Rights" of Notes to the Unaudited Condensed Consolidated Financial Statements.)

At June 30, 2022, we had a total of $463 million of capitalized MSRs representing the right to service $31.7 billion in mortgage loans.

MSR fair values are sensitive to movements in interest rates as expected future net servicing income depends on the projected outstanding principal balances of the underlying loans, which can be reduced by prepayments and declines in credit quality. Prepayments usually increase when mortgage interest rates decline and decrease when mortgage interest rates rise. We also employ hedging strategies to reduce the risk of MSR fair value changes or impairment. However, volatile changes in interest rates can diminish the effectiveness of these economic hedges. We report changes in the MSR value net of hedge-related trading activity in the mortgage banking income category of noninterest income.

MSR assets are included in servicing rights and other intangible 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, derivative instruments, and equity investments. We have established loss limits on the trading portfolio, on the amount of foreign exchange exposure that can be maintained, and on the amount of marketable equity securities that can be held.

Liquidity Risk

(This section should be read in conjunction with the “Liquidity Risk” section appearing in Huntington’s 2021 Annual Report on Form 10-K for our on-going liquidity risk management processes.)

Our primary source of liquidity is our core deposit base. Core deposits comprised approximately 97% of total deposits at June 30, 2022. We also have available unused wholesale sources of liquidity, including advances from the FHLB, issuance through dealers in the capital markets, and access to certificates of deposit issued through brokers. Liquidity is further provided by unencumbered, or unpledged, investment securities that totaled $12.9 billion as of June 30, 2022.

Bank Liquidity and Sources of Funding

Our primary sources of funding for the Bank are consumer and commercial core deposits. At June 30, 2022, these core deposits funded 79% of total assets (122% of total loans). Other sources of liquidity include non-core deposits, FHLB advances, wholesale debt instruments, and securitizations. Demand deposit overdrafts that have been reclassified as loan balances were $27 million and $29 million at June 30, 2022 and December 31, 2021, respectively.

The following table reflects deposit composition detail.

Table 20 - Deposit Composition

(dollar amounts in millions)	June 30, 2022		December 31, 2021	
By Type:				
Demand deposits—noninterest-bearing	$ 42,131	29 %	$ 43,236	30 %
Demand deposits—interest-bearing	41,433	28	39,837	28
Money market deposits	34,257	24	32,522	23
Savings and other domestic deposits	21,583	15	21,088	15
Core certificates of deposit (1)	2,103	1	2,740	2
Total core deposits:	141,507	97	139,423	98
Other domestic deposits of $250,000 or more	221	—	359	—
Negotiable CDs, brokered and other deposits	3,707	3	3,481	2
Total deposits	$ 145,435	100 %	$ 143,263	100 %
Total core deposits:				
Commercial	$ 63,629	45 %	$ 61,521	44 %
Consumer	77,878	55	77,902	56
Total core deposits	$ 141,507	100 %	$ 139,423	100 %

(1) Includes consumer certificates of deposit of $250,000 or more.

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 Bank Discount Window and the FHLB are $91.3 billion at June 30, 2022.

At June 30, 2022, 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, and to support borrowing capacity totaled $28.7 billion. There were no securities of a single issuer, which are not governmental or government-sponsored, that exceeded 10% of shareholders’ equity at June 30, 2022.

To the extent we are unable to obtain sufficient liquidity through core deposits, we may meet our liquidity needs through sources of wholesale funding, asset securitization or sale. Sources of wholesale funding include other domestic deposits of $250,000 or more, negotiable CDs, brokered and other deposits, short-term borrowings, and long-term debt. Our wholesale funding for both the Bank and parent company totaled $14.8 billion at June 30, 2022, compared to $11.3 billion at December 31, 2021. The increase from year-end is primarily due to issuances of short-term FHLB advances and senior debt, partially offset by repayment of maturing debt instruments.

At June 30, 2022, we believe the Bank has sufficient liquidity and capital resources to meet its cash flow obligations over the next 12 months and 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.

The parent company had $3.0 billion and $2.8 billion at June 30, 2022 and December 31, 2021 in cash and cash equivalents, respectively.

On July 20, 2022, our Board of Directors declared a quarterly common stock cash dividend of $0.155 per common share. The dividend is payable on October 3, 2022, to shareholders of record on September 19, 2022. Based on the current quarterly dividend of $0.155 per common share, cash demands required for common stock dividends are estimated to be approximately $224 million per quarter. Additionally, on July 20, 2022, our Board of Directors declared a quarterly Series B, Series E, Series F, Series G and Series H Preferred Stock dividend payable on October 17, 2022 to shareholders of record on October 1, 2022. On June 17, 2022, our Board of Directors declared a quarterly dividend for the Series I Preferred Stock payable on September 1, 2022 to shareholders of record on August 15, 2022. Total cash demands required for Series B, Series E, Series F, Series G, Series H and Series I are expected to be approximately $28 million per quarter.

During the first six months of 2022, the Bank paid preferred and common dividends to the parent company of $22 million and $458 million, respectively. To meet any additional liquidity needs, the parent company may issue debt or equity securities.

At June 30, 2022, we believe the Company has sufficient liquidity and capital resources to meet its cash flow obligations over the next 12 months and for the foreseeable future.

Off-Balance Sheet Arrangements

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

Operational Risk

Operational risk is the risk of loss due to human error, third-party performance failures, inadequate or failed internal systems and controls, including the use of financial or other quantitative methodologies that may not adequately predict future results; violations of, or noncompliance with, laws, rules, regulations, prescribed practices, or ethical standards; and external influences such as market conditions, fraudulent activities, disasters, failed business contingency plans and security risks. We continuously strive to strengthen our system of internal controls to ensure compliance with significant contracts, agreements, laws, rules, and regulations, and to improve the oversight of our operational risk.

We actively monitor cyberattacks such as attempts related to online deception and loss of sensitive customer data. We evaluate internal systems, processes and controls to mitigate loss from cyber-attacks and, to date, have not experienced any material losses. Cybersecurity threats have increased, primarily through phishing campaigns. We are actively monitoring our email gateways for malicious phishing email campaigns. We have also increased our cybersecurity and fraud monitoring activities through the implementation of specific monitoring of remote connections by geography and volume of connections to detect anomalous remote logins, since a significant portion of our workforce has the option to work remotely.

Our objective for managing cyber security risk is to avoid or minimize the impacts of external threat events or other efforts to penetrate our systems. We work to achieve this objective by hardening networks and systems against attack, and by diligently managing visibility and monitoring controls within our data and communications environment to recognize events and respond before the attacker has the opportunity to plan and execute on its own goals. To this end we employ a set of defense in-depth strategies, which include efforts to make us less attractive as a target and less vulnerable to threats, while investing in threat analytic capabilities for rapid detection and response. Potential concerns related to cyber security may be escalated to our board-level Technology Committee, as appropriate. As a complement to the overall cyber security risk management, we use a number of internal training methods, both formally through mandatory courses and informally through written communications and other updates. Internal policies and procedures have been implemented to encourage the reporting of potential phishing attacks or other security risks. We also use third-party services to test the effectiveness of our cyber security risk management framework, and any such third parties are required to comply with our policies regarding information security and confidentiality.

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

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

Compliance Risk

Financial institutions are subject to many laws, rules, and regulations at both the federal and state levels. These broad-based laws, rules, and regulations include, but are not limited to, expectations relating to anti-money laundering, lending limits, client privacy, fair lending, prohibitions against unfair, deceptive or abusive acts or practices, protections for military members as they enter active duty, and community reinvestment. 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 hold ourselves to a high standard for adherence to compliance management and seek to continuously enhance our performance.

Capital

We consider disciplined capital management as a key objective. 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 our overall capital adequacy. We believe our current levels of both regulatory capital and shareholders’ equity are adequate.

The following table presents certain regulatory capital data at both the consolidated and Bank levels for each of the periods presented:

Table 21 - Regulatory Capital Data (1)

(dollar amounts in millions)		June 30, 2022	December 31, 2021
Total risk-weighted assets	Consolidated	$ 137,841	$ 131,266
	Bank	137,441	130,597
CET 1 risk-based capital	Consolidated	12,478	12,249
	Bank	13,813	13,261
Tier 1 risk-based capital	Consolidated	14,654	14,426
	Bank	15,005	14,445
Tier 2 risk-based capital	Consolidated	3,003	2,821
	Bank	2,210	1,982
Total risk-based capital	Consolidated	17,657	17,246
	Bank	17,215	16,427
CET 1 risk-based capital ratio	Consolidated	9.05 %	9.33 %
	Bank	10.05	10.15
Tier 1 risk-based capital ratio	Consolidated	10.63	10.99
	Bank	10.92	11.06
Total risk-based capital ratio	Consolidated	12.81	13.14
	Bank	12.53	12.58
Tier 1 leverage ratio	Consolidated	8.46	8.56
	Bank	8.68	8.60

(1) Huntington elected to temporarily delay certain effects of CECL on regulatory capital for two years, followed by a three-year transition period which began January 1, 2022 pursuant to a rule that allows bank holding companies and banks to delay for two years 100% of the day-one impact of adopting CECL and 25% of the cumulative change in the reported allowance for credit losses since adopting CECL. As of June 30, 2022, we have phased in 25% of the cumulative CECL deferral with the remaining impact to be recognized over the remainder of the three-year transition period.

At June 30, 2022, we maintained Basel III capital ratios in excess of the well-capitalized standards established by the FRB. The decrease in regulatory capital ratios was primarily driven by risk-weighted asset growth and goodwill recognized during the quarter, partially offset by earnings.

Shareholders' Equity

We generate shareholders' equity primarily through the retention of earnings, net of dividends and share repurchases. Other potential sources of shareholders' equity include issuances of common and preferred stock. Our objective is to maintain capital at an amount commensurate with our risk appetite 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 $18.0 billion at June 30, 2022, a decrease of $1.3 billion or 7% when compared with December 31, 2021. The decrease was primarily driven by higher interest rates causing a decrease in accumulated other comprehensive income, partially offset by earnings, net of dividends.

Huntington is authorized to make capital distributions that are consistent with the requirements in the FRB's capital rule, inclusive of the SCB requirement. As of June 30, 2022, Huntington's SCB requirement was 2.5%, which is the minimum under the SCB framework. On April 5, 2022, Huntington submitted its 2022 Capital Plan to the Federal Reserve for supervisory review. By notice dated June 23, 2022, the Federal Reserve informed Huntington that its indicative SCB requirement associated with its 2022 Capital Plan is 3.3%. Huntington has submitted a request to the Federal Reserve for reconsideration of the indicative SCB requirement. Huntington anticipates that the Federal Reserve will disclose Huntington's final SCB requirement by August 31, 2022, which will become effective October 1, 2022.

Share Repurchases

From time to time our 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.

During the first six months of 2022, Huntington repurchased no shares of common stock under the current repurchase authorization which began the third quarter of 2021 and ended June 30, 2022. As of June 30, 2022, the end of the current repurchase authorization, Huntington completed $650 million of the original $800 million share repurchase authorization.

BUSINESS SEGMENT DISCUSSION

Overview

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

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

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

Funds Transfer Pricing (FTP)

We use an active and centralized FTP methodology to attribute appropriate net interest income to the business segments. The intent of the FTP methodology is to transfer interest rate risk from the business segments by providing modeled 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

Net income (loss) by business segment for the six-month periods ending June 30, 2022 and June 30, 2021 is presented in the following table:

Table 22 - Net Income by Business Segment

(dollar amounts in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Commercial Banking	$ 560	$ 167
Consumer and Business Banking	205	105
Vehicle Finance	62	161
RBHPCG	41	37
Treasury / Other	131	47
Net income	$ 999	$ 517

Commercial Banking

Table 23 - Key Performance Indicators for Commercial Banking

	Six Months Ended June 30,		Change	
(dollar amounts in millions)	2022	2021	Amount	Percent
Net interest income	$ 844	$ 457	$ 387	85 %
Provision for credit losses	(75)	143	(218)	NM
Noninterest income	292	203	89	44
Noninterest expense	496	306	190	62
Provision for income taxes	151	44	107	NM
Income attributable to non-controlling interest	4	—	4	100
Net income	$ 560	$ 167	$ 393	235 %
Number of employees (average full-time equivalent)	2,056	1,424	632	44 %
Total average assets	$ 58,018	$ 34,370	$ 23,648	69
Total average loans/leases	50,402	29,309	21,093	72
Total average deposits	34,260	26,242	8,018	31
Net interest margin	3.20 %	2.90 %	0.30 %	10
NCOs	$ (28)	$ 84	$ (112)	(133)
NCOs as a % of average loans and leases	(0.11)%	0.57 %	(0.68)%	(119)

2022 First Six Months versus 2021 First Six Months

Commercial Banking reported net income of $560 million in the six-month period of 2022, compared to $167 million in the year-ago period. Segment net interest income increased $387 million, or 85%, primarily due to an increase in average earning assets reflecting the impact of the June 2021 acquisition of TCF and higher utilization rates, and a 30 basis point increase in net interest margin driven by an increase in spreads largely due to impact from the Federal Reserve's recent rate increases. The provision for credit losses decreased $218 million, primarily due to the initial provision for credit losses recognized in the second quarter 2021 related to the TCF acquisition. Noninterest income increased $89 million, or 44%, reflecting the impact of the TCF acquisition in addition to an increase in capital markets fees, primarily reflecting higher interest rate derivative fees, foreign exchange fees, loan syndication fees and underwriting and advisory fees. Noninterest expense increased $190 million, or 62%, primarily reflecting the impact of the TCF acquisition, driven by higher personnel expense due to increased number of colleagues, allocated overhead and operating lease expense.

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Consumer and Business Banking

Table 24 - Key Performance Indicators for Consumer and Business Banking

	Six Months Ended June 30,		Change	
(dollar amounts in millions)	2022	2021	Amount	Percent
Net interest income	$ 993	$ 703	$ 290	41 %
Provision for credit losses	74	63	11	17
Noninterest income	542	477	65	14
Noninterest expense	1,202	984	218	22
Provision for income taxes	54	28	26	93
Net income	$ 205	$ 105	$ 100	95 %
Number of employees (average full-time equivalent)	9,530	8,160	1,370	17 %
Total average assets	$ 38,499	$ 31,834	$ 6,665	21
Total average loans/leases	32,029	28,014	4,015	14
Total average deposits	94,866	67,702	27,164	40
Net interest margin	2.09 %	2.06 %	0.03 %	1
NCOs	$ 54	$ 41	$ 13	32
NCOs as a % of average loans and leases	0.34 %	0.30 %	0.04 %	13

2022 First Six Months versus 2021 First Six Months

Consumer and Business Banking, including Home Lending, reported net income of $205 million in the six-month period of 2022, an increase of $100 million, or 95%, compared to the year-ago period. Segment net interest income increased $290 million, or 41%, primarily due to an increase in average earnings assets reflecting the impact of the June 2021 acquisition of TCF and a 3 basis point increase in net interest margin driven primarily from impact of the Federal Reserve's recent rate increases, partially offset by a decrease in accelerated PPP loan fees recognized upon forgiveness payments from the SBA. The provision for credit losses increased $11 million to $74 million, primarily due to an increase in loan growth. Noninterest income increased $65 million, or 14%, reflecting the impact of the TCF acquisition, primarily due to higher interchange income and service charges on deposit accounts along with gains from SBA sales in 2022, partially offset by decreased mortgage banking income primarily reflecting lower secondary marketing spreads and lower salable volume. Noninterest expense increased $218 million, or 22%, primarily reflecting the impact of the TCF acquisition largely driven by higher personnel expense reflecting an increase in the number of FTE employees and allocated overhead.

Home Lending, an operating unit of Consumer and Business Banking, reflects the result of the origination, sale, and servicing of mortgage loans less referral fees and net interest income for mortgage banking products distributed by the retail branch network and other business segments. Home Lending reported net income of $80 million in the six-month period of 2022, compared with net income of $23 million in the year-ago period. Net interest income increased $94 million, primarily due to the impact of the TCF acquisition, reduction in prepayment activity and increased retention. The provision for credit losses decreased $32 million, primarily due to continued general improvement in economic conditions. Noninterest income decreased $52 million, driven primarily by lower secondary marketing spreads and lower salable volume.

Vehicle Finance

Table 25 - Key Performance Indicators for Vehicle Finance

	Six Months Ended June 30,		Change	
(dollar amounts in millions)	2022	2021	Amount	Percent
Net interest income	$ 237	$ 217	$ 20	9 %
Provision (benefit) for credit losses	79	(53)	132	NM
Noninterest income	6	6	—	—
Noninterest expense	86	72	14	19
Provision for income taxes	16	43	(27)	(63)
Net income	$ 62	$ 161	$ (99)	(61)%
Number of employees (average full-time equivalent)	270	258	12	5 %
Total average assets	$ 21,148	$ 19,383	$ 1,765	9
Total average loans/leases	21,379	19,641	1,738	9
Total average deposits	1,273	903	370	41
Net interest margin	2.24 %	2.22 %	0.02 %	1
NCOs	$ 2	$ 1	$ 1	100
NCOs as a % of average loans and leases	0.02 %	0.01 %	0.01 %	100

2022 First Six Months versus 2021 First Six Months

Vehicle Finance reported net income of $62 million in the six-month period of 2022, a decrease of $99 million, compared to the year-ago period. Segment net interest income increased $20 million, or 9%, primarily due to an increase in average earning assets and a 2 basis point increase in the net interest margin. The provision for credit losses increased $132 million, primarily due to reserve releases in 2021 as the economic environment was improving, in addition to the increasing risk during the second quarter 2022 of a near-term recession as the Federal Reserve raises rates attempting to lower inflation. Noninterest income was relatively unchanged from the year-ago period. Noninterest expense increased $14 million, or 19%, largely attributable to higher production related costs and geographic expansion.

