UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

QUARTERLY PERIOD ENDED September 30, 2018

Commission File Number 1-34073

Huntington Bancshares Incorporated

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

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

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

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 1,061,529,259 shares of the Registrant’s common stock ($0.01 par value) outstanding onSeptember 30, 2018.

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
ALCO	Asset-Liability Management Committee
ALLL	Allowance for Loan and Lease Losses
AOCI	Accumulated Other Comprehensive Income
ASC	Accounting Standards Codification
ASR	Accelerated Share Repurchase
AULC	Allowance for Unfunded Loan Commitments
Basel III	Refers to the final rule issued by the FRB and OCC and published in the Federal Register on October 11, 2013
C&I	Commercial and Industrial
CCAR	Comprehensive Capital Analysis and Review
CDs	Certificates of Deposit
CET1	Common equity tier 1 on a transitional Basel III basis
CFPB	Bureau of Consumer Financial Protection
CMO	Collateralized Mortgage Obligations
CRE	Commercial Real Estate
EPS	Earnings Per Share
EVE	Economic Value of Equity
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FHLB	Federal Home Loan Bank
FICO	Fair Isaac Corporation
FirstMerit	FirstMerit Corporation
FRB	Federal Reserve Bank
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
LCR	Liquidity Coverage Ratio
LIBOR	London Interbank Offered Rate
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	Noninterest Income
NIM	Net Interest Margin
NPAs	Nonperforming Assets
NSF	Non-sufficient funds
OCC	Office of the Comptroller of the Currency
OCI	Other Comprehensive Income (Loss)
OCR	Optimal Customer Relationship

OLEM	Other Loans Especially Mentioned
OREO	Other Real Estate Owned
OTTI	Other-Than-Temporary Impairment
Plan	Huntington Bancshares Retirement Plan
RBHPCG	Regional Banking and The Huntington Private Client Group
ROC	Risk Oversight Committee
SAB	Staff Accounting Bulletin
SAD	Special Assets Division
SBA	Small Business Administration
SEC	Securities and Exchange Commission
TCJA	H.R. 1, Originally known as the Tax Cuts and Jobs Act
TDR	Troubled Debt Restructuring
U.S. Treasury	U.S. Department of the Treasury
UCS	Uniform Classification System
VIE	Variable Interest Entity
XBRL	eXtensible Business Reporting Language

PART I. FINANCIAL INFORMATION

When we refer to "we", "our", and "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, equipment financing, investment management, trust services, brokerage services, insurance products and services, and other financial products and services. Our 970 branches and private client group offices are located in Ohio, Illinois, Indiana, Kentucky, Michigan, Pennsylvania, West Virginia, and Wisconsin. Select financial services and other activities are also conducted in various other states. International banking services are available through the headquarters office in Columbus, Ohio. Our foreign banking activities, in total or with any individual country, are not significant.

This MD&A provides information we believe necessary for understanding our financial condition, changes in financial condition, results of operations, and cash flows. The MD&A included in our 2017 Form 10-K should be read in conjunction with this MD&A as this discussion provides only material updates to the 2017 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

Summary of 2018 Third Quarter Results Compared to 2017 Third Quarter

For the quarter, we reported net income of $378 million, or $0.33 per common share, compared with $275 million, or $0.23 per common share, in the year-ago quarter (*see Table 1*).

Fully-taxable equivalent (FTE) net interest income was $810 million, up $39 million, or 5%. The results reflected the benefit from a $3.9 billion, or 4%, increase in average earning assets and a three basis point increase in the FTE net interest margin (NIM) to 3.32%. Average earning asset growth included a $4.5 billion, or 7%, increase in average loans and leases. Average earning asset yields increased 38 basis points year-over-year, driven by a 40 basis point improvement in loan yields. Average funding costs increased 45 basis points, although interest-bearing deposit costs only increased 38 basis points. The cost of short-term borrowings and long-term debt increased 103 basis points and 113 basis points, respectively. Embedded within these yields and costs, FTE net interest income during the 2018 third quarter included $17 million, or approximately seven basis points, of purchase accounting impact compared to $27 million, or approximately 12 basis points, in the year-ago quarter.

The provision for credit losses increased $10 million year-over-year to $53 million in the 2018 third quarter. NCOs decreased $14 million to $29 million. The decrease was a direct result of lower charge-off activity in the commercial portfolio resulting in a net recovery position in the 2018 third quarter. Consumer charge-offs have remained consistent over the past year. NCOs represented an annualized 0.16% of average loans and leases, down from 0.25% in the year ago quarter.

Non-interest income was $342 million, up $12 million, or 4%, from the year ago quarter. The growth represents ongoing household / relationship acquisition and execution of our strategies including our Optimal Customer Relationship (OCR) strategy.

Non-interest expense was $651 million, down $29 million, or 4%, from the year-ago quarter, primarily reflecting $31 million of acquisition-related Significant Items in the year-ago quarter compared with no Significant Items in the current quarter. Outside data processing and other services decreased $11 million, or 14%, reflecting the $4 million decrease in acquisition-related Significant Items and the benefit of a debit card-related vendor migration completed in the year-ago quarter. Marketing expense decreased $5 million, or 29%, reflecting the timing of marketing campaigns and deposit promotions. Personnel costs increased $11 million, or 3%, primarily reflecting performance-based incentive compensation and increased benefits costs, partially offset by a $4 million decrease in acquisition-related Significant Items.

The tangible common equity to tangible assets ratio was7.25%, down 17 basis points from a year-ago. The CET1 risk-based capital ratio was 9.89% at September 30, 2018, compared to 9.94% a year-ago. The regulatory Tier 1 risk-based capital ratio was 11.33% compared to 11.30% at September 30, 2017.

Consistent with the 2018 CCAR capital plan, the Company repurchased $691 million of common stock during the2018 third quarter at an average cost of $15.82 per share. Included in the quarter's share repurchase activity, the Company completed the previously announced $400 million ASR. As contemplated in our 2018 CCAR capital plan, the ASR effectively offset the impact of the $363 million Series A preferred equity conversion in the 2018 first quarter.

Business Overview

General

Our general business objectives are:

1. Grow organic revenue across all business segments.
2. Invest in our businesses, particularly technology and risk management.
3. Deliver positive operating leverage.
4. Manage capital and liquidity positions consistent with our risk appetite.

Economy

The economies in our footprint continue to perform well, with strength across geographies, industries, and business stratifications.We are encouraged by the outlook for continued loan and deposit growth in coming quarters.

DISCUSSION OF RESULTS OF OPERATIONS

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

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Table 1 - Selected Quarterly Income Statement Data (1)

(dollar amounts in millions, share amounts in thousands)	Three Months Ended September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Interest income	$ 1,007	$ 972	$ 914	$ 894	$ 873
Interest expense	205	188	144	124	115
Net interest income	802	784	770	770	758
Provision for credit losses	53	56	66	65	43
Net interest income after provision for credit losses	749	728	704	705	715
Service charges on deposit accounts	93	91	86	91	91
Cards and payment processing income	57	56	53	53	54
Trust and investment management services	43	42	44	41	39
Mortgage banking income	31	28	26	33	34
Insurance income	19	21	21	21	18
Capital markets fees	22	21	19	23	22
Bank owned life insurance income	19	17	15	18	16
Gain on sale of loans and leases	16	15	8	17	14
Securities gains (losses)	(2)	—	—	(4)	—
Other income	44	45	42	47	42
Total noninterest income	342	336	314	340	330
Personnel costs	388	396	376	373	377
Outside data processing and other services	69	69	73	71	80
Net occupancy	38	35	41	36	55
Equipment	38	38	40	36	45
Deposit and other insurance expense	18	18	18	19	19
Professional services	17	15	11	18	15
Marketing	12	18	8	10	17
Amortization of intangibles	13	13	14	14	14
Other expense	58	50	52	56	58
Total noninterest expense	651	652	633	633	680
Income before income taxes	440	412	385	412	365
Provision (benefit) for income taxes	62	57	59	(20)	90
Net income	378	355	326	432	275
Dividends on preferred shares	18	21	12	19	19
Net income applicable to common shares	$ 360	$ 334	$ 314	$ 413	$ 256
Average common shares—basic	1,084,536	1,103,337	1,083,836	1,077,397	1,086,038
Average common shares—diluted	1,103,740	1,122,612	1,124,778	1,130,117	1,106,491
Net income per common share—basic	$ 0.33	$ 0.30	$ 0.29	$ 0.38	$ 0.24
Net income per common share—diluted	0.33	0.30	0.28	0.37	0.23
Cash dividends declared per common share	0.14	0.11	0.11	0.11	0.08
Return on average total assets	1.42%	1.36%	1.27%	1.67 %	1.08%
Return on average common shareholders’ equity	14.3	13.2	13.0	17.0	10.5
Return on average tangible common shareholders’ equity (2)	19.0	17.6	17.5	22.7	14.1
Net interest margin (3)	3.32	3.29	3.30	3.30	3.29
Efficiency ratio (4)	55.3	56.6	56.8	54.9	60.5
Effective tax rate	14.1	13.8	15.3	(4.8)	24.7
Revenue—FTE					
Net interest income	$ 802	$ 784	$ 770	$ 770	$ 758
FTE adjustment	8	7	7	12	13
Net interest income (3)	810	791	777	782	771
Noninterest income	342	336	314	340	330
Total revenue (3)	$ 1,152	$ 1,127	$ 1,091	$ 1,122	$ 1,101

Table 2 - Selected Year to Date Income Statements (1)

	Nine Months Ended September 30,		Change	
(dollar amounts in millions, share amounts in thousands)	2018	2017	Amount	Percent
Interest income	$ 2,893	$ 2,539	$ 354	14 %
Interest expense	537	306	231	75
Net interest income	2,356	2,233	123	6
Provision for credit losses	175	136	39	29
Net interest income after provision for credit losses	2,181	2,097	84	4
Service charges on deposit accounts	270	262	8	3
Cards and payment processing income	166	153	13	8
Trust and investment management services	129	115	14	12
Mortgage banking income	85	98	(13)	(13)
Insurance income	61	60	1	2
Capital markets fees	62	53	9	17
Bank owned life insurance income	51	49	2	4
Gain on sale of loans	39	39	—	—
Securities gains (losses)	(2)	—	(2)	(100)
Other noninterest income	131	138	(7)	(5)
Total noninterest income	992	967	25	3
Personnel costs	1,160	1,151	9	1
Outside data processing and other services	211	242	(31)	(13)
Net occupancy	114	176	(62)	(35)
Equipment	116	135	(19)	(14)
Deposit and other insurance expense	54	59	(5)	(8)
Professional services	43	51	(8)	(16)
Marketing	38	50	(12)	(24)
Amortization of intangibles	40	42	(2)	(5)
Other noninterest expense	160	176	(16)	(9)
Total noninterest expense	1,936	2,082	(146)	(7)
Income before income taxes	1,237	982	255	26
Provision for income taxes	178	228	(50)	(22)
Net income	1,059	754	305	40
Dividends declared on preferred shares	51	57	(6)	(11)
Net income applicable to common shares	$ 1,008	$ 697	$ 311	45 %
Average common shares—basic	1,090,570	1,087,115	3,455	— %
Average common shares—diluted	1,116,978	1,107,878	9,100	1
Net income per common share—basic	$ 0.92	$ 0.64	$ 0.28	44
Net income per common share—diluted	0.90	0.63	0.27	43
Cash dividends declared per common share	0.36	0.24	0.12	50
Revenue—FTE				
Net interest income	$ 2,356	$ 2,233	$ 123	6 %
FTE adjustment	22	38	(16)	(42)
Net interest income (3)	2,378	2,271	107	5
Noninterest income	992	967	25	3
Total revenue (3)	$ 3,370	$ 3,238	$ 132	4 %

(1) Comparisons for presented periods are impacted by a number of factors. Refer to the “Significant Items” for additional discussion regarding these key factors.

(2) Net income excluding expense for amortization of intangibles for the period divided by average tangible common shareholders’ equity. Average tangible common shareholders’ equity equals average total common shareholders’ equity less average intangible assets and goodwill. Expense for amortization of intangibles and average intangible assets are net of deferred tax liability, and calculated assuming a 21% tax rate and a 35% tax rate for periods prior to December 31, 2017.

(3) On a fully-taxable equivalent (FTE) basis assuming a 21% tax rate and a 35% tax rate for periods prior to January 1, 2018.

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

Significant Items

There were no Significant Items in the2018 third quarter.

Earnings comparisons are impacted by the Significant Items summarized below:

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

- During the 2017 third quarter, $31 million of noninterest expense was recorded related to the acquisition of FirstMerit. This resulted in a negative impact of $0.02 per common share.
- During the 2017 second quarter, $50 million of noninterest expense was recorded related to the acquisition of FirstMerit. This resulted in a negative impact of $0.03 per common share.
- During the 2017 first quarter, $73 million of noninterest expense and $2 million of noninterest income was recorded related to the acquisition of FirstMerit. This resulted in a negative impact of $0.04 per common share.