Regional Banking and The Huntington Private Client Group

Table 26 - Key Performance Indicators for Regional Banking and The Huntington Private Client Group

	Six Months Ended June 30,		Change	
(dollar amounts in millions)	2022	2021	Amount	Percent
Net interest income	$ 104	$ 70	$ 34	49 %
Provision (benefit) for credit losses	14	(2)	16	NM
Noninterest income	124	107	17	16
Noninterest expense	162	132	30	23
Provision for income taxes	11	10	1	10
Net income	$ 41	$ 37	$ 4	11 %
Number of employees (average full-time equivalent)	1,106	1,018	88	9 %
Total average assets	$ 8,778	$ 6,958	$ 1,820	26
Total average loans/leases	8,484	6,705	1,779	27
Total average deposits	9,506	7,313	2,193	30
Net interest margin	2.13 %	1.89 %	0.24 %	13
Total assets under management (in billions)—eop	$ 21.0	$ 24.0	$ (3.0)	(13)
Total trust assets (in billions)—eop	129.3	146.7	(17.4)	(12)

eop - End of Period

2022 First Six Months versus 2021 First Six Months

RBHPCG reported net income of $41 million for the first six-month period of 2022, an increase of $4 million, or 11%, compared to the year-ago period. Segment net interest income increased $34 million, or 49%, primarily due to an increase in average earnings assets and a 24 basis point increase in net interest margin, largely driven by higher benefit in deposit spreads. Average loans and leases increased $1.8 billion, or 27%, due to growth in both commercial and residential real estate mortgages, and the impact of the June 2021 acquisition of TCF. Average deposits increased $2.2 billion, or 30%, primarily related to higher customer liquidity levels, and impact of the acquired TCF deposit portfolio. The provision for credit losses increased $16 million, largely due to loan growth. Noninterest income increased $17 million, or 16%, reflecting higher sales production and the impact of the TCF acquisition. Total assets under management decreased 13% due to equity and bond markets, offset by positive net asset flows. Noninterest expense increased $30 million primarily due to an increase in personnel expense impacted by the TCF acquisition.

Treasury / Other

The Treasury / Other function includes revenue and expense related to assets, liabilities, derivatives (including the mark-to-market of interest rate caps in the first six-month period of 2021), and equity not directly assigned or allocated to one of the four business segments. Assets include investment securities and bank owned life insurance.

Net interest income includes the impact of administering our investment securities portfolios, the net impact of derivatives used to hedge interest rate sensitivity as well as the financial impact associated with our FTP methodology, as described above. Noninterest income includes miscellaneous fee income not allocated to other business segments, such as bank owned life insurance income and securities and trading asset gains or losses. Noninterest expense includes certain corporate administrative, acquisition-related expenses, if any, and other miscellaneous expenses not allocated to other business segments. The provision for income taxes for the business segments is calculated at a statutory 21% tax rate, although our overall effective tax rate is lower.

ADDITIONAL DISCLOSURES

Forward-Looking Statements

This report, including MD&A, contains certain forward-looking statements, including, but not limited to, certain plans, expectations, goals, projections, and statements, which are not historical facts and are subject to numerous assumptions, risks, and uncertainties. Statements that do not describe historical or current facts, including statements about beliefs and expectations, are forward-looking statements. Forward-looking statements may be identified by words such as expect, anticipate, believe, intend, estimate, plan, target, goal, or similar expressions, or future or conditional verbs such as will, may, might, should, would, could, or similar variations. The forward-looking statements are intended to be subject to the safe harbor provided by Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995.

While there is no assurance that any list of risks and uncertainties or risk factors is complete, below are certain factors which could cause actual results to differ materially from those contained or implied in the forward-looking statements: changes in general economic, political, or industry conditions; the magnitude and duration of the COVID-19 pandemic and related variants and mutations and their impact on the global economy and financial market conditions and our business, results of operations, and financial condition; uncertainty in U.S. fiscal and monetary policy, including the interest rate policies of the Federal Reserve Board; volatility and disruptions in global capital and credit markets; movements in interest rates; reform of LIBOR; competitive pressures on product pricing and services; success, impact, and timing of our business strategies, including market acceptance of any new products or services including those implementing our "Fair Play" banking philosophy; the nature, extent, timing, and results of governmental actions, examinations, reviews, reforms, regulations, and interpretations, including those related to the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Basel III regulatory capital reforms, as well as those involving the OCC, Federal Reserve, FDIC, and CFPB; the possibility that the anticipated benefits of the transaction with TCF are not realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of the two companies or as a result of the strength of the economy and competitive factors in the areas where Huntington does business; and other factors that may affect the future results of Huntington.

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

Non-GAAP Financial Measures

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

Fully-Taxable Equivalent Basis

Interest income, yields, and ratios on a FTE basis are considered non-GAAP financial measures. Management believes net interest income on a FTE basis provides an insightful picture of the interest margin for comparison purposes. The FTE basis also allows management to assess the comparability of revenue arising from both taxable and tax-exempt sources. The FTE basis assumes a federal statutory tax rate of 21 percent. We encourage readers to consider the Unaudited Condensed 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.

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

These non-regulatory capital ratios are viewed by management as useful additional methods of reflecting the level of capital available to withstand unexpected market conditions. Additionally, presentation of these ratios allows readers to compare our capitalization to other financial services companies. These ratios differ from capital ratios defined by banking regulators principally in that the numerator excludes goodwill and other intangible assets, the nature and extent of which varies among different financial services companies. These ratios are not defined in 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, we encourage readers to consider the Unaudited Condensed 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.

Critical Accounting Policies and Use of Significant Estimates

Our Consolidated Financial Statements are prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires us to establish accounting policies and make estimates that affect amounts reported in our Consolidated Financial Statements. Note 1 of the Notes to Consolidated Financial Statements included in our 2021 Annual Report on Form 10-K, as supplemented by this report including this MD&A, describes the significant accounting policies we used in our Consolidated Financial Statements.

An accounting estimate requires assumptions and judgments about uncertain matters that could have a material effect on the Consolidated Financial Statements. Estimates are made under facts and circumstances at a point in time, and changes in those facts and circumstances could produce results substantially different from those estimates. Our most significant accounting policies and estimates and their related application are discussed in our 2021 Annual Report on Form 10-K, as supplemented by this report including this MD&A .

Allowance for Credit Losses

Our ACL at June 30, 2022 represents our current estimate of the lifetime credit losses expected from our loan and lease portfolio and our unfunded lending commitments. Management estimates the ACL by projecting probability of default, loss given default and exposure at default conditional on economic parameters, for the remaining contractual term. Internal factors that impact the quarterly allowance estimate include the level of outstanding balances, the portfolio performance and assigned risk ratings.

One of the most significant judgments influencing the ACL estimate is the macroeconomic forecasts. Key external economic parameters that directly impact our loss modeling framework include forecasted footprint unemployment rates and Gross Domestic Product. Changes in the economic forecasts could significantly affect the estimated credit losses, which could potentially lead to materially different allowance levels from one reporting period to the next.

Given the dynamic relationship between macroeconomic variables within our modeling framework, it is difficult to estimate the impact of a change in any one individual variable on the allowance. As a result, management uses a probability-weighted approach that incorporates a baseline, an adverse and a more favorable economic scenario when formulating the quantitative estimate.

However, to illustrate a hypothetical sensitivity analysis, management calculated a quantitative allowance using a 100% weighting applied to an adverse scenario. This scenario includes assumptions around the Russian invasion of Ukraine worsening and lasting longer than the baseline scenario. Import bans on Russian oil lead to additional price increases, contributing to higher inflation rates that are also exacerbated by the continuing supply chain disruption. Additionally, the Federal Reserve continues to raise rates through the first half of 2023 to fight inflation even as the economy heads into a recession in the third quarter 2022. Under this scenario, as an example, the unemployment rate increases from baseline levels and remains elevated for a prolonged period, the rate is estimated at 6.4% and 7.7% at the end of 2022 and 2023 respectively. These numbers result in unemployment rates that are approximately 3.1% and 4.2% higher than baseline scenario projections of 3.3% and 3.5%, respectively for the same time periods.

To demonstrate the sensitivity to key economic parameters used in the calculation of our ACL at June 30, 2022, management calculated the difference between our quantitative ACL and this 100% adverse scenario. Excluding consideration of qualitative adjustments, this sensitivity analysis would result in a hypothetical increase in our ACL of approximately $900 million at June 30, 2022. This hypothetical increase is reflective of the sensitivity of the rate of change in the unemployment variable on our models.

The resulting difference is not intended to represent an expected increase in allowance levels for a number of reasons including the following:

- Management uses a weighted approach applied to multiple economic scenarios for its allowance estimation process;
- The highly uncertain economic environment;
- The difficulty in predicting the inter-relationships between the economic parameters used in the various economic scenarios; and
- The sensitivity estimate does not account for any general reserve components and associated risk profile adjustments incorporated by management as part of its overall allowance framework.

We regularly review our ACL for appropriateness by performing on-going evaluations of the loan and lease portfolio. In doing so, we consider factors such 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 also evaluate the impact of changes in key economic parameters 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. There is no certainty that our ACL will be appropriate over time to cover losses in our portfolio as economic and market conditions may ultimately differ from our reasonable and supportable forecast. Additionally, events adversely affecting specific customers, industries, or our markets such as geopolitical instability, risks of rising inflation including a near-term recession, or the emergence of a more contagious and severe COVID-19 variant, could severely impact our current expectations. If the credit quality of our customer base materially deteriorates or the risk profile of a market, industry, or group of customers changes materially, our net income and capital could be materially adversely affected which, in turn could have a material adverse effect on our financial condition and results of operations. The extent to which the geopolitical instability, risks of rising inflation, and the COVID-19 pandemic will continue to negatively impact our businesses, financial condition, liquidity and results will depend on future developments, which are highly uncertain and cannot be forecasted with precision at this time. For more information, see Note 5 “Loans and Leases” and Note 6 “Allowance for Credit Losses” of the Notes to Unaudited Condensed Consolidated Financial Statements.

Fair Value Measurement

Certain assets and liabilities are measured at fair value on a recurring basis, including securities, and derivative instruments. Assets and liabilities carried at fair value inherently include subjectivity and may require the use of significant assumptions, adjustments and judgment including, among others, discount rates, rates of return on assets, cash flows, default rates, loss rates, terminal values and liquidation values. A significant change in assumptions may result in a significant change in fair value, which in turn, may result in a higher degree of financial statement volatility and could result in significant impact on our results of operations, financial condition or disclosures of fair value information.

The fair value hierarchy requires use of observable inputs first and subsequently unobservable inputs when observable inputs are not available. Our fair value measurements involve various valuation techniques and models, which involve inputs that are observable (Level 1 or Level 2 in fair value hierarchy), when available. The level of judgment required to determine fair value is dependent on the methods or techniques used in the process. Assets and liabilities that are measured at fair value using quoted prices in active markets (Level 1) do not require significant judgment while the valuation of assets and liabilities when quoted market prices are not available (Levels 2 and 3) may require significant judgment to assess whether observable or unobservable inputs for those assets and liabilities provide reasonable determination of fair value. 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 13 “Fair Values of Assets and Liabilities” of the Notes to Unaudited Condensed Consolidated Financial Statements.

Goodwill and Other Intangible Assets

The acquisition method of accounting requires that assets and liabilities acquired in a business combination are recorded at fair value as of the acquisition date. The valuation of assets and liabilities often involves estimates based on third party valuations or internal valuations based on discounted cash flow analyses or other valuation techniques, all of which are inherently subjective. This typically results in goodwill, the amount by which the cost of net assets acquired in a business combination exceeds their fair value, which is subject to impairment testing at least annually. The amortization of identified intangible assets recognized in a business combination is based upon the estimated economic benefits to be received over their economic life, which is also subjective. Customer attrition rates that are based on historical experience are used to determine the estimated economic life of certain intangibles assets, including but not limited to, customer deposit intangibles.

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Item 1: Financial Statements
Huntington Bancshares Incorporated
Condensed Consolidated Balance Sheets
(Unaudited)

(dollar amounts in millions)	June 30, 2022	December 31, 2021
Assets		
Cash and due from banks	$ 1,793	$ 1,811
Interest-bearing deposits at Federal Reserve Bank	2,115	3,711
Interest-bearing deposits in banks	196	392
Trading account securities	34	46
Available-for-sale securities	24,377	28,460
Held-to-maturity securities	17,355	12,447
Other securities	763	648
Loans held for sale (includes $777 and $1,270 respectively, measured at fair value)(1)	969	1,676
Loans and leases (includes $179 and $171 respectively, measured at fair value)(1)	116,221	111,267
Allowance for loan and lease losses	(2,074)	(2,030)
Net loans and leases	114,147	109,237
Bank owned life insurance	2,766	2,765
Accrued income and other receivables	2,169	1,319
Premises and equipment	1,175	1,164
Goodwill	5,571	5,349
Servicing rights and other intangible assets	703	611
Other assets	4,649	4,428
Total assets	$ 178,782	$ 174,064
Liabilities and shareholders' equity		
Liabilities		
Deposits:		
Demand deposits—noninterest-bearing	$ 42,131	$ 43,236
Interest-bearing	103,304	100,027
Total deposits	145,435	143,263
Short-term borrowings	3,048	334
Long-term debt	7,866	7,108
Other liabilities	4,454	4,041
Total liabilities	160,803	154,746
Commitments and Contingent Liabilities (Note 16)		
Shareholders' equity		
Preferred stock	2,167	2,167
Common stock	14	14
Capital surplus	15,261	15,222
Less treasury shares, at cost	(85)	(79)
Accumulated other comprehensive income (loss)	(2,098)	(229)
Retained earnings	2,691	2,202
Total Huntington Bancshares Inc shareholders' equity	17,950	19,297
Non-controlling interest	29	21
Total equity	17,979	19,318
Total liabilities and shareholders' equity	$ 178,782	$ 174,064
Common shares authorized (par value of $0.01)	2,250,000,000	2,250,000,000
Common shares outstanding	1,442,194,344	1,437,742,172
Treasury shares outstanding	6,691,381	6,298,288
Preferred stock, authorized shares	6,617,808	6,617,808
Preferred shares outstanding	557,500	557,500

(1) Amounts represent loans for which Huntington has elected the fair value option. See Note 13 "Fair Values of Assets and Liabilities".

See Notes to Unaudited Condensed Consolidated Financial Statements

Huntington Bancshares Incorporated
Condensed Consolidated Statements of Income
(Unaudited)

(dollar amounts in millions, except per share data, share count in thousands)	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Interest and fee income:				
Loans and leases	$ 1,078	$ 806	$ 2,082	$ 1,558
Available-for-sale securities				
Taxable	123	67	213	116
Tax-exempt	15	13	32	26
Held-to-maturity securities—taxable	90	35	156	77
Other securities—taxable	6	2	11	4
Other	19	12	32	23
Total interest income	1,331	935	2,526	1,804
Interest expense:				
Deposits	25	12	36	23
Short-term borrowings	7	—	14	—
Long-term debt	38	85	69	(29)
Total interest expense	70	97	119	(6)
Net interest income	1,261	838	2,407	1,810
Provision for credit losses	67	211	92	151
Net interest income after provision for credit losses	1,194	627	2,315	1,659
Service charges on deposit accounts	105	88	202	157
Card and payment processing income	96	80	182	145
Mortgage banking income	44	67	93	167
Trust and investment management services	63	56	128	108
Capital markets fees	54	35	96	64
Insurance income	27	25	58	52
Leasing revenue	27	12	62	16
Bank owned life insurance income	11	16	28	32
Gain on sale of loans	12	3	40	6
Net gains on sales of securities	—	10	—	10
Other noninterest income	46	52	95	82
Total noninterest income	485	444	984	839
Personnel costs	577	592	1,157	1,060
Outside data processing and other services	153	162	318	277
Net occupancy	58	72	122	114
Equipment	61	55	142	101
Professional services	19	48	38	65
Marketing	24	15	45	29
Deposit and other insurance expense	20	8	38	16
Amortization of intangibles	13	11	27	21
Lease financing equipment depreciation	11	5	25	5
Other noninterest expense	82	104	159	177
Total noninterest expense	1,018	1,072	2,071	1,865
Income (loss) before income taxes	661	(1)	1,228	633
Provision for income taxes	120	14	225	116
Income after income taxes	541	(15)	1,003	517
Income attributable to non-controlling interest	2	—	4	—
Net income (loss) attributable to Huntington Bancshares Inc	539	(15)	999	517
Dividends on preferred shares	28	43	56	74
Net income (loss) applicable to common shares	$ 511	$ (58)	$ 943	$ 443
Average common shares—basic	1,441,200	1,125,039	1,439,814	1,071,276
Average common shares—diluted	1,463,293	1,125,039	1,463,810	1,094,474
Per common share:				
Net income—basic	$ 0.35	$ (0.05)	$ 0.65	$ 0.41
Net income—diluted	0.35	(0.05)	0.64	0.40