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

Table 3 - Significant Items Influencing Earnings Performance Comparison

	Three Months Ended					
	September 30, 2018		June 30, 2018		September 30, 2017	
(dollar amounts in millions, except per share amounts)	Amount	EPS (1)	Amount	EPS (1)	Amount	EPS (1)
Net income	$ 378		$ 355		$ 275	
Earnings per share, after-tax		$ 0.33		$ 0.30		$ 0.23
Significant Items—favorable (unfavorable) impact:	Earnings	EPS (1)	Earnings	EPS (1)	Earnings	EPS (1)
Mergers and acquisitions, net expenses	$ —		$ —		$ (31)	
Tax impact	—		—		11	
Mergers and acquisitions, after-tax	$ —	$ —	$ —	$ —	$ (20)	$ (0.02)

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

	Nine Months Ended			
	September 30, 2018		September 30, 2017	
(dollar amounts in millions, except per share amounts)	Amount	EPS (1)	Amount	EPS (1)
Net income	$ 1,059		$ 754	
Earnings per share, after-tax		$ 0.90		$ 0.63
Significant Items—favorable (unfavorable) impact:	Earnings	EPS (1)	Earnings	EPS (1)
Mergers and acquisitions, net expenses	$ —		$ (152)	
Tax impact	—		53	
Mergers and acquisitions, after-tax	$ —	$ —	$ (99)	$ (0.09)

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

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Net Interest Income / Average Balance Sheet

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

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

	Average Balances					Change	
	Three Months Ended					3Q18 vs. 3Q17	
(dollar amounts in millions)	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	Amount	Percent
Assets:							
Interest-bearing deposits in banks	$ 83	$ 84	$ 90	$ 90	$ 102	$ (19)	(19)%
Securities:							
Trading account securities	82	82	87	87	92	(10)	(11)
Available-for-sale securities:							
Taxable	10,469	10,832	11,158	11,154	11,680	(1,211)	(10)
Tax-exempt	3,496	3,554	3,633	3,404	3,160	336	11
Total available-for-sale securities	13,965	14,386	14,791	14,558	14,840	(875)	(6)
Held-to-maturity securities—taxable	8,560	8,706	8,877	9,066	8,264	296	4
Other securities	567	599	605	598	597	(30)	(5)
Total securities	23,174	23,773	24,360	24,309	23,793	(619)	(3)
Loans held for sale	745	619	478	598	678	67	10
Loans and leases: (3)							
Commercial:							
Commercial and industrial	28,870	28,863	28,243	27,445	27,643	1,227	4
Commercial real estate:							
Construction	1,132	1,126	1,189	1,199	1,152	(20)	(2)
Commercial	6,019	6,233	6,142	5,997	6,064	(45)	(1)
Commercial real estate	7,151	7,359	7,331	7,196	7,216	(65)	(1)
Total commercial	36,021	36,222	35,574	34,641	34,859	1,162	3
Consumer:							
Automobile	12,368	12,271	12,100	11,963	11,713	655	6
Home equity	9,873	9,941	10,040	10,027	9,960	(87)	(1)
Residential mortgage	10,236	9,624	9,174	8,809	8,402	1,834	22
RV and marine finance	3,016	2,667	2,481	2,405	2,296	720	31
Other consumer	1,237	1,162	1,115	1,095	1,046	191	18
Total consumer	36,730	35,665	34,910	34,299	33,417	3,313	10
Total loans and leases	72,751	71,887	70,484	68,940	68,276	4,475	7
Allowance for loan and lease losses	(759)	(742)	(709)	(688)	(672)	(87)	(13)
Net loans and leases	71,992	71,145	69,775	68,252	67,604	4,388	6
Total earning assets	96,753	96,363	95,412	93,937	92,849	3,904	4
Cash and due from banks	1,330	1,283	1,217	1,226	1,299	31	2
Intangible assets	2,305	2,318	2,332	2,346	2,359	(54)	(2)
All other assets	5,726	5,599	5,596	5,481	5,455	271	5
Total assets	$ 105,355	$ 104,821	$ 103,848	$ 102,302	$ 101,290	$ 4,065	4 %
Liabilities and Shareholders' Equity:							
Deposits:							
Demand deposits—noninterest-bearing	20,230	20,382	20,572	21,745	21,723	$ (1,493)	(7)%
Demand deposits—interest-bearing	19,553	19,121	18,630	18,175	17,878	1,675	9
Total demand deposits	39,783	39,503	39,202	39,920	39,601	182	—
Money market deposits	21,547	20,943	20,678	20,731	20,314	1,233	6
Savings and other domestic deposits	11,434	11,146	11,219	11,348	11,590	(156)	(1)
Core certificates of deposit	4,916	3,794	2,293	1,947	2,044	2,872	141
Total core deposits	77,680	75,386	73,392	73,946	73,549	4,131	6
Other domestic time deposits of $250,000 or more	285	243	247	400	432	(147)	(34)
Brokered deposits and negotiable CDs	3,533	3,661	3,307	3,391	3,563	(30)	(1)
Total deposits	81,498	79,290	76,946	77,737	77,544	3,954	5
Short-term borrowings	1,732	3,082	5,228	2,837	2,391	(659)	(28)
Long-term debt	8,915	9,225	8,958	9,232	8,949	(34)	—
Total interest-bearing liabilities	71,915	71,215	70,560	68,061	67,161	4,754	7
All other liabilities	2,054	1,891	1,861	1,819	1,661	393	24
Shareholders' equity	11,156	11,333	10,855	10,677	10,745	411	4
Total liabilities and shareholders' equity	$ 105,355	$ 104,821	$ 103,848	$ 102,302	$ 101,290	$ 4,065	4 %

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

	Average Yield Rates (2)				
	Three Months Ended				
Fully-taxable equivalent basis (1)	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Assets:					
Interest-bearing deposits in banks	1.95%	1.95%	1.97%	1.92%	1.77%
Securities:					
Trading account securities	0.26	0.23	0.15	0.21	0.16
Available-for-sale securities:					
Taxable	2.61	2.63	2.51	2.45	2.38
Tax-exempt	3.53	3.35	3.18	3.76	3.62
Total available-for-sale securities	2.84	2.81	2.67	2.75	2.64
Held-to-maturity securities—taxable	2.43	2.42	2.45	2.41	2.36
Other securities	4.58	4.58	3.98	3.86	3.35
Total securities	2.73	2.71	2.62	2.64	2.55
Loans held for sale	4.45	4.17	3.82	3.68	3.83
Loans and leases: (3)					
Commercial:					
Commercial and industrial	4.64	4.52	4.28	4.17	4.05
Commercial real estate:					
Construction	5.31	5.26	4.73	4.47	4.55
Commercial	4.63	4.58	4.24	4.03	4.08
Commercial real estate	4.74	4.68	4.32	4.10	4.16
Total commercial	4.66	4.55	4.29	4.15	4.07
Consumer:					
Automobile	3.75	3.63	3.56	3.61	3.60
Home equity	5.21	5.09	4.90	4.71	4.72
Residential mortgage	3.78	3.69	3.66	3.66	3.65
RV and marine finance	5.06	5.11	5.11	5.25	5.43
Other consumer	12.16	11.90	11.78	11.53	11.59
Total consumer	4.54	4.43	4.34	4.31	4.32
Total loans and leases	4.60	4.49	4.32	4.23	4.20
Total earning assets	4.16	4.07	3.91	3.83	3.78
Liabilities:					
Deposits:					
Demand deposits—noninterest-bearing	—	—	—	—	—
Demand deposits—interest-bearing	0.45	0.38	0.29	0.26	0.23
Total demand deposits	0.22	0.18	0.14	0.12	0.10
Money market deposits	0.77	0.60	0.45	0.40	0.36
Savings and other domestic deposits	0.24	0.21	0.20	0.20	0.20
Core certificates of deposit	1.82	1.56	1.01	0.75	0.73
Total core deposits	0.65	0.51	0.36	0.32	0.30
Other domestic time deposits of $250,000 or more	1.40	1.01	0.69	0.54	0.61
Brokered deposits and negotiable CDs	1.98	1.81	1.47	1.21	1.16
Total deposits	0.73	0.59	0.43	0.37	0.35
Short-term borrowings	1.98	1.82	1.47	1.15	0.95
Long-term debt	3.78	3.75	2.92	2.73	2.65
Total interest-bearing liabilities	1.13	1.05	0.82	0.73	0.68
Net interest rate spread	3.03	3.02	3.09	3.10	3.10
Impact of noninterest-bearing funds on margin	0.29	0.27	0.21	0.20	0.19
Net interest margin	3.32%	3.29%	3.30%	3.30%	3.29%

(1) FTE yields are calculated assuming a 21% tax rate and a 35% tax rate for periods prior to January 1, 2018.
(2) Loan and lease and deposit average rates include impact of applicable derivatives, non-deferrable fees, and amortized fees.
(3) For purposes of this analysis, NALs are reflected in the average balances of loans.

2018 Third Quarter versus 2017 Third Quarter

FTE net interest income for the 2018 third quarter increased $39 million, or 5%, from the 2017 third quarter. This reflected the benefit from the $3.9 billion, or 4%, increase in average earning assets and a three basis point increase in the FTE NIM to 3.32%. Average earning asset yields increased 38 basis points year-over-year, driven by a 40 basis point improvement in loan yields. Average funding costs increased 45 basis points, although interest-bearing deposit costs only increased 38 basis points. The cost of short-term borrowings and long-term debt increased 103 basis points and 113 basis points, respectively. The benefit from noninterest-bearing funds increased 10 basis points versus the year-ago quarter. Embedded within these yields and costs, FTE net interest income during the 2018 third quarter included $17 million, or approximately seven basis points, of purchase accounting impact compared to $27 million, or approximately 12 basis points, in the year-ago quarter.

Average earning assets for the 2018 third quarter increased $3.9 billion, or 4%, from the year-ago quarter, primarily reflecting a $4.5 billion, or 7%, increase in average loans and leases. Average residential mortgage loans increased $1.8 billion, or 22%, driven by an increase in lending officers and expansion into the Chicago market. Average C&I loans increased $1.2 billion, or 4%, reflecting growth in middle market, asset finance, energy, and corporate banking. Average RV and marine finance loans increased $0.7 billion, or 31%, reflecting the success of the well-managed expansion of the acquired business into 17 new states over the past two years. Average automobile loans increased $0.7 billion, or 6%, driven by continued strong originations while consistently increasing pricing over the past year. Average securities decreased $0.6 billion, or 3%, primarily due to runoff in the portfolio partially offset by continued growth in direct purchase municipal instruments in our commercial banking segment.

Average total interest-bearing liabilities increased $4.8 billion, or 7%, from the year-ago quarter. Average total deposits for the 2018 third quarter increased $4.0 billion, or 5%, from the year-ago quarter, while average total core deposits increased $4.1 billion, or 6%. Average core certificates of deposit (CDs) increased $2.9 billion, or 141%, reflecting initiatives during the past three quarters to grow fixed-rate, term consumer deposits in light of the rising interest rate environment. Average money market deposits increased $1.2 billion, or 6%, primarily reflecting growth in consumer balances and continued shifting commercial customer preferences for higher yielding deposit products. Average demand deposits increased $0.2 billion, or less than 1%, primarily driven by a $0.2 billion, or 5% increase in average consumer noninterest-bearing demand deposits. Average short-term borrowings decreased $0.7 billion, or 28%, as continued growth in core deposits reduced reliance on wholesale funding.

2018 Third Quarter versus 2018 Second Quarter

Compared to the 2018 second quarter, FTE net interest income increased $19 million, or 2%, primarily reflecting a three basis point increase in FTE NIM. Average earning asset yields increased nine basis points sequentially, driven by an 11 basis point increase in loan yields. Average funding costs increased eight basis points. Average interest-bearing deposit costs increased 14 basis points linked quarter, while the benefit of noninterest-bearing funding improved two basis points. The purchase accounting impact on the net interest margin was approximately seven basis points in the 2018 third quarter, down one basis point from the prior quarter.

Compared to the 2018 second quarter, average earning assets increased $0.4 billion, or less than 1%, primarily reflecting the $0.9 billion, or 1%, increase in average loans and leases. Average residential mortgage loans increased $0.6 billion, or 6%, driven by seasonality and the expansion of our home lending business. Average securities decreased $0.6 billion, or 3%, due to runoff in the portfolio.

Compared to the 2018 second quarter, average total core deposits increased $2.3 billion, or 3%. Average core CDs increased $1.1 billion, or 30%, as a result of continued initiatives to grow fixed-rate, term consumer deposits in light of the rising interest rate environment. Average money market deposits increased $0.6 billion, or 3%, primarily driven by a $0.5 billion, or 4%, increase in average consumer money market deposits. Average short-term borrowings decreased $1.4 billion, or 44%, as continued growth in core deposits reduced reliance on wholesale funding.