See Notes to Unaudited Condensed Consolidated Financial Statements

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollar amounts in millions)	2022	2021	2022	2021
Net income (loss) attributable to Huntington Bancshares Inc	$ 539	$ (15)	$ 999	$ 517
Other comprehensive (loss) income, net of tax:				
Net unrealized (losses) gains on available-for-sale securities	(820)	78	(1,999)	(138)
Net impact of fair value hedges on available-for-sale securities	123	(5)	455	29
Change in fair value related to cash flow hedges	(86)	(34)	(326)	(102)
Translation adjustments, net of hedges	(2)	(6)	(2)	(6)
Change in accumulated unrealized gains for pension and other post-retirement obligations	1	4	3	6
Other comprehensive (loss) income, net of tax	(784)	37	(1,869)	(211)
Comprehensive (loss) income attributable to Huntington Bancshares	(245)	22	(870)	306
Comprehensive income attributed to non-controlling interest	2	—	4	—
Comprehensive (loss) income	$ (243)	$ 22	$ (866)	$ 306

See Notes to Unaudited Condensed Consolidated Financial Statements

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

	Preferred Stock	Common Stock		Capital Surplus	Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total	Non-controlling interest	Total Equity
(dollar amounts in millions, share amounts in thousands)	Amount	Shares	Amount		Shares	Amount					
Three Months Ended June 30, 2022											
Balance, beginning of period	$ 2,167	1,445,386	$ 14	$ 15,255	(6,211)	$ (78)	$ (1,314)	$ 2,408	$ 18,452	$ 29	$ 18,481
Net income								539	539	2	541
Other comprehensive (loss) income, net of tax							(784)		(784)		(784)
Cash dividends declared:											
Common ($0.155 per share)								(228)	(228)		(228)
Preferred								(28)	(28)		(28)
Recognition of the fair value of share-based compensation				23					23		23
Other share-based compensation activity		3,499	—	(17)				—	(17)		(17)
Other				—	(480)	(7)		—	(7)	(2)	(9)
Balance, end of period	$ 2,167	1,448,885	$ 14	$ 15,261	(6,691)	$ (85)	$ (2,098)	$ 2,691	$ 17,950	$ 29	$ 17,979
Three Months Ended June 30, 2021											
Balance, beginning of period	$ 2,676	1,023,094	$ 10	$ 8,806	(5,041)	$ (59)	$ (56)	$ 2,223	$ 13,600	$ —	$ 13,600
Net loss								(15)	(15)	—	(15)
Other comprehensive income, net of tax							37		37		37
TCF Financial Corp acquisition:											
Issuance of common stock		458,171	5	6,993		(37)			6,961		6,961
Issuance of Series I preferred stock	175			10					185		185
Non-controlling interest acquired									—	22	22
Cash dividends declared:											
Common ($0.15 per share)								(224)	(224)		(224)
Preferred								(43)	(43)		(43)
Recognition of the fair value of share-based compensation				38					38		38
Other share-based compensation activity		3,349	—	(17)				—	(17)		(17)
Other				—	(3,015)	(9)		(2)	(11)	(2)	(13)
Balance, end of period	$ 2,851	1,484,614	$ 15	$ 15,830	(8,056)	$ (105)	$ (19)	$ 1,939	$ 20,511	$ 20	$ 20,531

See Notes to Unaudited Condensed Consolidated Financial Statements

(dollar amounts in millions, share amounts in thousands)	Preferred Stock	Common Stock		Capital Surplus	Treasury Stock		Accumulated Other Comprehensive Gain (Loss)	Retained Earnings	Total	Non-controlling interest	Total
	Amount	Shares	Amount		Shares	Amount					
Six Months Ended June 30, 2022											
Balance, beginning of period	$ 2,167	1,444,040	$ 14	$ 15,222	(6,298)	$ (79)	$ (229)	$ 2,202	$ 19,297	$ 21	$ 19,318
Net income								999	999	4	1,003
Other comprehensive income (loss), net of tax							(1,869)		(1,869)		(1,869)
Cash dividends declared:											
Common ($0.31 per share)								(454)	(454)		(454)
Preferred								(56)	(56)		(56)
Recognition of the fair value of share-based compensation				63					63		63
Other share-based compensation activity		4,845	—	(24)				—	(24)		(24)
Other				—	(393)	(6)	—	—	(6)	4	(2)
Balance, end of period	$ 2,167	1,448,885	$ 14	$ 15,261	(6,691)	$ (85)	$ (2,098)	$ 2,691	$ 17,950	$ 29	$ 17,979
Six Months Ended June 30, 2021											
Balance, beginning of period	$ 2,191	1,022,258	$ 10	$ 8,781	(5,062)	$ (59)	$ 192	$ 1,878	$ 12,993	$ —	$ 12,993
Net income								517	517	—	517
Other comprehensive income, net of tax							(211)		(211)		(211)
TCF Financial Corp acquisition:											
Issuance of common stock		458,171	5	6,993		(37)			6,961		6,961
Issuance of Series I preferred stock	175			10					185		185
Non-controlling interest acquired									—	22	22
Net proceeds from issuance of preferred stock	485								485		485
Cash dividends declared:											
Common ($0.30 per share)								(380)	(380)		(380)
Preferred								(74)	(74)		(74)
Recognition of the fair value of share-based compensation				66					66		66
Other share-based compensation activity		4,185	—	(20)				—	(20)		(20)
Other				—	(2,994)	(9)		(2)	(11)	(2)	(13)
Balance, end of period	$ 2,851	1,484,614	$ 15	$ 15,830	(8,056)	$ (105)	$ (19)	$ 1,939	$ 20,511	$ 20	$ 20,531

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 millions)	Six Months Ended June 30, 2022	2021
Operating activities		
Net income	$ 1,003	$ 517
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	92	151
Depreciation and amortization	207	274
Share-based compensation expense	63	66
Deferred income tax expense	108	34
Net change in:		
Trading account securities	12	(31)
Loans held for sale	485	50
Other assets	(206)	(416)
Other liabilities	67	261
Other, net	(7)	82
Net cash provided by operating activities	1,824	988
Investing activities		
Change in interest bearing deposits in banks	321	415
Net cash (paid) received from business combinations	(223)	466
Proceeds from:		
Maturities and calls of available-for-sale securities	2,401	3,683
Maturities and calls of held-to-maturity securities	1,699	1,995
Maturities and calls of other securities	812	—
Sales of available-for-sale securities	—	5,838
Purchases of available-for-sale securities	(5,246)	(10,285)
Purchases of held-to-maturity securities	(2,409)	(1,547)
Purchases of other securities	(936)	—
Net proceeds from sales of portfolio loans and leases	704	334
Principal payments received under direct finance and sales-type leases	902	408
Net loan and lease activity, excluding sales and purchases	(5,858)	3,990
Purchases of premises and equipment	(123)	(99)
Purchases of loans and leases	(493)	(493)
Net accrued income and other receivables activity	(818)	(837)
Other, net	62	118
Net cash provided by (used in) investing activities	(9,205)	3,986
Financing activities		
Increase in deposits	2,172	5,194
Increase (decrease) in short-term borrowings	3,209	(1,152)
Net proceeds from issuance of long-term debt	2,075	59
Maturity/redemption of long-term debt	(1,158)	(2,526)
Dividends paid on preferred stock	(56)	(66)
Dividends paid on common stock	(449)	(308)
Repurchases of common stock	—	—
Net proceeds from issuance of preferred stock	—	485
Other, net	(26)	—
Net cash provided by financing activities	5,767	1,686
Increase (decrease) in cash and cash equivalents	(1,614)	6,660
Cash and cash equivalents at beginning of period	5,522	6,595
Cash and cash equivalents at end of period	$ 3,908	$ 13,255

(dollar amounts in millions)	Six Months Ended June 30, 2022	2021
Supplemental disclosures:		
Interest paid	$ 113	$ 87
Income taxes (received) paid	(110)	200
Non-cash activities		
Loans transferred to held-for-sale from portfolio	569	190
Loans transferred to portfolio from held-for-sale	31	60
Transfer of securities from available-for-sale to held-to-maturity	4,225	3,007
Business Combination (1)		

(1) In the six months ended June 30, 2021, the TCF acquisition included fair value of tangible assets acquired of $46.3 billion, goodwill and other intangible assets of $3.5 billion, liabilities assumed $42.6 billion, preferred stock of $185 million, and common stock of $7.0 billion.

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 statement 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 2021 Annual Report on Form 10-K, which include descriptions of significant accounting policies, as updated by the information contained in this report, should be read in conjunction with these interim financial statements.

For statement of cash flow purposes, cash and cash equivalents are defined as the sum of cash and due from banks and interest-bearing deposits at Federal Reserve Bank.

Certain prior period amounts have been reclassified to conform to current year's presentation.

Effective in the 2022 first quarter, a new classification within the Unaudited Condensed Consolidated Balance Sheet of accrued income and other receivables was established comprised of activity that was previously classified as loans and leases (other consumer loans and leases) and other assets. All prior period amounts and all related metrics have been revised to conform to the current presentation.

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. There were no material subsequent events to disclose for the current period.

2. ACCOUNTING STANDARDS UPDATE

Accounting standards adopted in the current period

Standard	Summary of guidance	Effects on financial Statements
ASU 2021-08-Business Combinations (Topic 805) Issued October 2021	• The amendments in this update require that an acquirer apply topic 606 to the recognition and measurement of revenue contract assets and liabilities acquired in a business combination.	• Management adopted the guidance during the second quarter 2022. • The ASU has been applied to all business combinations occurring during the first six months of 2022 and will be applied prospectively to all business combinations occurring after adoption. • The adoption did not result in a material impact on Huntington's Consolidated financial statements.
ASU 2022-01-Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method Issued March 2022	• The amendments in this update expand the current last-of-layer method to allow for multiple hedge layers in a single closed portfolio. To reflect the expansion, the last-of-layer method has been renamed the portfolio layer method. The standard also expands the scope of the portfolio layer method to nonprepayable financial assets.	• Management early adopted the guidance during the second quarter of 2022 using the modified retrospective basis. There was no impact to Huntington's Consolidated financial statements as a result of the adoption. Amendments related to disclosures were applied prospectively from the initial adoption date. • The ASU also gives entities the option to reclassify debt securities classified in the held-to-maturity category at the date of adoption to the available-for-sale category if the entity applies the portfolio layer method hedging to one or more closed portfolios that include those debt securities, Huntington did not apply this option to any held-to-maturity securities.

Accounting standards yet to be adopted

Standard	Summary of guidance	Effects on financial statements
ASU 2022-02- Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures Issued March 2022	• The amendments in this update eliminate TDR accounting for entities that have adopted Update 2016-13, while enhancing disclosure requirements for certain loan modifications when a borrower is experiencing financial difficulty. The ASU also requires current period gross write-offs by year of origination for financing receivables and net investment in leases.	• Effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. • Adoption of the ASU will be applied prospectively, except for the portion of the standard related to the recognition and measurement of TDRs an entity may elect to use a modified retrospective transition method with a cumulative effect adjustment to retained earnings at the beginning of the period of adoption. An entity that elects to early adopt in an interim period should apply the guidance as of the beginning of the fiscal year that includes the interim period. An entity may also chose to early adopt the amendments about TDRs and related disclosure enhancements separately from amendments about vintage disclosures. • Huntington is currently evaluating the impact of the ASU on its Consolidated financial statements, as well as which adoption method to apply.

3. BUSINESS COMBINATIONS

On June 15, 2022, Huntington acquired Capstone Partners, a leading middle market investment bank and advisory firm dedicated to servicing middle market companies throughout their full business lifecycle. The acquisition resulted in $192 million of goodwill, allocated to the Commercial segment, which approximates total consideration. Fair value estimates related to the acquired assets and liabilities are subject to adjustment during the one-year measurement period following the closing of the acquisition. The goodwill recognized is deductible for tax purposes.

4. INVESTMENT SECURITIES AND OTHER SECURITIES

Debt securities purchased in which Huntington has the intent and ability to hold to their maturity are classified as held-to-maturity securities. All other debt and equity securities are classified as either available-for-sale or other securities.

The following tables provide amortized cost, fair value, and gross unrealized gains and losses by investment category at June 30, 2022 and December 31, 2021:

		Unrealized		
(dollar amounts in millions)	Amortized Cost (1)(2)	Gross Gains	Gross Losses	Fair Value
June 30, 2022				
Available-for-sale securities:				
U.S. Treasury	$ 5	$ —	$ —	$ 5
Federal agencies:				
Residential CMO	3,217	—	(216)	3,001
Residential MBS	14,478	1	(1,532)	12,947
Commercial MBS	2,365	1	(384)	1,982
Other agencies	215	—	(6)	209
Total U.S. Treasury, federal agency and other agency securities	20,280	2	(2,138)	18,144
Municipal securities	3,604	1	(183)	3,422
Private-label CMO	158	—	(6)	152
Asset-backed securities	392	—	(31)	361
Corporate debt	2,539	99	(344)	2,294
Other securities/Sovereign debt	4	—	—	4
Total available-for-sale securities	$ 26,977	$ 102	$ (2,702)	$ 24,377
Held-to-maturity securities:				
Federal agencies:				
Residential CMO	$ 4,896	$ —	$ (383)	$ 4,513
Residential MBS	10,509	2	(930)	9,581
Commercial MBS	1,792	1	(124)	1,669
Other agencies	156	—	(5)	151
Total federal agency and other agency securities	17,353	3	(1,442)	15,914
Municipal securities	2	—	—	2
Total held-to-maturity securities	$ 17,355	$ 3	$ (1,442)	$ 15,916
Other securities, at cost:				
Non-marketable equity securities:				
Federal Home Loan Bank stock	$ 187	$ —	$ —	$ 187
Federal Reserve Bank stock	514	—	—	514
Equity securities	9	—	—	9
Other securities, at fair value:				
Mutual funds	50	—	—	50
Equity securities	3	—	—	3
Total other securities	$ 763	$ —	$ —	$ 763

(1) Amortized cost amounts excludes accrued interest receivable, which is recorded within accrued income and other receivables on the Consolidated Balance Sheets. At June 30, 2022, accrued interest receivable on available-for-sale securities and held-to-maturity securities totaled $62 million and $38 million, respectively.

(2) Excluded from the amortized cost are portfolio level basis adjustments for securities designated in fair value hedges under the portfolio layer method. The basis adjustments totaled $608 million and represent a reduction to the amortized cost of the securities being hedged. The securities being hedged under the portfolio layer method are primarily Residential CMO and Residential MBS securities.

(dollar amounts in millions)	Amortized Cost (1)	Unrealized Gross Gains	Unrealized Gross Losses	Fair Value
December 31, 2021				
Available-for-sale securities:				
U.S. Treasury	$ 5	$ —	$ —	$ 5
Federal agencies:				
Residential CMO	4,649	40	(40)	4,649
Residential MBS	15,533	135	(160)	15,508
Commercial MBS	1,896	7	(38)	1,865
Other agencies	248	1	(1)	248
Total U.S. Treasury, federal agency and other agency securities	22,331	183	(239)	22,275
Municipal securities	3,497	62	(33)	3,526
Private-label CMO	106	1	(1)	106
Asset-backed securities	385	1	(4)	382
Corporate debt	2,183	22	(38)	2,167
Other securities/Sovereign debt	4	—	—	4
Total available-for-sale securities	$ 28,506	$ 269	$ (315)	$ 28,460
Held-to-maturity securities:				
Federal agencies:				
Residential CMO	$ 2,602	$ 35	$ (20)	$ 2,617
Residential MBS	7,475	41	(59)	7,457
Commercial MBS	2,175	45	(5)	2,215
Other agencies	193	5	—	198
Total federal agency and other agency securities	12,445	126	(84)	12,487
Municipal securities	2	—	—	2
Total held-to-maturity securities	$ 12,447	$ 126	$ (84)	$ 12,489
Other securities, at cost:				
Non-marketable equity securities:				
Federal Home Loan Bank stock	$ 52	$ —	$ —	$ 52
Federal Reserve Bank stock	512	—	—	512
Equity securities	12	—	—	12
Other securities, at fair value:				
Mutual funds	65	—	—	65
Equity securities	6	1	—	7
Total other securities	$ 647	$ 1	$ —	$ 648

(1) Amortized cost amounts excludes accrued interest receivable, which is recorded within accrued income and other receivables on the Consolidated Balance Sheets. At December 31, 2021, accrued interest receivable on available-for-sale securities and held-to-maturity securities totaled $62 million and $26 million, respectively.

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The following table provides the amortized cost and fair value of securities by contractual maturity at June 30, 2022 and December 31, 2021. Expected maturities may differ from contractual maturities as issuers may have the right to call or prepay obligations with or without incurring penalties.