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Table 5 - Consolidated YTD Average Balance Sheets and Net Interest Margin Analysis

(dollar amounts in millions)

	YTD Average Balances				YTD Average Rates (2)	
	Nine Months Ended September 30,		Change		Nine Months Ended September 30,	
Fully-taxable equivalent basis (1)	2018	2017	Amount	Percent	2018	2017
Assets:						
Interest-bearing deposits in banks	$ 86	$ 102	$ (16)	(16)%	1.95%	1.46%
Securities:						
Trading account securities	84	107	(23)	(21)	0.21	0.17
Available-for-sale securities:						
Taxable	10,817	12,157	(1,340)	(11)	2.58	2.36
Tax-exempt	3,561	3,105	456	15	3.35	3.70
Total available-for-sale securities	14,378	15,262	(884)	(6)	2.77	2.63
Held-to-maturity securities—taxable	8,713	7,785	928	12	2.43	2.37
Other securities	590	578	12	2	4.38	3.28
Total securities	23,765	23,732	33	—	2.69	2.55
Loans held for sale	615	540	75	14	4.19	3.79
Loans and leases: (3)						
Commercial:						
Commercial and industrial	28,661	27,852	809	3	4.48	4.03
Commercial real estate:						
Construction	1,149	1,198	(49)	(4)	5.09	4.24
Commercial	6,131	6,014	117	2	4.49	3.92
Commercial real estate	7,280	7,212	68	1	4.58	3.97
Total commercial	35,941	35,064	877	3	4.50	4.01
Consumer:						
Automobile	12,247	11,369	878	8	3.65	3.57
Home equity	9,948	9,983	(35)	—	5.07	4.60
Residential mortgage	9,682	8,055	1,627	20	3.71	3.65
RV and marine finance	2,723	2,071	652	31	5.09	5.54
Other consumer	1,175	997	178	18	11.91	11.53
Total consumer	35,775	32,475	3,300	10	4.44	4.27
Total loans and leases	71,716	67,539	4,177	6	4.47	4.14
Allowance for loan and lease losses	(737)	(660)	(77)	(12)		
Net loans and leases	70,979	66,879	4,100	6		
Total earning assets	96,182	91,913	4,269	5	4.05%	3.75%
Cash and due from banks	1,277	1,530	(253)	(17)		
Intangible assets	2,318	2,373	(55)	(2)		
All other assets	5,640	5,433	207	4		
Total assets	$ 104,680	$ 100,589	$ 4,091	4 %		
Liabilities and Shareholders' Equity:						
Deposits:						
Demand deposits—noninterest-bearing	$ 20,393	$ 21,684	$ (1,291)	(6)%	—%	—%
Demand deposits—interest-bearing	19,105	17,380	1,725	10	0.37	0.20
Total demand deposits	39,498	39,064	434	1	0.18	0.09
Money market deposits	21,059	19,399	1,660	9	0.61	0.31
Savings and other domestic deposits	11,267	11,815	(548)	(5)	0.22	0.21
Core certificates of deposit	3,677	2,176	1,501	69	1.57	0.55
Total core deposits	75,501	72,454	3,047	4	0.51	0.26
Other domestic time deposits of $250,000 or more	259	460	(201)	(44)	1.05	0.51
Brokered deposits and negotiable CDs	3,501	3,770	(269)	(7)	1.76	0.93
Total deposits	79,261	76,684	2,577	3	0.59	0.31
Short-term borrowings	3,335	2,952	383	13	1.67	0.76
Long-term debt	9,033	8,738	295	3	3.48	2.49
Total interest-bearing liabilities	71,236	66,690	4,546	7	1.01	0.61
All other liabilities	1,935	1,627	308	19		
Shareholders' equity	11,116	10,588	528	5		
Total liabilities and shareholders' equity	$ 104,680	$ 100,589	$ 4,091	4 %		
Net interest rate spread					3.05	3.13
Impact of noninterest-bearing funds on margin					0.26	0.17
Net interest margin					3.31%	3.30%

(1) FTE yields are calculated assuming a 21% tax rate and a 35% tax rate for periods prior to January 1, 2018.

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

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

2018 First Nine Months versus 2017 First Nine Months

FTE net interest income for the first nine-month period of 2018 increased $107 million, or 5%. This reflected the benefit of a $4.3 billion, or 5%, increase in average total earning assets and a basis point increase in the FTE NIM to 3.31%. Average loans and leases increased $4.2 billion, or 6%, primarily reflecting an increase in C&I, automobile, residential mortgage and RV and marine finance lending. Average earning asset yields increased 30 basis points sequentially, driven by a 33 basis point increase in loan yields. Average funding costs increased 40 basis points, although interest-bearing deposit costs only increased 28 basis points. The cost of short-term borrowings and long-term debt increased 91 basis points and 99 basis points, respectively. The benefit from noninterest-bearing funds increased nine basis points versus 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 ALLL and the AULC at levels appropriate to absorb our estimate of credit losses inherent in the loan and lease portfolio and the portfolio of unfunded loan commitments and letters-of-credit.

The provision for credit losses for the 2018 third quarter was $53 million, which increased $10 million, or 23%, compared to the third quarter 2017. On a year-to-date basis, the provision for credit losses for the first nine-month period of 2018 was $175 million, an increase of $39 million, or 29%, compared to year-ago period. The increases from the 2017 third quarter and prior year-to-date provision expense levels are primarily attributed to loan balance growth across the portfolio and downgrades within the Commercial loan portfolios.

Noninterest Income

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

Table 6 - Noninterest Income

	Three Months Ended			3Q18 vs. 3Q17 Change		3Q18 vs. 2Q18 Change	
(dollar amounts in millions)	September 30, 2018	June 30, 2018	September 30, 2017	Amount	Percent	Amount	Percent
Service charges on deposit accounts	$ 93	$ 91	$ 91	$ 2	2 %	$ 2	2 %
Cards and payment processing income	57	56	54	3	6	1	2
Trust and investment management services	43	42	39	4	10	1	2
Mortgage banking income	31	28	34	(3)	(9)	3	11
Insurance income	19	21	18	1	6	(2)	(10)
Capital markets fees	22	21	22	—	—	1	5
Bank owned life insurance income	19	17	16	3	19	2	12
Gain on sale of loans and leases	16	15	14	2	14	1	7
Securities gains (losses)	(2)	—	—	(2)	(100)	(2)	(100)
Other income	44	45	42	2	5	(1)	(2)
Total noninterest income	$ 342	$ 336	$ 330	$ 12	4 %	$ 6	2 %

2018 Third Quarter versus 2017 Third Quarter

Reported noninterest income for the 2018 third quarter increased $12 million, or 4%, from the year-ago quarter. The growth represents ongoing household / relationship acquisition and execution of our strategies including our OCR strategy.