	June 30, 2022		December 31, 2021	
(dollar amounts in millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available-for-sale securities:				
Under 1 year	$ 476	$ 471	$ 377	$ 374
After 1 year through 5 years	2,347	2,203	1,888	1,880
After 5 years through 10 years	3,215	2,950	3,166	3,180
After 10 years	20,939	18,753	23,075	23,026
Total available-for-sale securities	$ 26,977	$ 24,377	$ 28,506	$ 28,460
Held-to-maturity securities:				
Under 1 year	$ 1	$ 1	$ 2	$ 2
After 1 year through 5 years	85	83	162	164
After 5 years through 10 years	42	41	44	45
After 10 years	17,227	15,791	12,239	12,278
Total held-to-maturity securities	$ 17,355	$ 15,916	$ 12,447	$ 12,489

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 June 30, 2022 and December 31, 2021:

	Less than 12 Months		Over 12 Months		Total	
(dollar amounts in millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
June 30, 2022						
Available-for-sale securities:						
Federal agencies:						
Residential CMO	$ 2,671	$ (182)	$ 170	$ (34)	$ 2,841	$ (216)
Residential MBS	9,122	(977)	3,730	(555)	12,852	(1,532)
Commercial MBS	1,584	(270)	377	(114)	1,961	(384)
Other agencies	80	(6)	—	—	80	(6)
Total federal agency and other agency securities	13,457	(1,435)	4,277	(703)	17,734	(2,138)
Municipal securities	2,866	(161)	311	(22)	3,177	(183)
Private-label CMO	122	(6)	—	—	122	(6)
Asset-backed securities	319	(26)	42	(5)	361	(31)
Corporate debt	1,951	(274)	339	(70)	2,290	(344)
Total temporarily impaired available-for-sale securities	$ 18,715	$ (1,902)	$ 4,969	$ (800)	$ 23,684	$ (2,702)
Held-to-maturity securities:						
Federal agencies:						
Residential CMO	$ 4,501	$ (382)	$ 8	$ (1)	$ 4,509	$ (383)
Residential MBS	8,552	(826)	735	(104)	9,287	(930)
Commercial MBS	1,661	(124)	—	—	1,661	(124)
Other agencies	151	(5)	—	—	151	(5)
Total federal agency and other agency securities	14,865	(1,337)	743	(105)	15,608	(1,442)
Total temporarily impaired held-to-maturity securities	$ 14,865	$ (1,337)	$ 743	$ (105)	$ 15,608	$ (1,442)

(dollar amounts in millions)	Less than 12 Months Fair Value	Less than 12 Months Gross Unrealized Losses	Over 12 Months Fair Value	Over 12 Months Gross Unrealized Losses	Total Fair Value	Total Gross Unrealized Losses
December 31, 2021						
Available-for-sale securities:						
Federal agencies:						
Residential CMO	$ 2,925	$ (40)	$ —	$ —	$ 2,925	$ (40)
Residential MBS	13,491	(160)	—	—	13,491	(160)
Commercial MBS	1,251	(38)	—	—	1,251	(38)
Other agencies	140	(1)	—	—	140	(1)
Total federal agency and other agency securities	17,807	(239)	—	—	17,807	(239)
Municipal securities	859	(22)	319	(11)	1,178	(33)
Private-label CMO	78	(1)	—	—	78	(1)
Asset-backed securities	237	(4)	—	—	237	(4)
Corporate debt	1,766	(38)	—	—	1,766	(38)
Total temporarily impaired available-for-sale securities	$ 20,747	$ (304)	$ 319	$ (11)	$ 21,066	$ (315)
Held-to-maturity securities:						
Federal agencies:						
Residential CMO	$ 1,453	$ (20)	$ —	$ —	$ 1,453	$ (20)
Residential MBS	5,837	(59)	—	—	5,837	(59)
Commercial MBS	318	(5)	—	—	318	(5)
Total federal agency and other agency securities	7,608	(84)	—	—	7,608	(84)
Total temporarily impaired held-to-maturity securities	$ 7,608	$ (84)	$ —	$ —	$ 7,608	$ (84)

During the 2022 first quarter, Huntington transferred $4.2 billion of securities from the AFS portfolio to the HTM portfolio. At the time of the transfer, AOCI included $58 million of net unrealized losses (after-tax) attributed to these securities. This loss will be amortized into interest income over the remaining life of the securities.

At June 30, 2022 and December 31, 2021, the carrying value of investment securities pledged to secure public and trust deposits, trading account liabilities, U.S. Treasury demand notes, security repurchase agreements and to support borrowing capacity totaled $28.7 billion and $21.7 billion, respectively. There were no securities of a single issuer, which were not governmental or government-sponsored, that exceeded 10% of shareholders' equity at either June 30, 2022 or December 31, 2021. At June 30, 2022, all HTM debt securities are considered AAA rated. In addition, there were no HTM debt securities considered past due at June 30, 2022.

Based on an evaluation of available information including security type, counterparty credit quality, past events, current conditions, and reasonable and supportable forecasts that are relevant to collectability of cash flows, as of June 30, 2022, Huntington has concluded that except for one municipal bond classified as an AFS debt security for which a charge-off of $4 million was recognized during the 2022 first quarter, it expects to receive all contractual cash flows from each security held in its AFS and HTM debt securities portfolio. There was no allowance related to investment securities as of June 30, 2022 or December 31, 2021.

5. LOANS AND LEASES

The following table provides a detailed listing of Huntington's loan and lease portfolio at June 30, 2022 and December 31, 2021.

(dollar amounts in millions)	June 30, 2022	December 31, 2021
Commercial loan and lease portfolio:		
Commercial and industrial	$ 43,440	$ 41,688
Commercial real estate	15,695	14,961
Lease financing	5,043	5,000
Total commercial loan and lease portfolio	64,178	61,649
Consumer loan portfolio:		
Residential mortgage	21,220	19,256
Automobile	13,622	13,434
Home equity	10,426	10,550
RV and marine	5,453	5,058
Other consumer	1,322	1,320
Total consumer loan portfolio	52,043	49,618
Total loans and leases (1) (2)	116,221	111,267
Allowance for loan and lease losses	(2,074)	(2,030)
Net loans and leases	$ 114,147	$ 109,237

(1) Loans and leases are reported at principal amount outstanding including unamortized purchase premiums and discounts, unearned income, and net direct fees and costs associated with originating and acquiring loans and leases. The aggregate amount of these loan and lease adjustments was a net discount of $48 million and $111 million at June 30, 2022 and December 31, 2021, respectively.

(2) The total amount of accrued interest recorded for these loans and leases at June 30, 2022, was $157 million and $153 million of commercial and consumer loan and lease portfolios, respectively, and at December 31, 2021, was $148 million and $150 million of commercial and consumer loan and lease portfolios, respectively. Accrued interest is presented in accrued income and other receivables within the Condensed Consolidated Balance Sheets.

Lease Financing

Huntington leases equipment to customers, and substantially all such arrangements are classified as either sales-type or direct financing leases, which are included in commercial loans and leases. These leases are reported at the aggregate of lease payments receivable and estimated residual values, net of unearned and deferred income, and any initial direct costs incurred to originate these leases.

Huntington assesses net investments in leases (including residual values) for impairment and recognizes any impairment losses in accordance with the impairment guidance for financial instruments. As such, net investments in leases may be reduced by an ACL, with changes recognized as provision expense.

The following table presents net investments in lease financing receivables by category at June 30, 2022 and December 31, 2021.

(dollar amounts in millions)	June 30, 2022	December 31, 2021
Lease payments receivable	$ 4,674	$ 4,620
Estimated residual value of leased assets	766	774
Gross investment in lease financing receivables	5,440	5,394
Deferred origination costs	39	36
Deferred fees, unearned income and other	(436)	(430)
Total lease financing receivables	$ 5,043	$ 5,000

The carrying value of residual values guaranteed was $435 million and $473 million as of June 30, 2022 and December 31, 2021, respectively. The future lease rental payments due from customers on sales-type and direct financing leases at June 30, 2022, totaled $4.7 billion and were due as follows: $878 million in 2022, $869 million in 2023, $865 million in 2024, $759 million in 2025, $672 million in 2026, and $631 million thereafter. Interest income recognized for these types of leases was $39 million and $56 million for the three-month periods ended June 30, 2022 and 2021, respectively. For the six-month periods ended June 30, 2022 and 2021, interest income recognized for these types of leases was $77 million and $81 million.

Nonaccrual and Past Due Loans and Leases

The following table presents NALs by class at June 30, 2022 and December 31, 2021:

	June 30, 2022		December 31, 2021	
(dollar amounts in millions)	Nonaccrual loans and leases with no ACL	Total nonaccrual loans and leases	Nonaccrual loans and leases with no ACL	Total nonaccrual loans and leases
Commercial and industrial	$ 57	$ 324	$ 81	$ 370
Commercial real estate	95	117	80	104
Lease financing	10	22	3	48
Residential mortgage	—	111	—	111
Automobile	—	4	—	3
Home equity	—	78	—	79
RV and marine	—	1	—	1
Total nonaccrual loans and leases	$ 162	$ 657	$ 164	$ 716

The following table presents an aging analysis of loans and leases, by class at June 30, 2022 and December 31, 2021:

	June 30, 2022								
	Past Due (1)								
(dollar amounts in millions)	30-59 Days	60-89 Days	90 or more days	Total	Current	Loans Accounted for Under FVO	Total Loans and Leases	90 or more days past due and accruing	
Commercial and industrial	$ 63	$ 97	$ 106	$ 266	$ 43,174	$ —	$ 43,440	$ 11	(2)
Commercial real estate	45	10	12	67	15,628	—	15,695	—	
Lease financing	45	18	14	77	4,966	—	5,043	10	(3)
Residential mortgage	237	58	230	525	20,517	178	21,220	168	(4)
Automobile	82	18	9	109	13,513	—	13,622	6	
Home equity	46	18	64	128	10,297	1	10,426	13	
RV and marine	14	4	2	20	5,433	—	5,453	2	
Other consumer	13	2	2	17	1,305	—	1,322	2	
Total loans and leases	$ 545	$ 225	$ 439	$ 1,209	$ 114,833	$ 179	$ 116,221	$ 212	

	December 31, 2021								
	Past Due (1)								
(dollar amounts in millions)	30-59 Days	60-89 Days	90 or more days	Total	Current	Loans Accounted for Under FVO	Total Loans and Leases	90 or more days past due and accruing	
Commercial and industrial	$ 72	$ 69	$ 107	$ 248	$ 41,440	$ —	$ 41,688	$ 13	(2)
Commercial real estate	9	1	9	19	14,942	—	14,961	—	
Lease financing	39	13	17	69	4,931	—	5,000	11	(3)
Residential mortgage	151	49	233	433	18,653	170	19,256	157	(4)
Automobile	79	18	8	105	13,329	—	13,434	6	
Home equity	48	35	76	159	10,390	1	10,550	17	
RV and marine	14	4	3	21	5,037	—	5,058	3	
Other consumer	13	2	3	18	1,302	—	1,320	3	
Total loans and leases	$ 425	$ 191	$ 456	$ 1,072	$ 110,024	$ 171	$ 111,267	$ 210	

(1) NALs are included in this aging analysis based on the loan's past due status.
(2) Amounts include PPP (SBA guaranteed) and other SBA loans and leases.
(3) Amounts include Huntington Technology Finance administrative lease delinquencies.
(4) Amounts include mortgage loans insured by U.S. government agencies.

Credit Quality Indicators

See Note 5 “Loans/Leases” to the Consolidated Financial Statements appearing in Huntington’s 2021 Annual Report on Form 10-K for a description of the credit quality indicators Huntington utilizes for monitoring credit quality and for determining an appropriate ACL level.

To facilitate the monitoring of credit quality for commercial loans, and for purposes of determining an appropriate ACL level for these loans, Huntington utilizes the following internally defined 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 represents 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 resulting from 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.

Loans are generally assigned a category of “*Pass*” rating upon initial approval and subsequently updated as appropriate based on the borrower’s financial performance.

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

For all classes within the consumer loan portfolios, loans are assigned pool level PD factors based on the FICO range within which the borrower’s credit bureau score falls. A credit bureau score is a credit score developed by FICO 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.

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The following tables present the amortized cost basis of loans and leases by vintage and credit quality indicator at June 30, 2022 and December 31, 2021 respectively:

	As of June 30, 2022								
	Term Loans Amortized Cost Basis by Origination Year						Revolver Total at Amortized Cost Basis	Revolver Total Converted to Term Loans	Total
(dollar amounts in millions)	2022	2021	2020	2019	2018	Prior			
Commercial and industrial									
Credit Quality Indicator (1):									
Pass	$ 9,829	$ 9,137	$ 4,429	$ 2,593	$ 1,373	$ 1,572	$ 11,704	$ 4	$ 40,641
OLEM	76	204	78	71	85	48	192	—	754
Substandard	157	275	219	321	185	322	564	—	2,043
Doubtful	—	—	—	—	1	1	—	—	2
Total Commercial and industrial	$ 10,062	$ 9,616	$ 4,726	$ 2,985	$ 1,644	$ 1,943	$ 12,460	$ 4	$ 43,440
Commercial real estate									
Credit Quality Indicator (1):									
Pass	$ 2,526	$ 3,700	$ 2,121	$ 2,193	$ 1,289	$ 1,416	$ 1,208	$ —	$ 14,453
OLEM	45	46	24	20	59	36	—	—	230
Substandard	182	161	213	198	107	133	17	—	1,011
Doubtful	—	—	—	—	1	—	—	—	1
Total Commercial real estate	$ 2,753	$ 3,907	$ 2,358	$ 2,411	$ 1,456	$ 1,585	$ 1,225	$ —	$ 15,695
Lease financing									
Credit Quality Indicator (1):									
Pass	$ 934	$ 1,590	$ 1,225	$ 637	$ 288	$ 230	$ —	$ —	$ 4,904
OLEM	10	9	32	6	6	4	—	—	67
Substandard	4	5	18	25	6	14	—	—	72
Total Lease financing	$ 948	$ 1,604	$ 1,275	$ 668	$ 300	$ 248	$ —	$ —	$ 5,043
Residential mortgage									
Credit Quality Indicator (2):									
750+	$ 2,358	$ 6,205	$ 3,696	$ 879	$ 473	$ 2,208	$ —	$ —	$ 15,819
650-749	847	1,437	706	270	180	906	—	—	4,346
<650	12	56	56	94	111	548	—	—	877
Total Residential mortgage	$ 3,217	$ 7,698	$ 4,458	$ 1,243	$ 764	$ 3,662	$ —	$ —	$ 21,042
Automobile									
Credit Quality Indicator (2):									
750+	$ 1,673	$ 2,621	$ 1,571	$ 1,057	$ 456	$ 236	$ —	$ —	$ 7,614
650-749	1,199	1,988	909	519	254	113	—	—	4,982
<650	148	379	201	143	94	61	—	—	1,026
Total Automobile	$ 3,020	$ 4,988	$ 2,681	$ 1,719	$ 804	$ 410	$ —	$ —	$ 13,622
Home equity									
Credit Quality Indicator (2):									
750+	$ 301	$ 602	$ 651	$ 27	$ 25	$ 350	$ 4,868	$ 272	$ 7,096
650-749	91	102	78	10	8	138	2,102	272	2,801
<650	—	2	2	2	3	62	319	138	528
Total Home equity	$ 392	$ 706	$ 731	$ 39	$ 36	$ 550	$ 7,289	$ 682	$ 10,425
RV and marine									
Credit Quality Indicator (2):									
750+	$ 890	$ 1,112	$ 814	$ 400	$ 402	$ 502	$ —	$ —	$ 4,120
650-749	165	368	228	141	130	199	—	—	1,231
<650	1	14	13	15	16	43	—	—	102
Total RV and marine	$ 1,056	$ 1,494	$ 1,055	$ 556	$ 548	$ 744	$ —	$ —	$ 5,453
Other consumer									
Credit Quality Indicator (2):									
750+	$ 189	$ 81	$ 46	$ 47	$ 18	$ 58	$ 345	$ 3	$ 787
650-749	40	38	17	23	7	23	311	19	478
<650	1	3	2	4	2	3	28	14	57
Total Other consumer	$ 230	$ 122	$ 65	$ 74	$ 27	$ 84	$ 684	$ 36	$ 1,322

(1) Consistent with the credit quality disclosures, indicators for the Commercial portfolio are based on internally defined categories of credit grades which are generally refreshed at least semi-annually.

(2) Consistent with the credit quality disclosures, indicators for the Consumer portfolio are based on updated customer credit scores refreshed at least quarterly.