2018 Third Quarter versus 2018 Second Quarter

Compared to the 2018 second quarter, reported noninterest income increased $6 million, or 2%. The growth represents ongoing household / relationship acquisition and execution of our strategies including our OCR strategy.

Table 7 - Noninterest Income—2018 First Nine Months vs. 2017 First Nine Months

	Nine Months Ended September 30,		Change	
(dollar amounts in millions)	2018	2017	Amount	Percent
Service charges on deposit accounts	$ 270	$ 262	$ 8	3 %
Cards and payment processing income	166	153	13	8
Trust and investment management services	129	115	14	12
Mortgage banking income	85	98	(13)	(13)
Insurance income	61	60	1	2
Capital markets fees	62	53	9	17
Bank owned life insurance income	51	49	2	4
Gain on sale of loans and leases	39	39	—	—
Securities gains (losses)	(2)	—	(2)	(100)
Other income	131	138	(7)	(5)
Total noninterest income	$ 992	$ 967	$ 25	3 %

Noninterest income for the first nine-month period of 2018 increased $25 million, or 3%, from the year-ago period, primarily reflecting ongoing household / relationship acquisition and execution of our Optimal Customer Relationship (OCR) strategy. Trust and investment management services increased $14 million, or 12%, primarily reflecting continued growth of managed accounts and strong equity market performance. Cards and payment processing income increased $13 million, or 8%, due to higher check card interchange income and underlying customer growth. Capital market fees increased $9 million, or 17%, reflecting increased foreign exchange and interest rate derivative activity. Service charges on deposit accounts increased $8 million, or 3%, due to an increase in commercial and personal service charges. Mortgage banking decreased $13 million, or 13%, driven by lower margins on loans sold. Other income decreased $7 million, or 5%, reflecting an unfavorable Visa Class B derivative fair value adjustment.

Noninterest Expense

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

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

Table 8 - Noninterest Expense

	Three Months Ended			3Q18 vs. 3Q17 Change		3Q18 vs. 2Q18 Change	
	September 30,	June 30,	September 30,				
(dollar amounts in millions)	2018	2018	2017	Amount	Percent	Amount	Percent
Personnel costs	$ 388	$ 396	$ 377	$ 11	3 %	$ (8)	(2)%
Outside data processing and other services	69	69	80	(11)	(14)	—	—
Net occupancy	38	35	55	(17)	(31)	3	9
Equipment	38	38	45	(7)	(16)	—	—
Deposit and other insurance expense	18	18	19	(1)	(5)	—	—
Professional services	17	15	15	2	13	2	13
Marketing	12	18	17	(5)	(29)	(6)	(33)
Amortization of intangibles	13	13	14	(1)	(7)	—	—
Other noninterest expense	58	50	58	—	—	8	16
Total noninterest expense	$ 651	$ 652	$ 680	$ (29)	(4)%	$ (1)	— %
Number of employees (average full-time equivalent)	15,772	15,732	15,508	264	2 %	40	— %

Impacts of Significant Items:

	Three Months Ended		
(dollar amounts in millions)	September 30, 2018	June 30, 2018	September 30, 2017
Personnel costs	$ —	$ —	$ 4
Outside data processing and other services	—	—	4
Net occupancy	—	—	14
Equipment	—	—	7
Professional services	—	—	2
Total noninterest expense adjustments	$ —	$ —	$ 31

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

	Three Months Ended			3Q18 vs. 3Q17 Change		3Q18 vs. 2Q18 Change	
(dollar amounts in millions)	September 30, 2018	June 30, 2018	September 30, 2017	Amount	Percent	Amount	Percent
Personnel costs	$ 388	$ 396	$ 373	$ 15	4 %	$ (8)	(2)%
Outside data processing and other services	69	69	76	(7)	(9)	—	—
Net occupancy	38	35	41	(3)	(7)	3	9
Equipment	38	38	38	—	—	—	—
Deposit and other insurance expense	18	18	19	(1)	(5)	—	—
Professional services	17	15	13	4	31	2	13
Marketing	12	18	17	(5)	(29)	(6)	(33)
Amortization of intangibles	13	13	14	(1)	(7)	—	—
Other noninterest expense	58	50	58	—	—	8	16
Total adjusted noninterest expense (Non-GAAP)	$ 651	$ 652	$ 649	$ 2	— %	$ (1)	— %

2018 Third Quarter versus 2017 Third Quarter

Reported noninterest expense for the 2018 third quarter decreased $29 million, or 4%, from the year-ago quarter, primarily reflecting the $31 million of acquisition-related Significant Items in the year-ago quarter. Net occupancy expense decreased $17 million, or 31%, primarily reflecting $14 million of acquisition-related expense. Outside data processing and other services decreased $11 million, or 14%, reflecting the $4 million decrease in acquisition-related Significant Items and the benefit of a card-related vendor migration completed in the year-ago quarter. Marketing expense decreased $5 million, or 29%, reflecting the timing of marketing campaigns and deposit promotions. Personnel costs increased $11 million, or 3%, primarily reflecting performance-based incentive compensation and increased benefits costs, partially offset by a $4 million decrease in acquisition-related Significant Items.

2018 Third Quarter versus 2018 Second Quarter

Reported noninterest expense decreased $1 million, or less than 1%, from the2018 second quarter. Personnel costs decreased $8 million, or 2%, primarily reflecting the grant of annual long-term equity incentive compensation in the 2018 second quarter. Marketing expense decreased $6 million, or 33%, reflecting the timing of marketing campaigns and deposit promotions. Operational losses and franchise tax expense, both within other expense, partially offset these decreases.