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(dollar amounts in millions)	As of December 31, 2021								
	Term Loans Amortized Cost Basis by Origination Year								
	2021	2020	2019	2018	2017	Prior	Revolver Total at Amortized Cost Basis	Revolver Total Converted to Term Loans	Total
Commercial and industrial									
Credit Quality Indicator (1):									
Pass	$ 15,435	$ 5,677	$ 3,682	$ 1,983	$ 1,080	$ 1,134	$ 9,945	$ 3	$ 38,939
OLEM	183	178	87	83	38	73	166	—	808
Substandard	336	203	344	206	125	167	552	—	1,933
Doubtful	5	1	1	1	—	—	—	—	8
Total Commercial and industrial	$ 15,959	$ 6,059	$ 4,114	$ 2,273	$ 1,243	$ 1,374	$ 10,663	$ 3	$ 41,688
Commercial real estate									
Credit Quality Indicator (1):									
Pass	$ 4,144	$ 2,367	$ 2,593	$ 1,456	$ 761	$ 1,124	$ 798	$ —	$ 13,243
OLEM	76	48	42	83	73	19	—	—	341
Substandard	224	362	448	115	151	46	30	—	1,376
Doubtful	—	—	—	1	—	—	—	—	1
Total Commercial real estate	$ 4,444	$ 2,777	$ 3,083	$ 1,655	$ 985	$ 1,189	$ 828	$ —	$ 14,961
Lease financing									
Credit Quality Indicator (1):									
Pass	$ 1,851	$ 1,441	$ 809	$ 417	$ 226	$ 131	$ —	$ —	$ 4,875
OLEM	8	32	12	4	2	—	—	—	58
Substandard	6	23	19	2	9	8	—	—	67
Total Lease financing	$ 1,865	$ 1,496	$ 840	$ 423	$ 237	$ 139	$ —	$ —	$ 5,000
Residential mortgage									
Credit Quality Indicator (2):									
750+	$ 5,532	$ 3,857	$ 978	$ 554	$ 687	$ 1,704	$ —	$ —	$ 13,312
650-749	1,862	993	409	269	254	1,028	—	—	4,815
<650	48	56	104	120	99	532	—	—	959
Total Residential mortgage	$ 7,442	$ 4,906	$ 1,491	$ 943	$ 1,040	$ 3,264	$ —	$ —	$ 19,086
Automobile									
Credit Quality Indicator (2):									
750+	$ 2,993	$ 1,927	$ 1,381	$ 666	$ 345	$ 129	$ —	$ —	$ 7,441
650-749	2,393	1,237	736	380	168	55	—	—	4,969
<650	380	234	178	128	70	34	—	—	1,024
Total Automobile	$ 5,766	$ 3,398	$ 2,295	$ 1,174	$ 583	$ 218	$ —	$ —	$ 13,434
Home equity									
Credit Quality Indicator (2):									
750+	$ 645	$ 701	$ 32	$ 31	$ 34	$ 387	$ 4,772	$ 272	$ 6,874
650-749	129	94	15	13	13	161	2,324	324	3,073
<650	3	2	2	1	1	67	361	165	602
Total Home equity	$ 777	$ 797	$ 49	$ 45	$ 48	$ 615	$ 7,457	$ 761	$ 10,549
RV and marine									
Credit Quality Indicator (2):									
750+	$ 1,257	$ 933	$ 470	$ 468	$ 268	$ 319	$ —	$ —	$ 3,715
650-749	393	273	171	157	106	150	—	—	1,250
<650	6	11	13	18	18	27	—	—	93
Total RV and marine	$ 1,656	$ 1,217	$ 654	$ 643	$ 392	$ 496	$ —	$ —	$ 5,058
Other consumer									
Credit Quality Indicator (2):									
750+	$ 211	$ 34	$ 50	$ 13	$ 10	$ 27	$ 326	$ 3	$ 674
650-749	88	52	50	23	17	41	295	24	590
<650	2	2	5	2	—	1	27	17	56
Total Other consumer	$ 301	$ 88	$ 105	$ 38	$ 27	$ 69	$ 648	$ 44	$ 1,320

(1) Consistent with the credit quality disclosures, indicators for the Commercial portfolio are based on internally defined categories of credit grades which are generally refreshed at least semi-annually.

(2) Consistent with the credit quality disclosures, indicators for the Consumer portfolio are based on updated customer credit scores refreshed at least quarterly.

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 would not otherwise be considered. However, not all loan modifications are TDRs. See Note 5 "Loans / Leases" to the Consolidated Financial Statements appearing in Huntington's 2021 Annual Report on Form 10-K for an additional discussion of TDRs.

The following table presents, by class and modification type, the number of contracts, post-modification outstanding balance, and the financial effects of the modification for the three-month and six-month periods ended June 30, 2022 and 2021.

	New Troubled Debt Restructurings (1)					
	Three Months Ended June 30, 2022					
		Post-modification Outstanding Recorded Investment (2)				
(dollar amounts in millions)	Number of Contracts	Interest rate reduction	Amortization or maturity date change	Chapter 7 bankruptcy	Other	Total
Commercial and industrial	88	$ 19	$ 12	$ —	$ 1	$ 32
Commercial real estate	4	37	—	—	—	37
Residential mortgage	238	—	32	3	—	35
Automobile	469	—	3	—	—	3
Home equity	70	—	3	2	—	5
RV and marine	35	—	—	—	—	—
Other consumer	23	—	—	—	—	—
Total new TDRs	927	$ 56	$ 50	$ 5	$ 1	$ 112

	Three Months Ended June 30, 2021					
		Post-modification Outstanding Recorded Investment (2)				
(dollar amounts in millions)	Number of Contracts	Interest rate reduction	Amortization or maturity date change	Chapter 7 bankruptcy	Other	Total
Commercial and industrial	25	$ 15	$ 14	$ —	$ —	$ 29
Residential mortgage	72	—	11	1	—	12
Automobile	514	—	3	1	—	4
Home equity	51	—	1	1	—	2
RV and marine	35	1	—	—	—	1
Other consumer	68	—	—	—	—	—
Total new TDRs	765	$ 16	$ 29	$ 3	$ —	$ 48

(dollar amounts in millions)	Number of Contracts	Interest rate reduction	Amortization or maturity date change	Chapter 7 bankruptcy	Other	Total
	New Troubled Debt Restructurings (1)					
	Six Months Ended June 30, 2022					
		Post-modification Outstanding Recorded Investment (2)				
Commercial and industrial	46	$ 30	$ 15	$ —	$ 1	$ 46
Commercial real estate	5	37	—	—	—	37
Residential mortgage	445	—	60	4	—	64
Automobile	1,094	—	7	1	—	8
Home equity	112	—	4	3	—	7
RV and marine finance	74	—	1	—	—	1
Other consumer	53	—	—	—	—	—
Total new TDRs	1,829	$ 67	$ 87	$ 8	$ 1	$ 163

(dollar amounts in millions)	Number of Contracts	Interest rate reduction	Amortization or maturity date change	Chapter 7 bankruptcy	Other	Total
	Six Months Ended June 30, 2021					
		Post-modification Outstanding Recorded Investment (2)				
Commercial and industrial	37	$ 15	$ 19	$ —	$ —	$ 34
Residential mortgage	158	—	24	2	—	26
Automobile	1,416	—	10	2	—	12
Home equity	113	—	2	3	—	5
RV and marine finance	84	1	1	—	—	2
Other consumer	165	—	—	—	1	1
Total new TDRs	1,973	$ 16	$ 56	$ 7	$ 1	$ 80

(1) TDRs may include multiple concessions and the disclosure classifications are based on the primary concession provided to the borrower.
(2) Post-modification balances approximate pre-modification balances.

Pledged Loans

The Bank has access to the Federal Reserve's discount window and advances from the FHLB. As of June 30, 2022 and December 31, 2021, these borrowings and advances are secured by $70.0 billion and $61.1 billion, respectively, of loans.

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6. ALLOWANCE FOR CREDIT LOSSES

Allowance for Credit Losses - Roll-forward

The following tables present ACL activity by portfolio segment for the three-month and six-month periods ended June 30, 2022 and 2021.

(dollar amounts in millions)	Commercial	Consumer	Total
Three-month period ended June 30, 2022:			
ALLL balance, beginning of period	$ 1,514	$ 504	$ 2,018
Loan and lease charge-offs	(12)	(40)	(52)
Recoveries of loans and leases previously charged-off	24	20	44
Provision (benefit) for loan and lease losses	(184)	248	64
ALLL balance, end of period	$ 1,342	$ 732	$ 2,074
AULC balance, beginning of period	$ 57	$ 34	$ 91
Provision (benefit) for unfunded lending commitments	(4)	7	3
AULC balance, end of period	$ 53	$ 41	$ 94
ACL balance, end of period	$ 1,395	$ 773	$ 2,168
Six-month period ended June 30, 2022:			
ALLL balance, beginning of period	$ 1,462	$ 568	$ 2,030
Loan and lease charge-offs	(44)	(89)	(133)
Recoveries of loans and leases previously charged-off	65	41	106
Provision for loan and lease losses	(141)	212	71
ALLL balance, end of period	$ 1,342	$ 732	$ 2,074
AULC balance, beginning of period	$ 41	$ 36	$ 77
Provision for unfunded lending commitments	12	5	17
AULC balance, end of period	$ 53	$ 41	$ 94
ACL balance, end of period	$ 1,395	$ 773	$ 2,168

(dollar amounts in millions)	Commercial	Consumer	Total
Three-month period ended June 30, 2021:			
ALLL balance, beginning of period	$ 1,197	$ 506	$ 1,703
Loan and lease charge-offs (1)	(78)	(24)	(102)
Recoveries of loans and leases previously charged-off	19	21	40
Provision for loan and lease losses (2)	106	39	145
Allowance on PCD loans and leases at acquisition	374	58	432
ALLL balance, end of period	$ 1,618	$ 600	$ 2,218
AULC balance, beginning of period	$ 27	$ 11	$ 38
Provision (benefit) for unfunded lending commitments (3)	49	17	66
AULC balance, end of period	$ 76	$ 28	$ 104
ACL balance, end of period	$ 1,694	$ 628	$ 2,322
Six-month period ended June 30, 2021:			
ALLL balance, beginning of period	$ 1,236	$ 578	$ 1,814
Loan and lease charge-offs (1)	(139)	(58)	(197)
Recoveries of loans and leases previously charged-off	31	40	71
Provision for loan and lease losses (2)	116	(18)	98
Allowance on PCD loans and leases at acquisition	374	58	432
ALLL balance, end of period	$ 1,618	$ 600	$ 2,218
AULC balance, beginning of period	$ 34	$ 18	$ 52
Provision (reduction in allowance) for unfunded lending commitments (3)	43	10	53
Unfunded lending commitment losses	(1)	—	(1)
AULC balance, end of period	$ 76	$ 28	$ 104
ACL balance, end of period	$ 1,694	$ 628	$ 2,322

(1) Loan and lease charge-offs for the three and six-month periods ended June 30, 2021 exclude $80 million of charge-offs recognized upon completion of the TCF acquisition related to required purchase accounting treatment. The initial ALLL recognized on PCD assets included these amounts and after charging these amounts off upon acquisition, the net impact was $432 million of additional ALLL for PCD loans.

(2) Includes $234 million of TCF acquisition initial provision for credit losses related to non-PCD loans and leases.

(3) Includes $60 million from acquired unfunded lending commitments.

At June 30, 2022, the ACL was $2.2 billion, an increase of $61 million from the December 31, 2021 balance of $2.1 billion.

The economic scenarios used in the June 30, 2022 ACL determination contained judgmental assumptions due to elevated levels of economic uncertainty associated with geopolitical instability, high inflation readings, and the expected path of interest rate increases by the Fed. Given the uncertainty associated with key economic scenario assumptions, the June 30, 2022 ACL included a general reserve that consists of various risk profile components, including the potential economic impact of a near-term recession as the Fed raises interest rates attempting to lower inflation, and the commercial real estate portfolio, to capture uncertainty not addressed within the quantitative transaction reserve.

7. MORTGAGE LOAN SALES AND SERVICING RIGHTS

Residential Mortgage Portfolio

The following table summarizes activity relating to residential mortgage loans sold with servicing retained for the three-month and six-month periods ended June 30, 2022 and 2021:

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollar amounts in millions)	2022	2021	2022	2021
Residential mortgage loans sold with servicing retained	$ 1,313	$ 2,748	$ 3,247	$ 5,004
Pretax gains resulting from above loan sales (1)	40	101	99	194

(1) Recorded in mortgage banking income.

The following table summarizes the changes in MSRs recorded using the fair value method for the three-month and six-month periods ended June 30, 2022 and 2021:

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollar amounts in millions)	2022	2021	2022	2021
Fair value, beginning of period	$ 416	$ 274	$ 351	$ 210
Servicing assets obtained in acquisition	—	59	—	59
New servicing assets created	18	38	47	72
Change in fair value during the period due to:				
Time decay (1)	(5)	(4)	(10)	(7)
Payoffs (2)	(10)	(16)	(20)	(33)
Changes in valuation inputs or assumptions (3)	44	(24)	95	26
Fair value, end of period	$ 463	$ 327	$ 463	$ 327
Weighted-average life (years)	8.1	6.9	8.1	6.9

(1) Represents decrease in value due to passage of time, including the impact from both regularly scheduled 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.

MSRs do not trade in an active, open market with readily observable prices. Therefore, the fair value of MSRs is estimated using a discounted future cash flow model. Changes in the assumptions used may have a significant impact on the valuation of MSRs. MSR values are sensitive to movement in interest rates as expected future net servicing income depends on the projected outstanding principal balances of the underlying loans, which are impacted by the level of prepayments.

A summary of key assumptions and the sensitivity of the MSR value to changes in these assumptions at June 30, 2022, and December 31, 2021 follows:

	June 30, 2022			December 31, 2021		
		Decline in fair value due to			Decline in fair value due to	
(dollar amounts in millions)	Actual	10% adverse change	20% adverse change	Actual	10% adverse change	20% adverse change
Constant prepayment rate *(annualized)*	7.29 %	$ (13)	$ (25)	12.28 %	$ (17)	$ (32)
Spread over forward interest rate swap rates	584 bps	(11)	(22)	466 bps	(7)	(13)

Total servicing, late and other ancillary fees included in mortgage banking income was $23 million and $17 million for the three-month periods ended June 30, 2022 and 2021, respectively. Total servicing, late fees and other ancillary fees included in mortgage banking income was $45 million and $35 million for the six-month periods ended June 30, 2022 and 2021, respectively. The unpaid principal balance of residential mortgage loans serviced for third parties was $32 billion and $31 billion at June 30, 2022 and December 31, 2021, respectively.

8. BORROWINGS

Borrowings with original maturities of one year or less are classified as short-term and were comprised of the following at June 30, 2022 and December 31, 2021, respectively:

(dollar amounts in millions)	June 30, 2022	December 31, 2021
Federal funds purchased and securities sold under agreements to repurchase	$ 325	$ 320
Federal Home Loan Bank advances	2,500	—
Other borrowings	223	14
Total short-term borrowings	$ 3,048	$ 334

Huntington's long-term debt consisted of the following at June 30, 2022 and December 31, 2021, respectively:

(dollar amounts in millions)	June 30, 2022	December 31, 2021
The Parent Company:		
Senior Notes	$ 2,389	$ 2,083
Subordinated Notes	1,009	1,028
Total notes issued by the parent	3,398	3,111
The Bank:		
Senior Notes	3,036	2,434
Subordinated Notes	671	811
Total notes issued by the bank	3,707	3,245
FHLB Advances	213	215
Other	548	537
Total long-term debt	$ 7,866	$ 7,108

In May 2022, the Bank issued $500 million of senior notes at 99.8% of face value. The senior notes mature on May 16, 2025 and have a fixed coupon rate of 4.01%.

In May 2022, the Bank issued $800 million of senior notes at 99.7% of face value. The senior notes mature on May 17, 2028 and have a fixed coupon rate of 4.55%.

In May 2022, the Bank issued $300 million of senior notes at 99.8% of face value. The senior notes mature on May 16, 2025 and have a floating rate equal to SOFR plus 119 basis points resetting quarterly.

In May 2022, Huntington issued $400 million of senior notes at 100% of face value. The senior notes mature on May 17, 2033 and have a fixed coupon rate of 5.02%.

9. OTHER COMPREHENSIVE INCOME

The components of Huntington's OCI for the three-month and six-month periods ended June 30, 2022 and 2021, were as follows:

(dollar amounts in millions)	Pretax	Tax (Expense) benefit	After-tax
Three Months Ended June 30, 2022			
Unrealized losses on available-for-sale securities arising during the period	$ (1,147)	$ 264	$ (883)
Reclassification adjustment for realized net losses included in net income	82	(19)	63
Total unrealized losses on available-for-sale securities	(1,065)	245	(820)
Net impact of fair value hedges on available-for-sale securities	161	(38)	123
Change in fair value related to cash flow hedges	(111)	25	(86)
Foreign currency translation adjustment (1)	(8)	—	(8)
Net unrealized gains (losses) on net investment hedges	6	—	6
Translation adjustments, net of hedges (1)	(2)	—	(2)
Change in accumulated unrealized gains for pension and other post retirement obligations	2	(1)	1
Other comprehensive loss	$ (1,015)	$ 231	$ (784)
Three Months Ended June 30, 2021			
Unrealized gains on available-for-sale securities arising during the period	$ 88	$ (20)	$ 68
Reclassification adjustment for realized net losses included in net income	13	(3)	10
Total unrealized losses on available-for-sale securities	101	(23)	78
Net impact of fair value hedges on available-for-sale securities	(6)	1	(5)
Change in fair value related to cash flow hedges	(42)	8	(34)
Translation adjustments, net of hedges (1)	(6)	—	(6)
Change in accumulated unrealized gains for pension and other post retirement obligations	3	1	4
Other comprehensive income	$ 50	$ (13)	$ 37
Six Months Ended June 30, 2022			
Unrealized losses on available-for-sale securities arising during the period	$ (2,687)	$ 618	$ (2,069)
Reclassification adjustment for realized net losses (gains) included in net income	91	(21)	70
Total unrealized gains (losses) on available-for-sale securities	(2,596)	597	(1,999)
Net impact of fair value hedges on available-for-sale securities	592	(137)	455
Change in fair value related to cash flow hedges	(421)	95	(326)
Foreign currency translation adjustment (1)	(6)	—	(6)
Net unrealized gains (losses) on net investment hedges	4	—	4
Translation adjustments, net of hedges (1)	(2)	—	(2)
Change in accumulated unrealized gains for pension and other post retirement obligations	5	(2)	3
Other comprehensive loss	$ (2,422)	$ 553	$ (1,869)
Six Months Ended June 30, 2021			
Unrealized losses on available-for-sale securities arising during the period	$ (199)	$ 44	$ (155)
Reclassification adjustment for realized net losses (gains) included in net income	22	(5)	17
Total unrealized losses on available-for-sale securities	(177)	39	(138)
Net impact of fair value hedges on available-for-sale securities	38	(9)	29
Change in fair value related to cash flow hedges	(130)	28	(102)
Translation adjustments, net of hedges (1)	(6)	—	(6)
Change in accumulated unrealized gains for pension and other post retirement obligations	6	—	6
Other comprehensive loss	$ (269)	$ 58	$ (211)

(1) Foreign investments are deemed to be permanent in nature and, therefore, Huntington does not provide for taxes on foreign currency translation adjustments.