Table 9 - Noninterest Expense—2018 First Nine Months vs. 2017 First Nine Months

	Nine Months Ended September 30,		Change	
(dollar amounts in millions)	2018	2017	Amount	Percent
Personnel costs	$ 1,160	$ 1,151	$ 9	1 %
Outside data processing and other services	211	242	(31)	(13)
Net occupancy	114	176	(62)	(35)
Equipment	116	135	(19)	(14)
Deposit and other insurance expense	54	59	(5)	(8)
Professional services	43	51	(8)	(16)
Marketing	38	50	(12)	(24)
Amortization of intangibles	40	42	(2)	(5)
Other noninterest expense	160	176	(16)	(9)
Total noninterest expense	$ 1,936	$ 2,082	$ (146)	(7)%

Impacts of Significant Items:

	Nine Months Ended September 30,	
(dollar amounts in millions)	2018	2017
Personnel costs	$ —	$ 42
Outside data processing and other services	—	24
Net occupancy	—	52
Equipment	—	16
Professional services	—	10
Marketing	—	1
Other noninterest expense	—	9
Total noninterest expense adjustments	$ —	$ 154

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

	Nine Months Ended September 30,		Change	
(dollar amounts in millions)	2018	2017	Amount	Percent
Personnel costs	$ 1,160	$ 1,109	$ 51	5 %
Outside data processing and other services	211	218	(7)	(3)
Net occupancy	114	124	(10)	(8)
Equipment	116	119	(3)	(3)
Deposit and other insurance expense	54	59	(5)	(8)
Professional services	43	41	2	5
Marketing	38	49	(11)	(22)
Amortization of intangibles	40	42	(2)	(5)
Other noninterest expense	160	167	(7)	(4)
Total adjusted noninterest expense (Non-GAAP)	$ 1,936	$ 1,928	$ 8	— %

Reported noninterest expense decreased $146 million, or 7%, from the year-ago period, primarily reflecting the $154 million of acquisition-related Significant Items in the year-ago period. Net occupancy expense decreased $62 million, or 35%, primarily reflecting $52 million of acquisition-related expense. Outside data processing and other services decreased $31 million, or 13%, reflecting $24 million of acquisition-related expense. Equipment expense decreased $19 million, or 14%, primarily due to $16 million of acquisition-related expense. Other noninterest expense decreased $16 million, or 9%, reflecting $9 million of acquisition-related expense. Professional services decreased $8 million, or 16%, primarily reflecting $10 million of acquisition-related expense in the year-ago period.

Provision for Income Taxes

The provision for income taxes in the 2018 third quarter was $62 million. This compared with a provision for income taxes of $90 million in the 2017 third quarter and $57 million in the 2018 second quarter. The provision for income taxes for the nine-month periods ended September 30, 2018 and September 30, 2017 was $178 million and $228 million, respectively. All periods included the benefits from tax-exempt income, tax-advantaged investments, general business credits, investments in qualified affordable housing projects, excess tax deductions for stock-based compensation, and capital losses. The 2018 third quarter and 2018 second quarter also included expense for nondeductible FDIC insurance premiums. The effective tax rates for the 2018 third quarter, 2017 third quarter, and 2018 second quarter were 14.1%, 24.7%, and 13.8%, respectively. The effective tax rates for the nine month periods ended September 30, 2018 and September 30, 2017 were 14.4% and 23.2%, respectively. The variance between the 2018 third quarter compared to the 2017 third quarter, and the nine month period ended September 30, 2018 compared to the nine month period ended September 30, 2017 in the provision for income taxes and effective tax rates relates primarily to the impact of the TCJA. The net federal deferred tax liability was $111 million and the net state deferred tax asset was $26 million at September 30, 2018.

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. Certain proposed adjustments resulting from the IRS examination of our 2010 through 2011 tax returns have been settled, subject to final approval by the Joint Committee on Taxation of the U.S. Congress. While the statute of limitations remains open for tax years 2012 through 2016, the IRS has advised that tax years 2012 through 2014 will not be audited, and began the examination of the 2015 federal income tax return in second quarter 2018. Various state and other jurisdictions remain open to examination, including Ohio, Kentucky, Indiana, Michigan, Pennsylvania, West Virginia, Wisconsin, and Illinois.

As a result of the TCJA, the Company recorded a benefit of $163 million for the effects of the change in tax law including all materially impacted items and for which the accounting under ASC 740 is complete. This includes a $161 million tax benefit recognized in the year ended December 31, 2017, and an additional $2 million tax benefit recorded in the 2018 third quarter. The Company made reasonable estimates resulting in $37 million of tax expense reported as a provisional amount. This includes $38 million of tax expense recognized in the year ended December 31, 2017, and a tax benefit of $1 million recorded in the 2018 third quarter.

RISK MANAGEMENT AND CAPITAL

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

We believe that our primary risk exposures are credit, market, liquidity, operational and compliance. More information on risk can be found in the Risk Factors section included in Item 1A of our 2017 Form 10-K and subsequent filings with the SEC. The MD&A included in our 2017 Form 10-K should be read in conjunction with this MD&A as this discussion provides only material updates to the Form 10-K. This MD&A should also be read in conjunction with the financial statements, notes and other information contained in this report. Our definition, philosophy, and approach to risk management have not materially changed from the discussion presented in the 2017 Form 10-K.

Credit Risk

Credit risk is the risk of financial loss if a counterparty is not able to meet the agreed upon terms of the financial obligation. The majority of our credit risk is associated with lending activities, as the acceptance and management of credit risk is central to profitable lending. We also have credit risk associated with our AFS, HTM, and other securities portfolios (*see Note 4, Note 5, and Note 6 of the Notes to the Unaudited Condensed Consolidated Financial Statements).* We engage with other financial counterparties for a variety of purposes including investing, asset and liability management, mortgage banking, and trading activities. While there is credit risk associated with derivative activity, we believe this exposure is minimal.

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

Loan and Lease Credit Exposure Mix

Refer to the "*Loan and Lease Credit Exposure Mix*" section of our 2017 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)	September 30, 2018		June 30, 2018		March 31, 2018		December 31, 2017		September 30, 2017	
Commercial:										
Commercial and industrial	$ 29,196	40%	$ 28,850	40%	$ 28,622	40%	$ 28,107	40%	$ 27,469	40%
Commercial real estate:										
Construction	1,111	2	1,083	1	1,167	2	1,217	2	1,182	2
Commercial	5,962	8	6,118	8	6,245	9	6,008	9	6,024	9
Commercial real estate	7,073	10	7,201	9	7,412	11	7,225	11	7,206	11
Total commercial	36,269	50	36,051	49	36,034	51	35,332	51	34,675	51
Consumer:										
Automobile	12,375	17	12,390	17	12,146	17	12,100	17	11,876	17
Home equity	9,850	13	9,907	14	9,987	14	10,099	14	9,985	15
Residential mortgage	10,459	14	10,006	14	9,357	13	9,026	13	8,616	13
RV and marine finance	3,152	4	2,846	4	2,549	3	2,438	3	2,371	3
Other consumer	1,265	2	1,206	2	1,090	2	1,122	2	1,064	1
Total consumer	37,101	50	36,355	51	35,129	49	34,785	49	33,912	49
Total loans and leases	$ 73,370	100%	$ 72,406	100%	$ 71,163	100%	$ 70,117	100%	$ 68,587	100%

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

Commercial Credit

Refer to the "*Commercial Credit*" section of our 2017 Form 10-K for our commercial credit underwriting and on-going credit management processes.