Activity in accumulated OCI for the three-month and six-month periods ended June 30, 2022 and 2021, were as follows:

(dollar amounts in millions)	Unrealized gains (losses) on available-for-sale securities (1)	Net impact of fair value hedges on available-for-sale securities	Change in fair value related to cash flow hedges	Translation adjustments, net of hedges	Unrealized gains (losses) for pension and other post-retirement obligations (2)	Total
Three Months Ended June 30, 2022						
Balance, beginning of period	$ (1,332)	$ 421	$ (177)	$ (3)	$ (223)	$ (1,314)
Other comprehensive income (loss) before reclassifications	(883)	123	(86)	(2)	—	(848)
Amounts reclassified from accumulated OCI to earnings	63	—	—	—	1	64
Period change	(820)	123	(86)	(2)	1	(784)
Balance, end of period	$ (2,152)	$ 544	$ (263)	$ (5)	$ (222)	$ (2,098)
Three Months Ended June 30, 2021						
Balance, beginning of period	$ (28)	$ 36	$ 187	$ —	$ (251)	$ (56)
Other comprehensive income (loss) before reclassifications	68	(5)	(34)	(6)	—	23
Amounts reclassified from accumulated OCI to earnings	10	—	—	—	4	14
Period change	78	(5)	(34)	(6)	4	37
Balance, end of period	$ 50	$ 31	$ 153	$ (6)	$ (247)	$ (19)
Six Months Ended June 30, 2022						
Balance, beginning of period	$ (153)	$ 89	$ 63	$ (3)	$ (225)	$ (229)
Other comprehensive loss before reclassifications	(2,069)	455	(326)	(2)	—	(1,942)
Amounts reclassified from accumulated OCI to earnings	70	—	—	—	3	73
Period change	(1,999)	455	(326)	(2)	3	(1,869)
Balance, end of period	$ (2,152)	$ 544	$ (263)	$ (5)	$ (222)	$ (2,098)
Six Months Ended June 30, 2021						
Balance, beginning of period	$ 188	$ 2	$ 255	$ —	$ (253)	$ 192
Other comprehensive income before reclassifications	(155)	29	(102)	(6)	—	(234)
Amounts reclassified from accumulated OCI to earnings	17	—	—	—	6	23
Period change	(138)	29	(102)	(6)	6	(211)
Balance, end of period	$ 50	$ 31	$ 153	$ (6)	$ (247)	$ (19)

(1) AOCI amounts at June 30, 2022 and June 30, 2021 include $73 million and $48 million, respectively, of net unrealized losses (after-tax) on securities transferred from the available-for-sale securities portfolio to the held-to-maturity securities portfolio. The net unrealized losses will be recognized in earnings over the remaining life of the security using the effective interest method.

10. SHAREHOLDERS' EQUITY

Preferred Stock

The following is a summary of Huntington's non-cumulative, non-voting, perpetual preferred stock outstanding.

(dollar amounts in millions)					Carrying Amount	
Series	Issuance Date	Shares Outstanding	Dividend Rate	Earliest Redemption Date (1)	June 30, 2022	December 31, 2021
Series B (2)	12/28/2011	35,500	3-mo. LIBOR + 270 bps	1/15/2017	$ 23	$ 23
Series E (3)	2/27/2018	5,000	5.70	4/15/2023	495	495
Series F (3)	5/27/2020	5,000	5.625	7/15/2030	494	494
Series G (3)	8/3/2020	5,000	4.45	10/15/2027	494	494
Series H (2)	2/2/2021	500,000	4.50	4/15/2026	486	486
Series I (4)	6/9/2021	7,000	5.70	12/01/2022	175	175
Total		557,500			$ 2,167	$ 2,167

(1) Denotes earliest option redemption date. Earlier redemption is solely at Huntington's option, subject to prior approval of FRB.
(2) Series B and H preferred stock have a liquidation value and redemption price per share of $1,000, plus any declared and unpaid dividends.
(3) Series E, F, and G preferred stock have a liquidation value and redemption price per share of $100,000, plus any declared and unpaid dividends.
(4) Series I preferred stock has a liquidation value and redemption price per share of $25,000, plus any declared and unpaid dividends.

The following table presents the dividends declared for each series of Preferred shares for the three-month and six-month periods ended June 30, 2022 and 2021:

	Three Months Ended June 30,				Six months ended June 30,			
	2022		2021		2022		2021	
(amounts in millions, except per share data) Preferred Series	Cash Dividend Declared Per Share	Amount ($)	Cash Dividend Declared Per Share	Amount ($)	Cash Dividend Declared Per Share	Amount ($)	Cash Dividend Declared Per Share	Amount ($)
Series B	$ 13.03	$ —	$ 7.21	$ —	$ 22.39	$ —	$ 14.56	$ —
Series C	—	—	14.69	(1)	—	—	29.38	(3)
Series D	—	—	15.63	(9)	—	—	31.25	(18)
Series E	1,425.00	(7)	1,425.00	(7)	2,850.00	(14)	2,850.00	(14)
Series F	1,406.25	(7)	1,406.25	(7)	2,812.50	(14)	2,812.50	(14)
Series G	1,112.50	(6)	1,112.50	(6)	2,225.00	(12)	2,225.00	(12)
Series H	11.25	(6)	19.50	(10)	22.50	(12)	19.50	(10)
Series I	356.25	(2)	356.25	(3)	712.50	(4)	356.25	(3)
Total		$ (28)		$ (43)		$ (56)		$ (74)

Share Repurchases

On July 21, 2021, the Board authorized the repurchase of up to $800 million of common shares which began in the third quarter of 2021 and ended as of June 30, 2022. Purchases of common stock under the authorization may have included open market purchases, privately negotiated transactions, and accelerated share repurchase programs. During the first six months of 2022, Huntington repurchased no shares of common stock. As of June 30, 2022, Huntington completed $650 million of the share repurchase authorization.

Treasury shares

Treasury shares includes shares held for deferred compensation plans, at cost, of $85 million at June 30, 2022 and $79 million at December 31, 2021.

Non-controlling Interest in Subsidiaries

Through the acquisition of TCF, Huntington acquired a joint venture in which Huntington maintains a 55% ownership interest. As Huntington has a controlling financial interest, its financial results are consolidated in Huntington's financial statements and the other party's 45% ownership interest is reported as a non-controlling interest within equity.

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, and distributions from deferred compensation plans. Potentially dilutive common shares are excluded from the computation of diluted earnings per share in periods in which the effect would be antidilutive.

The calculation of basic and diluted earnings per share for the three-month and six-month periods ended June 30, 2022 and 2021 was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollar amounts in millions, except per share data, share count in thousands)	2022	2021	2022	2021
Basic earnings per common share:				
Net income attributable to Huntington Bancshares Inc	$ 539	$ (15)	$ 999	$ 517
Preferred stock dividends	28	43	56	74
Net income available to common shareholders	$ 511	$ (58)	$ 943	$ 443
Average common shares issued and outstanding	1,441,200	1,125,039	1,439,814	1,071,276
Basic earnings per common share	$ 0.35	$ (0.05)	$ 0.65	$ 0.41
Diluted earnings per common share:				
Dilutive potential common shares:				
Stock options and restricted stock units and awards	15,545	—	17,587	17,667
Shares held in deferred compensation plans	6,548	—	6,409	5,531
Dilutive potential common shares	22,093	—	23,996	23,198
Total diluted average common shares issued and outstanding	1,463,293	1,125,039	1,463,810	1,094,474
Diluted earnings per common share	$ 0.35	$ (0.05)	$ 0.64	$ 0.40
Anti-dilutive awards (1)	11,550	26,895	6,333	2,738

(1) Reflects the total number of shares related to outstanding options and awards that have been excluded from the computation of diluted earnings per share because the impact would have been anti-dilutive.

12. NONINTEREST INCOME

Huntington earns a variety of revenue including interest and fees from customers as well as revenues from non-customers. Certain sources of revenue are recognized within interest or fee income and are outside of the scope of ASC Topic 606, Revenue from Contracts with Customers ("ASC 606"). Other sources of revenue fall within the scope of ASC 606 and are generally recognized within noninterest income. These revenues are included within various sections of the Unaudited Condensed Consolidated Financial Statements. The following table shows Huntington's total noninterest income segregated between contracts with customers within the scope of ASC 606 and those within the scope of other GAAP Topics.

(dollar amounts in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
Noninterest income	2022	2021	2022	2021
Noninterest income from contracts with customers	$ 322	$ 257	$ 630	$ 479
Noninterest income within the scope of other GAAP topics	163	187	354	360
Total noninterest income	$ 485	$ 444	$ 984	$ 839

The following table illustrates the disaggregation by operating segment and major revenue stream and reconciles disaggregated revenue to segment revenue presented in Note 17 "Segment Reporting".

(dollar amounts in millions) **Major Revenue Streams**	Three Months Ended June 30, 2022 Commercial Banking	Consumer & Business Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
Service charges on deposit accounts	$ 22	$ 81	$ 1	$ 1	$ —	$ 105
Card and payment processing income	5	84	—	—	—	89
Trust and investment management services	2	17	—	44	—	63
Insurance income	2	14	—	12	(1)	27
Capital markets fees	7	2	1	1	—	11
Other noninterest income	21	6	—	—	—	27
Net revenue from contracts with customers	$ 59	$ 204	$ 2	$ 58	$ (1)	$ 322
Noninterest income within the scope of other GAAP topics	92	66	1	—	4	163
Total noninterest income	$ 151	$ 270	$ 3	$ 58	$ 3	$ 485

(dollar amounts in millions) **Major Revenue Streams**	Three Months Ended June 30, 2021 Commercial Banking	Consumer & Business Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
Service charges on deposit accounts	$ 22	$ 64	$ 1	$ 1	$ —	$ 88
Card and payment processing income	4	68	—	—	—	72
Trust and investment management services	—	15	—	40	—	55
Insurance income	1	14	—	9	1	25
Capital markets fees	6	2	—	—	—	8
Other noninterest income	1	3	—	4	1	9
Net revenue from contracts with customers	$ 34	$ 166	$ 1	$ 54	$ 2	$ 257
Noninterest income within the scope of other GAAP topics	80	77	1	—	29	187
Total noninterest income	$ 114	$ 243	$ 2	$ 54	$ 31	$ 444

(dollar amounts in millions) **Major Revenue Streams**	Six Months Ended June 30, 2022 Commercial Banking	Consumer & Business Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
Service charges on deposit accounts	$ 45	$ 152	$ 3	$ 2	$ —	$ 202
Card and payment processing income	11	158	—	—	—	169
Trust and investment management services	2	35	—	91	—	128
Insurance income	4	26	—	28	—	58
Capital markets fees	11	4	1	1	—	17
Other noninterest income	43	12	—	1	—	56
Net revenue from contracts with customers	$ 116	$ 387	$ 4	$ 123	$ —	$ 630
Noninterest income within the scope of other GAAP topics	176	155	2	1	20	354
Total noninterest income	$ 292	$ 542	$ 6	$ 124	$ 20	$ 984

(dollar amounts in millions) **Major Revenue Streams**	Six Months Ended June 30, 2021 Commercial Banking	Consumer & Business Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
Service charges on deposit accounts	$ 41	$ 112	$ 3	$ 1	$ —	$ 157
Card and payment processing income	8	126	—	—	—	134
Trust and investment management services	1	28	—	78	—	107
Insurance income	3	26	—	22	1	52
Capital markets fees	7	3	1	—	—	11
Other noninterest income	2	8	—	5	3	18
Net revenue from contracts with customers	$ 62	$ 303	$ 4	$ 106	$ 4	$ 479
Noninterest income within the scope of other GAAP topics	141	174	2	1	42	360
Total noninterest income	$ 203	$ 477	$ 6	$ 107	$ 46	$ 839

Huntington generally provides services for customers in which it acts as principal. Payment terms and conditions vary amongst services and customers, and thus impact the timing and amount of revenue recognition. Some fees may be paid before any service is rendered and accordingly, such fees are deferred until the obligations pertaining to those fees are satisfied. Most Huntington contracts with customers are cancelable by either party without penalty or they are short-term in nature, with a contract duration of less than one year. Accordingly, most revenue deferred for the reporting period ended June 30, 2022 is expected to be earned within one year. Huntington does not have significant balances of contract assets or contract liabilities and any change in those balances during the reporting period ended June 30, 2022 was determined to be immaterial.

13. FAIR VALUES OF ASSETS AND LIABILITIES

See Note 19 “Fair Value of Assets and Liabilities” to the Consolidated Financial Statements appearing in Huntington’s 2021 Annual Report on Form 10-K for a description of the valuation methodologies used for instruments measured at fair value. Assets and liabilities measured at fair value rarely transfer between Level 1 and Level 2 measurements. There were no such transfers during the three-month and six-month periods ended June 30, 2022 and 2021.

Assets and Liabilities measured at fair value on a recurring basis

(dollar amounts in millions)	Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	Netting Adjustments (1)	June 30, 2022
Assets					
Trading account securities:					
Municipal securities	$ —	$ 34	$ —	$ —	$ 34
Available-for-sale securities:					
U.S. Treasury securities	5	—	—	—	5
Residential CMOs	—	3,001	—	—	3,001
Residential MBS	—	12,947	—	—	12,947
Commercial MBS	—	1,982	—	—	1,982
Other agencies	—	209	—	—	209
Municipal securities	—	45	3,377	—	3,422
Private-label CMO	—	130	22	—	152
Asset-backed securities	—	317	44	—	361
Corporate debt	—	2,294	—	—	2,294
Other securities/sovereign debt	—	4	—	—	4
Total available-for-sale securities	5	20,929	3,443	—	24,377
Other securities	50	3	—	—	53
Loans held for sale	—	777	—	—	777
Loans held for investment	—	162	17	—	179
MSRs	—	—	463	—	463
Other assets:					
Derivative assets	—	1,648	6	(1,222)	432
Assets held in trust for deferred compensation plans	122	—	—	—	122
Liabilities					
Derivative liabilities	—	1,381	11	(756)	636

(dollar amounts in millions)	Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	Netting Adjustments (1)	December 31, 2021
Assets					
Trading account securities:					
Municipal securities	$ —	$ 46	$ —	$ —	$ 46
Available-for-sale securities:					
U.S. Treasury securities	5	—	—	—	5
Residential CMOs	—	4,649	—	—	4,649
Residential MBS	—	15,508	—	—	15,508
Commercial MBS	—	1,865	—	—	1,865
Other agencies	—	248	—	—	248
Municipal securities	—	49	3,477	—	3,526
Private-label CMO	—	86	20	—	106
Asset-backed securities	—	312	70	—	382
Corporate debt	—	2,167	—	—	2,167
Other securities/sovereign debt	—	4	—	—	4
Total available-for-sale securities	5	24,888	3,567	—	28,460
Other securities	65	7	—	—	72
Loans held for sale	—	1,270	—	—	1,270
Loans held for investment	—	152	19	—	171
MSRs	—	—	351	—	351
Other assets:					
Derivative assets	—	1,055	10	(465)	600
Assets held in trust for deferred compensation plans	156	—	—	—	156
Liabilities					
Derivative liabilities	—	737	6	(624)	119

(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 following tables present a rollforward of the balance sheet amounts measured at fair value 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.

(dollar amounts in millions)	Level 3 Fair Value Measurements					
			Available-for-sale securities			
	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Loans held for investment
Three Months Ended June 30, 2022						
Opening balance	$ 416	$ (10)	$ 3,282	$ 19	$ 62	$ 18
Transfers out of Level 3 (1)	—	7	—	—	—	—
Total gains/losses for the period:						
Included in earnings:						
Mortgage banking income	44	(2)	—	—	—	—
Interest and fee income	—	—	—	(1)	—	—
Included in OCI	—	—	(88)	—	—	—
Purchases/originations	18	—	386	4	—	—
Repayments	—	—	—	—	—	(1)
Settlements	(15)	—	(203)	—	(18)	—
Closing balance	$ 463	$ (5)	$ 3,377	$ 22	$ 44	$ 17
Change in unrealized gains or losses for the period included in earnings for assets held at end of the reporting date	$ 44	$ 7	$ —	$ —	$ —	$ —
Change in unrealized gains or losses for the period included in other comprehensive income for assets held at the end of the reporting period	—	—	(90)	—	—	—
Three Months Ended June 30, 2021						
Opening balance	$ 274	$ 10	$ 3,070	$ 11	$ 47	$ 22
Transfers out of Level 3 (1)	—	(31)	—	—	—	—
Total gains/losses for the period:						
Included in earnings:						
Mortgage banking income	(24)	37	—	—	—	—
Included in OCI	—	—	(1)	—	—	—
Purchases/originations	97	7	1,144	6	38	—
Sales	—	—	(352)	—	—	—
Repayments	—	—	—	—	—	(1)
Settlements	(20)	—	(252)	1	(39)	—
Closing balance	$ 327	$ 23	$ 3,609	$ 18	$ 46	$ 21
Change in unrealized gains or losses for the period included in earnings for assets held at end of the reporting date	$ (24)	$ 5	$ —	$ —	$ —	$ —
Change in unrealized gains or losses for the period included in other comprehensive income for assets held at the end of the reporting period	—	—	(1)	—	—	—

(dollar amounts in millions)	Level 3 Fair Value Measurements					
			Available-for-sale securities			
	MSRs	Derivative instruments	Municipal securities	Private - label CMO	Asset-backed securities	Loans held for investment
Six Months Ended June 30, 2022						
Opening balance	$ 351	$ 4	$ 3,477	$ 20	$ 70	$ 19
Transfers out of Level 3 (1)	—	—	—	—	—	—
Total gains/losses for the period:						
Included in earnings						
Mortgage banking income	95	(9)	—	—	—	—
Interest and fee income	—	—	(2)	(2)	—	—
Provision for credit losses	—	—	(4)	—	—	—
Included in OCI	—	—	(208)	—	(1)	—
Purchases/originations	48	—	558	4	—	—
Repayments	—	—	—	—	—	(2)
Settlements	(31)	—	(444)	—	(25)	—
Closing balance	$ 463	$ (5)	$ 3,377	$ 22	$ 44	$ 17
Change in unrealized gains or losses for the period included in earnings for assets held at end of the reporting date	$ 95	$ (9)	$ —	$ —	$ —	$ —
Change in unrealized gains or losses for the period included in other comprehensive income for assets held at the end of the reporting period	—	—	(205)	—	—	—
Six Months Ended June 30, 2021						
Opening balance	$ 210	$ 41	$ 2,951	$ 9	$ 10	$ 23
Transfers out of Level 3 (1)	—	(70)	—	—	—	—
Total gains/losses for the period:						
Included in earnings						
Mortgage banking income	27	45	—	—	—	—
Included in OCI	—	—	(5)	—	—	—
Purchases/originations/acquisitions	130	7	1,353	8	75	—
Sales	—	—	(352)	—	—	—
Repayments	—	—	—	—	—	(2)
Settlements	(40)	—	(338)	1	(39)	—
Closing balance	$ 327	$ 23	$ 3,609	$ 18	$ 46	$ 21
Change in unrealized gains or losses for the period included in earnings for assets held at end of the reporting date	$ 27	$ (21)	$ —	$ —	$ —	$ —
Change in unrealized gains or losses for the period included in other comprehensive income for assets held at the end of the reporting period	—	—	(4)	—	—	—

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

Assets and liabilities under the fair value option

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

(dollar amounts in millions)	Total Loans			Loans that are 90 or more days past due		
	Fair value carrying amount	Aggregate unpaid principal	Difference	Fair value carrying amount	Aggregate unpaid principal	Difference
June 30, 2022						
Assets						
Loans held for sale	$ 777	$ 778	$ (1)	$ —	$ —	$ —
Loans held for investment	179	184	(5)	5	5	—
December 31, 2021						
Assets						
Loans held for sale	$ 1,270	$ 1,237	$ 33	$ —	$ —	$ —
Loans held for investment	171	177	(6)	4	4	—

The following table presents the net gains (losses) from fair value changes.

(dollar amounts in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
Assets	2022	2021	2022	2021
Loans held for sale (1)	$ 10	$ 11	$ (34)	$ (23)
Loans held for investment	—	—	1	—

(1) The net gains (losses) from fair value changes are included in Mortgage banking income on the Unaudited Condensed Consolidated Statements of Income.

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. The amounts presented represent the fair value on the various measurement dates throughout the period. The gains (losses) represent the amounts recorded during the period regardless of whether the asset is still held at period end.

The amounts measured at fair value on a nonrecurring basis were as follows:

	Fair Value Measurements Using Significant Other Unobservable Inputs (Level 3)		Total Gains (Losses)			
			Three Months Ended June 30,		Six Months Ended June 30,	
(dollar amounts in millions)	June 30, 2022	December 31, 2021	2022	2021	2022	2021
Collateral-dependent loans	$ 32	$ 39	$ —	$ (1)	$ (1)	$ (2)
Loans held for sale	—	—	—	2	—	2

Huntington records nonrecurring adjustments of collateral-dependent loans held for investment. 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. Periodically, in cases where the carrying value exceeds the fair value of the collateral less cost to sell, an impairment charge is recognized in the form of a charge-off.

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:

	Quantitative Information about Level 3 Fair Value Measurements					
			At June 30, 2022 (1)		At December 31, 2021 (1)	
(dollar amounts in millions)	Valuation Technique	Significant Unobservable Input	Range	Weighted Average	Range	Weighted Average
Measured at fair value on a recurring basis:						
MSRs	Discounted cash flow	Constant prepayment rate	5 % - 25%	7 %	8 % – 23 %	12 %
		Spread over forward interest rate swap rates	5 % - 13%	6 %	3 % – 11 %	5 %
Derivative assets	Consensus Pricing	Net market price	(15)% - 13%	(1)%	(4)% – 8 %	1 %
		Estimated pull through %	4 % - 100%	91 %	6 % – 100 %	92 %
Municipal securities	Discounted cash flow	Discount rate	3 % - 4%	4 %	— % – 2 %	1 %
Asset-backed securities		Cumulative default	— % - 64%	6 %	— % – 64 %	5 %
		Loss given default	5 % - 80%	24 %	5 % – 80 %	23 %

(1) Certain disclosures related to quantitative level 3 fair value measurements do not include those deemed to be immaterial.

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.

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.

Fair values of financial instruments

The following table provides the carrying amounts and estimated fair values of Huntington's financial instruments:

(dollar amounts in millions)	Amortized Cost	Lower of Cost or Market	Fair Value or Fair Value Option	Total Carrying Amount	Estimated Fair Value
June 30, 2022					
Financial Assets					
Cash and short-term assets	$ 4,104	$ —	$ —	$ 4,104	$ 4,104
Trading account securities	—	—	34	34	34
Available-for-sale securities	—	—	24,377	24,377	24,377
Held-to-maturity securities	17,355	—	—	17,355	15,916
Other securities	710	—	53	763	763
Loans held for sale	—	192	777	969	973
Net loans and leases (1)	113,968	—	179	114,147	110,397
Derivative assets	—	—	432	432	432
Assets held in trust for deferred compensation plans	—	—	122	122	122
Financial Liabilities					
Deposits	145,435	—	—	145,435	145,365
Short-term borrowings	3,048	—	—	3,048	3,048
Long-term debt	7,866	—	—	7,866	7,547
Derivative liabilities	—	—	636	636	636
December 31, 2021					
Financial Assets					
Cash and short-term assets	$ 5,914	$ —	$ —	$ 5,914	$ 5,914
Trading account securities	—	—	46	46	46
Available-for-sale securities	—	—	28,460	28,460	28,460
Held-to-maturity securities	12,447	—	—	12,447	12,489
Other securities	576	—	72	648	648
Loans held for sale	—	406	1,270	1,676	1,621
Net loans and leases (1)	109,066	—	171	109,237	109,695
Derivative assets	—	—	600	600	600
Assets held in trust for deferred compensation plans	—	—	156	156	156
Financial Liabilities					
Deposits	143,263	—	—	143,263	143,574
Short-term borrowings	334	—	—	334	334
Long-term debt	7,108	—	—	7,108	7,319
Derivative liabilities	—	—	119	119	119

(1) Includes collateral-dependent loans.

The following table presents the level in the fair value hierarchy for the estimated fair values at June 30, 2022 and December 31, 2021:

(dollar amounts in millions)	Estimated Fair Value Measurements at Reporting Date Using: Level 1	Level 2	Level 3	Netting Adjustments (1)	Presented Balance
June 30, 2022					
Financial Assets					
Trading account securities	$ —	$ 34	$ —		$ 34
Available-for-sale securities	5	20,929	3,443		24,377
Held-to-maturity securities	—	15,916	—		15,916
Other securities (2)	50	3	—		53
Loans held for sale	—	777	196		973
Net loans and leases	—	162	110,235		110,397
Derivative assets	—	1,648	6	$ (1,222)	432
Financial Liabilities					
Deposits	—	141,762	3,603		145,365
Short-term borrowings	—	3,048	—		3,048
Long-term debt	—	6,757	790		7,547
Derivative liabilities	—	1,381	11	(756)	636
December 31, 2021					
Financial Assets					
Trading account securities	$ —	$ 46	$ —		$ 46
Available-for-sale securities	5	24,888	3,567		28,460
Held-to-maturity securities	—	12,489	—		12,489
Other securities (2)	65	7	—		72
Loans held for sale	—	1,270	351		1,621
Net loans and leases	—	152	109,543		109,695
Derivative assets	—	1,055	10	$ (465)	600
Financial Liabilities					
Deposits	—	139,047	4,527		143,574
Short-term borrowings	—	334	—		334
Long-term debt	—	6,441	878		7,319
Derivative liabilities	—	737	6	(624)	119

(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.
(2) Excludes securities without readily determinable fair values.

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, interest-bearing deposits at FRB, 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.

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 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.

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14. DERIVATIVE FINANCIAL INSTRUMENTS

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

Derivative financial instruments can be designated as accounting hedges under GAAP. Designating a derivative as an accounting hedge allows Huntington to recognize gains and losses on the hedging instruments in the income statement line item where the gains and losses on the hedged item are recognized. Gains and losses on derivatives that are not designated in an effective hedge relationship under GAAP immediately impact earnings within the period they occur.

The following table presents the fair values and notional values of all derivative instruments included in the Unaudited Condensed Consolidated Balance Sheets at June 30, 2022 and December 31, 2021. Amounts in the table below are presented gross without the impact of any net collateral arrangements.

	June 30, 2022			December 31, 2021		
(dollar amounts in millions)	Notional Value	Asset	Liability	Notional Value	Asset	Liability
Derivatives designated as Hedging Instruments						
Interest rate contracts	$ 29,349	$ 723	$ 458	$ 21,306	$ 258	$ 32
Foreign exchange contracts	209	—	4	210	1	—
Derivatives not designated as Hedging Instruments						
Interest rate contracts	41,820	635	632	45,286	587	498
Foreign exchange contracts	4,260	55	45	3,524	29	31
Commodities contracts	980	241	240	1,077	178	177
Equity contracts	625	—	13	685	12	5
Total Contracts	$ 77,243	$ 1,654	$ 1,392	$ 72,088	$ 1,065	$ 743

The following table presents the amount of gain or loss recognized in income for derivatives not designated as hedging instruments under ASC Subtopic 815-10 in the Unaudited Condensed Consolidated Income Statement for the three-month and six-month periods ended June 30, 2022 and 2021, respectively.

		Amount of Gain or (Loss) Recognized in Income on Derivative			
		Three Months Ended June 30,		Six Months Ended June 30,	
(dollar amounts in millions)	Location of Gain or (Loss) Recognized in Income on Derivative	2022	2021	2022	2021
Interest rate contracts:					
Customer	Capital markets fees	$ 15	$ 12	$ 25	$ 24
Mortgage banking	Mortgage banking income	(33)	(23)	(80)	(29)
Interest rate floors	Interest and fee income on loans and leases	—	(2)	—	(4)
Interest rate caps	Interest expense on long-term debt	—	(55)	—	89
Foreign exchange contracts	Capital markets fees	10	7	20	13
Commodities contracts	Capital markets fees	2	—	3	—
Equity contracts	Other noninterest expense	(4)	3	(3)	(4)
Total		$ (10)	$ (58)	$ (35)	$ 89

Derivatives used in asset and liability management activities

Huntington engages in balance sheet hedging activity, principally for asset and liability management purposes. Balance sheet hedging activity is generally arranged to receive hedge accounting treatment that can be classified as either fair value or cash flow hedges. Fair value hedges are executed to hedge changes in fair value of outstanding fixed-rate debt and investment securities caused by fluctuations in market interest rates. Cash flow hedges are executed to modify interest rate characteristics of designated commercial loans in order to reduce the impact of changes in future cash flows due to market interest rate changes.

The following table presents the gross notional values of derivatives used in Huntington's asset and liability management activities at June 30, 2022 and December 31, 2021, identified by the underlying interest rate-sensitive instruments.

	June 30, 2022			
(dollar amounts in millions)	Fair Value Hedges	Cash Flow Hedges	Economic Hedges	Total
Instruments associated with:				
Investment securities	$ 9,844	$ —	$ —	$ 9,844
Loans	—	14,525	271	14,796
Long-term debt	4,980	—	—	4,980
Total notional value at June 30, 2022	$ 14,824	$ 14,525	$ 271	$ 29,620

	December 31, 2021			
(dollar amounts in millions)	Fair Value Hedges	Cash Flow Hedges	Economic Hedges	Total
Instruments associated with:				
Investment securities	$ 8,228	$ —	$ —	$ 8,228
Loans	—	11,150	271	11,421
Long-term debt	1,928	—	—	1,928
Total notional value at December 31, 2021	$ 10,156	$ 11,150	$ 271	$ 21,577

These derivative financial instruments were entered into for the purpose of managing the interest rate risk of assets and liabilities. 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. Adjustments to interest income were also recorded for the amounts related to the amortization of floors and forward-starting floors that were excluded from the hedge effectiveness, changes in the fair value of economic hedges, as well as the amounts related to terminated hedges reclassified from AOCI. The net amounts resulted in an increase to net interest income of $48 million and $5 million for the three-month periods ended June 30, 2022, and 2021, respectively. For the six-month periods ended June 30, 2022, and 2021, the net amounts resulted in an increase to net interest income of $87 million and $230 million, respectively.

Fair Value Hedges

The changes in fair value of the fair value hedges are recorded through earnings and offset against changes in the fair value of the hedged item.

Huntington has designated $9.0 billion of interest rate swaps as fair value hedges of fixed-rate investment securities using the portfolio layer method. This approach allows the Company to designate as the hedged item a stated amount of the assets that are not expected to be affected by prepayments, defaults and other factors affecting the timing and amount of cash flows. The fair value portfolio level basis adjustment on our hedged mortgage-backed securities is not included in available-for-sale securities on our Unaudited Condensed Consolidated Statements of Financial Condition. Huntington has also designated $869 million of interest rate swaps as fair value hedges of fixed-rate corporate bonds.

The following table presents the change in fair value for derivatives designated as fair value hedges as well as the offsetting change in fair value on the hedged item for the three-month and six-month periods ended June 30, 2022 and 2021.

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollar amounts in millions)	2022	2021	2022	2021
Interest rate contracts				
Change in fair value of interest rate swaps hedging investment securities (1)	$ 168	$ (6)	$ 586	$ 37
Change in fair value of hedged investment securities (1)	(160)	4	(590)	(40)
Change in fair value of interest rate swaps hedging long-term debt (2)	(38)	(23)	(136)	(73)
Change in fair value of hedged long term debt (2)	39	22	137	74

(1) Recognized in Interest income—available-for-sale securities—taxable in the Unaudited Condensed Consolidated Statements of Income.
(2) Recognized in Interest expense—long-term debt in the Unaudited Condensed Consolidated Statements of Income.

As of June 30, 2022, and December 31, 2021, the following amounts were recorded on the balance sheet related to cumulative basis adjustments for fair value hedges.

	Amortized Cost		Cumulative Amount of Fair Value Hedging Adjustment To Hedged Items	
(dollar amounts in millions)	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Assets				
Investment securities (1)	$ 18,089	$ 17,150	$ (708)	$ (117)
Liabilities				
Long-term debt (2)	4,486	1,981	(92)	45

(1) Amounts include the amortized cost basis of closed portfolios used to designate hedging relationships under the portfolio layer method. The hedged item is a layer of the closed portfolio which is expected to be remaining at the end of the hedging relationship. As of June 30, 2022, the amortized cost basis of the closed portfolios used in these hedging relationships was $17.3 billion, the cumulative basis adjustments associated with these hedging relationships was $608 million, and the amounts of the designated hedging instruments were $9.0 billion.
(2) Excluded from the above table are the cumulative amount of fair value hedge adjustments remaining for long-term debt for which hedge accounting has been discontinued in the amounts of $4 million at June 30, 2022 and $17 million at December 31, 2021.

Cash Flow Hedges

At June 30, 2022, Huntington has $14.5 billion of interest rate swaps and collars. These are designated as cash flow hedges for variable rate commercial loans. The change in the fair value of a derivative instrument designated as a cash flow hedge is initially recognized in OCI and is reclassified into income when the hedged item impacts earnings. The initial premium paid for the interest rate collar contracts represents the time value of the contracts and is not included in the measurement of hedge effectiveness. Any change in fair value related to time value is recognized in OCI. The initial premium paid is amortized on a straight line basis as a reduction to interest income over the contractual life of these contracts.

Gains and (losses) on interest rate floors, floor spreads, and swaps recognized in other comprehensive income (loss) after-tax were $(86) million and $(34) million for the three-month periods ended June 30, 2022 and 2021, respectively. For the six-month periods ended June 30, 2022 and 2021, gains and losses on interest rate floors and swaps recognized in other comprehensive income were $(326) million and $(102) million, respectively.

Derivatives used in mortgage banking activities

Mortgage loan origination hedging activity

Huntington's mortgage origination hedging activity is related to economically hedging Huntington's mortgage pricing commitments to customers and the secondary sale to third parties. The value of a newly originated mortgage is not firm until the interest rate is committed or locked. Forward commitments to sell economically hedge the possible loss on interest rate lock commitments due to interest rate change. The net asset position of these derivatives at June 30, 2022 and December 31, 2021 were $5 million and $15 million, respectively. At June 30, 2022 and December 31, 2021, Huntington had commitments to sell residential real estate loans of $1.4 billion and $2.1 billion, respectively. These contracts mature in less than one year.

MSR hedging activity

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

The notional value of the derivative financial instruments, the corresponding net asset (liability) position recognized in other assets and/or other liabilities, and net trading gains (losses) related to MSR hedging activity is summarized in the following table:

(dollar amounts in millions)	June 30, 2022	December 31, 2021
Notional value	$ 975	$ 1,330
Trading assets	2	19
Trading liabilities	(53)	—

	Three Months Ended June 30, 2022		Six Months Ended June 30, 2022	
(dollar amounts in millions)	2022	2021	2022	2021
Trading gains	$ (33)	$ 22	$ (80)	$ (24)

MSR hedging trading assets and liabilities are included in other assets and other liabilities, respectively, in the Unaudited Condensed Balance Sheets. Trading gains (losses) are included in mortgage banking income in the Unaudited Condensed Consolidated Statement of Income.

Derivatives used in customer related activities

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

The interest rate or price risk of customer derivatives is mitigated by entering into similar derivatives having offsetting terms with other counterparties. The credit risk to these customers is evaluated and included in the calculation of fair value. Foreign currency derivatives help the customer hedge risk and reduce exposure to fluctuations in exchange rates. Transactions are primarily in liquid currencies with Canadian dollars and Euros comprising a majority of all transactions. Commodity derivatives help the customer hedge risk and reduce exposure to fluctuations in the price of various commodities. Hedging of energy-related products and base metals comprise the majority of these transactions.

The net fair values of these derivative financial instruments, for which the gross amounts are included in other assets or other liabilities at both June 30, 2022 and December 31, 2021, were $72 million and $51 million, respectively. The total notional values of derivative financial instruments used by Huntington on behalf of customers, including offsetting derivatives, were $43.5 billion and $45.1 billion at June 30, 2022 and December 31, 2021, respectively. Huntington's credit risk from customer derivatives was $136 million and $551 million at the same dates, respectively.

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

Huntington records derivatives at fair value as further described in Note 13 "Fair Values of Assets and Liabilities".

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

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

In addition to the customer derivative credit exposure, aggregate credit risk associated with broker-dealer and bank derivative transactions, net of collateral that has been pledged by the counterparty, was $293 million and $44 million at June 30, 2022 and December 31, 2021, respectively. The credit risk associated with derivatives is calculated after considering master netting agreements.

At June 30, 2022, Huntington pledged $285 million of investment securities and cash collateral to counterparties, while other counterparties pledged $782 million of investment securities and cash collateral to Huntington to satisfy collateral netting agreements. In the event of credit downgrades, Huntington would not be required to provide additional collateral.

The following tables present the gross amounts of these assets and liabilities with any offsets to arrive at the net amounts recognized in the Unaudited Condensed Consolidated Balance Sheets at June 30, 2022 and December 31, 2021.

Offsetting of Financial Assets and Derivative Assets

				Gross amounts not offset in the unaudited condensed consolidated balance sheets		
(dollar amounts in millions)	Gross amounts of recognized assets	Gross amounts offset in the unaudited condensed consolidated balance sheets	Net amounts of assets presented in the unaudited condensed consolidated balance sheets	Financial instruments	Cash collateral received	Net amount
June 30, 2022	$ 1,654	$ (1,222)	$ 432	$ (7)	$ (157)	$ 268
December 31, 2021	1,065	(465)	600	(65)	(31)	504

Offsetting of Financial Liabilities and Derivative Liabilities

				Gross amounts not offset in the unaudited condensed consolidated balance sheets		
(dollar amounts in millions)	Gross amounts of recognized liabilities	Gross amounts offset in the unaudited condensed consolidated balance sheets	Net amounts of liabilities presented in the unaudited condensed consolidated balance sheets	Financial instruments	Cash collateral delivered	Net amount
June 30, 2022	$ 1,392	$ (756)	$ 636	$ (87)	$ (120)	$ 429
December 31, 2021	743	(624)	119	(3)	(116)	—

15. VIEs

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 in, but is not the primary beneficiary, of the VIE at June 30, 2022, and December 31, 2021:

	June 30, 2022		
(dollar amounts in millions)	Total Assets	Total Liabilities	Maximum Exposure to Loss
Affordable Housing Tax Credit Partnerships	$ 1,721	$ 997	$ 1,721
Trust Preferred Securities	8	179	—
Other Investments	528	152	528
Total	$ 2,257	$ 1,328	$ 2,249

	December 31, 2021		
(dollar amounts in millions)	Total Assets	Total Liabilities	Maximum Exposure to Loss
Affordable Housing Tax Credit Partnerships	$ 1,652	$ 949	$ 1,652
Trust Preferred Securities	14	248	—
Other Investments	484	146	484
Total	$ 2,150	$ 1,343	$ 2,136

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 Sheet as long-term debt. The trust securities are the obligations of the trusts, and as such, are not consolidated within Huntington's Unaudited Condensed Consolidated Financial Statements.

A list of trust preferred securities outstanding at June 30, 2022 follows:

(dollar amounts in millions)	Rate		Principal amount of subordinated note/ debenture issued to trust (1)	Investment in unconsolidated subsidiary
Huntington Capital II	2.91	(2)	$ 32	$ 3
Sky Financial Capital Trust III	3.69	(3)	72	2
Sky Financial Capital Trust IV	3.69	(3)	75	3
Total			$ 179	$ 8

(1) Represents the principal amount of debentures issued to each trust, including unamortized original issue discount.
(2) Variable effective rate at June 30, 2022, based on three-month LIBOR +0.625%.
(3) Variable effective rate at June 30, 2022, based on three-month LIBOR +1.40%.

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.

Affordable Housing Tax Credit Partnerships

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

Huntington uses the proportional amortization method to account for a majority of its investments in these entities. These investments are included in other assets. Investments that do not meet the requirements of the proportional amortization method are accounted for using the equity method. Investment losses are included in Other noninterest income in the Unaudited Condensed Consolidated Statements of Income.

The following table presents the balances of Huntington’s affordable housing tax credit investments and related unfunded commitments at June 30, 2022 and December 31, 2021.

(dollar amounts in millions)	June 30, 2022	December 31, 2021
Affordable housing tax credit investments	$ 2,517	$ 2,376
Less: amortization	(796)	(724)
Net affordable housing tax credit investments	$ 1,721	$ 1,652
Unfunded commitments	$ 997	$ 949

The following table presents other information relating to Huntington’s affordable housing tax credit investments for the three-month and six-month periods ended June 30, 2022 and 2021.

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollar amounts in millions)	2022	2021	2022	2021
Tax credits and other tax benefits recognized	$ 53	$ 44	$ 107	$ 77
Proportional amortization expense included in provision for income taxes	44	30	86	58

There were no sales of affordable housing tax credit investments during the three-month and six-month periods ended June 30, 2022 and 2021. There was no impairment recognized for the three-month and six-month periods ended June 30, 2022 and 2021.

Other investments

Other investments determined to be VIE’s include investments in Small Business Investment Companies, Historic Tax Credit Investments, certain equity method investments, renewable energy financings, and other miscellaneous investments.

16. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments to extend credit

In the ordinary course of business, Huntington makes various commitments to extend credit that are not reflected in the Unaudited Condensed Consolidated Financial Statements. The contract amounts of these financial agreements at June 30, 2022 and December 31, 2021, were as follows:

(dollar amounts in millions)	June 30, 2022	December 31, 2021
Contract amount representing credit risk		
Commitments to extend credit:		
Commercial	$ 29,398	$ 27,933
Consumer	19,501	18,513
Commercial real estate	3,437	3,042
Standby letters of credit and guarantees on industrial revenue bonds	713	694
Commercial letters of credit	15	36

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. Collateral to secure any funding of these commitments predominately consists of residential and commercial real estate mortgage loans.

Standby letters-of-credit and guarantees on industrial revenue bonds 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. Since the conditions under which Huntington is required to fund these commitments may not materialize, the cash requirements are expected to be less than the total outstanding commitments. The carrying amount of deferred revenue associated with these guarantees was $16 million and $7 million at June 30, 2022 and December 31, 2021, respectively.

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

Litigation and Regulatory Matters

In the ordinary course of business, Huntington is routinely a defendant in or party to pending and threatened legal and regulatory actions and proceedings.

In view of the inherent difficulty of predicting the outcome of such matters, particularly where the claimants seek very large or indeterminate damages or where the matters present novel legal theories or involve a large number of parties, Huntington generally cannot predict what the eventual outcome of the pending matters will be, what the timing of the ultimate resolution of these matters will be, or what the eventual loss, fines or penalties related to each matter may be.

Huntington establishes an accrued liability when those matters present loss contingencies that are both probable and estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. Huntington thereafter continues to monitor the matter for further developments that could affect the amount of the accrued liability that has been previously established.

For certain matters, Huntington is able to estimate a range of possible loss. In cases in which Huntington possesses information to estimate a range of possible loss, that estimate is aggregated and disclosed below. There may be other matters for which a loss is probable or reasonably possible but such an estimate of the range of possible loss may not be possible. For those matters where an estimate of the range of possible loss is possible, management currently estimates the aggregate range of reasonably possible loss is $0 to $15 million at June 30, 2022 in excess of the accrued liability (if any) related to those matters. This estimated range of possible loss is based upon currently available information and is subject to significant judgment, a variety of assumptions, and known and unknown uncertainties. The matters underlying the estimated range will change from time to time, and actual results may vary significantly from the current estimate. The estimated range of possible loss does not represent Huntington's maximum loss exposure.

Based on current knowledge, management does not believe that loss contingencies arising from pending matters will have a material adverse effect on the consolidated financial position of Huntington. Further, management believes that amounts accrued are adequate to address Huntington's contingent liabilities. However, in light of the inherent uncertainties involved in these matters, some of which are beyond Huntington's control, and the large or indeterminate damages sought in some of these matters, an adverse outcome in one or more of these matters could be material to Huntington's results of operations for any particular reporting period.

17. SEGMENT REPORTING

Huntington's business segments are based on our internally-aligned segment leadership structure, which is how management monitors results and assesses performance. The Company has four major business segments: Commercial Banking, Consumer and Business Banking, Vehicle Finance, and Regional Banking and The Huntington Private Client Group (RBHPCG). The Treasury / Other function includes technology and operations, other unallocated assets, liabilities, revenue, and expense. For a description of our business segments, see Note 25 - Segment Reporting to the Consolidated Financial Statements appearing in Huntington's 2021 Annual Report on Form 10-K.

Listed in the following tables is certain operating basis financial information reconciled to Huntington's June 30, 2022, December 31, 2021, and June 30, 2021, reported results by business segment.

Income Statements *(dollar amounts in millions)*	Three Months Ended June 30, Commercial Banking	Consumer & Business Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
2022						
Net interest income	$ 426	$ 534	$ 117	$ 55	$ 129	$ 1,261
Provision (benefit) for credit losses	(206)	183	86	4	—	67
Noninterest income	151	270	3	58	3	485
Noninterest expense	248	590	41	81	58	1,018
Provision (benefit) for income taxes	113	7	(2)	6	(4)	120
Income attributable to non-controlling interest	2	—	—	—	—	2
Net income attributable to Huntington Bancshares Inc	$ 420	$ 24	$ (5)	$ 22	$ 78	$ 539
2021						
Net interest income	$ 258	$ 366	$ 109	$ 37	$ 68	$ 838
Provision (benefit) for credit losses	137	100	(31)	5	—	211
Noninterest income	114	243	2	54	31	444
Noninterest expense	173	513	37	72	277	1,072
Provision (benefit) for income taxes	13	—	21	3	(23)	14
Net income (loss) attributable to Huntington Bancshares Inc	$ 49	$ (4)	$ 84	$ 11	$ (155)	$ (15)

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Income Statements (dollar amounts in millions)	Six Months Ended June 30, Commercial Banking		Consumer & Business Banking		Vehicle Finance		RBHPCG		Treasury / Other		Huntington Consolidated	
2022												
Net interest income	$	844	$	993	$	237	$	104	$	229	$	2,407
Provision (benefit) for credit losses		(75)		74		79		14		—		92
Noninterest income		292		542		6		124		20		984
Noninterest expense		496		1,202		86		162		125		2,071
Provision (benefit) for income taxes		151		54		16		11		(7)		225
Income attributable to non-controlling interest		4		—		—		—		—		4
Net income attributable to Huntington Bancshares Inc	$	560	$	205	$	62	$	41	$	131	$	999
2021												
Net interest income	$	457	$	703	$	217	$	70	$	363	$	1,810
Provision (benefit) for credit losses		143		63		(53)		(2)		—		151
Noninterest income		203		477		6		107		46		839
Noninterest expense		306		984		72		132		371		1,865
Provision (benefit) for income taxes		44		28		43		10		(9)		116
Net income attributable to Huntington Bancshares Inc	$	167	$	105	$	161	$	37	$	47	$	517

(dollar amounts in millions)	Assets at June 30, 2022		Assets at December 31, 2021		Deposits at June 30, 2022		Deposits at December 31, 2021	
Commercial Banking	$	60,946	$	57,071	$	34,670	$	31,845
Consumer & Business Banking		39,425		39,929		95,693		95,352
Vehicle Finance		21,549		20,752		1,291		1,401
RBHPCG		9,469		8,325		9,226		10,162
Treasury / Other		47,393		47,987		4,555		4,503
Total	$	178,782	$	174,064	$	145,435	$	143,263

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 2021 Annual Report on 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 (the Exchange Act), 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 June 30, 2022. Based upon such evaluation, Huntington's Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2022, Huntington's disclosure controls and procedures were effective.

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2022, that have materially affected, or are reasonably likely to materially affect, internal control 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 16 "Commitments and Contingent Liabilities" of the Notes to Unaudited Condensed Consolidated Financial Statements under the caption "Litigation and Regulatory Matters" and is incorporated into this Item by reference.

Item 1A: Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors discussed in Part I, "Item 1A. Risk Factors" in our 2021 Annual Report on Form 10-K, which could materially affect our business, financial condition, or results of operations. In the first quarter of 2022, we identified the following additional risk factor:

Liquidity Risks:

Instability in global economic conditions and geopolitical matters, as well as volatility in financial markets, could have a material adverse effect on the Company's results of operations and financial condition.

Instability in global economic conditions and geopolitical matters, as well as volatility in financial markets, could have a material adverse effect on the Company's results of operations and financial condition. The macroeconomic environment in the United States is susceptible to global events and volatility in financial markets. For example, trade negotiations between the U.S. and other nations remain uncertain and could adversely impact economic and market conditions for the Company and its clients and counterparties. In addition, global demand for products may exceed supply during the economic recovery from the COVID-19 pandemic, and such shortages may cause inflation, adversely impact consumer and business confidence, and adversely affect the economy as well as the Company's financial condition and results.

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

(a) and (b)

Not Applicable

(c)

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Maximum Number of Shares (or Approximate Dollar Value) that May Yet Be Purchased Under the Plans or Programs (2)
April 1, 2022 to April 30, 2022	—	$ —	$ 150,053,953
May 1, 2022 to May 31, 2022	—	—	150,053,953
June 1, 2022 to June 30, 2022	—	—	—
Total	—	$ —	

(1) The reported shares were repurchased pursuant to Huntington's publicly-announced share repurchase authorization.
(2) The number shown represents, as of the end of each period, the approximate dollar value of Common Stock that may yet be purchased under publicly-announced share repurchase authorizations. Authorization to repurchase common shares expired as of June 30, 2022.

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.

The SEC 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 free of charge 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 10004.

Exhibit Number	Document Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference
3.1	Articles Supplementary of Huntington Bancshares Incorporated, as of January 18, 2019.	Current Report on Form 8-K dated January 16, 2019.	001-34073	3.1
3.2	Articles of Restatement of Huntington Bancshares Incorporated, as of January 18, 2019.	Current Report on Form 8-K dated January 16, 2019.	001-34073	3.2
3.3	Articles Supplementary of Huntington Bancshares Incorporated, as of May 28, 2020.	Current Report on Form 8-K dated May 28, 2020.	001-34073	3.1
3.4	Articles Supplementary of Huntington Bancshares Incorporated, as of August 5, 2020.	Current Report on Form 8-K dated August 10, 2020.	001-34073	3.1
3.5	Bylaws of Huntington Bancshares Incorporated, as amended and restated on January 16, 2019.	Current Report on Form 8-K dated January 16, 2019.	001-34073	3.3
3.6	Articles Supplementary of Huntington Bancshares Incorporated, as of February 5, 2021	Current Report on Form 8-K dated February 5, 2021.	001-34073	3.1
3.7	Articles Supplementary of Huntington Bancshares Incorporated, as of June 8, 2021	Current Report on Form 8-K dated June 8, 2021	001-34073	3.1
3.8	Articles of Amendment of Huntington Bancshares Incorporated to Articles of Restatement of Huntington Bancshares Incorporated, as of June 8, 2021	Current Report on Form 8-K dated June 8, 2021	001-34073	3.2
4.1(P)	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.			
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.INS	***The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document			
101.SCH	*Inline XBRL Taxonomy Extension Schema Document			
101.CAL	*Inline XBRL Taxonomy Extension Calculation Linkbase Document			
101.DEF	*Inline XBRL Taxonomy Extension Definition Linkbase Document			
101.LAB	*Inline XBRL Taxonomy Extension Label Linkbase Document			
101.PRE	*Inline XBRL Taxonomy Extension Presentation Linkbase Document			

* Filed herewith

** Furnished herewith

*** The following material from Huntington's Form 10-Q Report for the quarterly period ended June 30, 2022 formatted in Inline 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.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HUNTINGTON BANCSHARES INCORPORATED
(Registrant)

Date: July 29, 2022

/s/ Stephen D. Steinour

Stephen D. Steinour

Chairman, President, and Chief Executive Officer
(Principal Executive Officer)

Date: July 29, 2022

/s/ Zachary Wasserman

Zachary Wasserman

Chief Financial Officer
(Principal Financial Officer)