Consumer Credit

Refer to the "*Consumer Credit*" section of our 2017 Form 10-K for our consumer credit underwriting and on-going credit management processes.

The table below provides our total loan and lease portfolio segregated by industry type. The changes in the industry composition from December 31, 2017 are consistent with the portfolio growth metrics.

Table 11 - Loan and Lease Portfolio by Industry Type

(dollar amounts in millions)	September 30, 2018		June 30, 2018		March 31, 2018		December 31, 2017		September 30, 2017	
Commercial loans and leases:										
Real estate and rental and leasing	7,187	10%	$ 7,314	10%	$ 7,509	11%	$ 7,378	11%	$ 7,461	11%
Retail trade (1)	4,987	7	4,886	7	5,034	7	4,886	7	4,643	7
Manufacturing	4,817	7	4,867	7	4,780	7	4,791	7	4,874	7
Finance and insurance	3,345	5	3,188	4	3,216	5	3,044	4	2,900	4
Wholesale trade	2,609	4	2,575	4	2,472	3	2,291	3	2,070	3
Health care and social assistance	2,582	4	2,589	4	2,649	4	2,664	4	2,727	4
Accommodation and food services	1,636	2	1,657	2	1,675	2	1,617	2	1,653	2
Other services	1,312	2	1,266	2	1,263	2	1,296	2	1,265	2
Professional, scientific, and technical services	1,269	2	1,303	2	1,293	2	1,257	2	1,230	2
Transportation and warehousing	1,176	2	1,209	2	1,171	2	1,243	2	1,255	2
Mining, quarrying, and oil and gas extraction	1,045	1	899	1	780	1	694	1	619	1
Construction	986	1	1,010	1	1,030	1	976	1	913	1
Admin./Support/Waste Mgmt. and Remediation Services	664	1	611	1	551	1	561	1	484	1
Arts, entertainment, and recreation	585	1	503	1	525	1	593	1	530	1
Educational services	482	1	493	1	498	1	504	1	509	1
Utilities	459	—	417	—	410	—	389	1	431	1
Information	346	—	395	—	434	1	467	1	468	1
Unclassified/Other	266	—	336	—	244	—	163	—	122	—
Public administration	253	—	255	—	236	—	255	—	262	—
Agriculture, forestry, fishing and hunting	178	—	195	—	164	—	172	—	176	—
Management of companies and enterprises	85	—	83	—	100	—	91	—	83	—
Total commercial loans and leases by industry category	36,269	50	36,051	49	36,034	51	35,332	51	34,675	51
Automobile	12,375	17	12,390	17	12,146	17	12,100	17	11,876	17
Home Equity	9,850	13	9,907	14	9,987	14	10,099	14	9,985	15
Residential mortgage	10,459	14	10,006	14	9,357	13	9,026	13	8,616	13
RV and marine finance	3,152	4	2,846	4	2,549	3	2,438	3	2,371	3
Other consumer loans	1,265	2	1,206	2	1,090	2	1,122	2	1,064	1
Total loans and leases	73,370	100%	$ 72,406	100%	$ 71,163	100%	$ 70,117	100%	$ 68,587	100%

(1) Amounts include \$3.3 billion, \$3.2 billion, \$3.4 billion, \$3.2 billion and \$3.0 billion of auto dealer services loans at September 30, 2018, June 30, 2018, March 31, 2018, December 31, 2017 and September 30, 2017, respectively.

Credit Quality

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

We believe the most meaningful way to assess overall credit quality performance is through an analysis of specific performance ratios. This approach forms the basis of the discussion in the sections immediately following: NPAs, NALs, TDRs, 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 2018 third quarter reflected continued overall positive results with low net charge-offs. Total NCOs were $29 million, or 0.16% annualized, of average total loans and leases. NCOs remained relatively flat with an increase of $1 million from the prior quarter. Commercial loans were in a net recovery position of $4 million for the third quarter. There was a 2% decline in NPAs from the prior quarter. NPAs to total loans and leases remains low at 0.55%. The ALLL to total loans and leases ratio increased two basis points to 1.04%. The ACL to total loans and leases ratio increased two basis points to 1.17%.

NPAs, NALs, AND TDRs

(This section should be read in conjunction with Note 3 of the Notes to Unaudited Condensed Consolidated Financial Statements and "Credit Quality" section of our 2017 Form 10-K.)

NPAs and NALs

Commercial loans (except for purchased credit impaired loans) are generally placed on nonaccrual status at 90-days past due, or earlier if repayment of principal and interest is in doubt. Of the $230 million of commercial related NALs at September 30, 2018, $154 million, or 67%, represented loans that were less than 30-days past due, demonstrating our continued commitment to proactive credit risk management. With the exception of residential mortgage loans guaranteed by government organizations which continue to accrue interest, first-lien loans secured by residential mortgage collateral are placed on nonaccrual status at 150-days past due. Junior-lien home equity loans are placed on nonaccrual status at the earlier of 120-days past due or when the related first-lien loan has been identified as nonaccrual. Automobile, RV and marine finance and other consumer loans are generally charged-off at 120-days past due.

When, in our judgment, the borrower's ability to make required interest and principal payments has resumed and collectability is no longer in doubt, the loan or lease could be returned to accrual status.

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

Table 12 - Nonaccrual Loans and Leases and Nonperforming Assets

(dollar amounts in millions)	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Nonaccrual loans and leases (NALs):					
Commercial and industrial	$ 211	$ 207	$ 190	$ 161	$ 170
Commercial real estate	19	25	30	29	18
Automobile	5	4	5	6	4
Home equity	67	68	75	68	71
Residential mortgage	67	73	82	84	75
RV and marine finance	1	1	1	1	—
Other consumer	—	—	—	—	—
Total nonaccrual loans and leases	370	378	383	349	338
Other real estate, net:					
Residential	22	23	23	24	26
Commercial	5	5	7	9	16
Total other real estate, net	27	28	30	33	42
Other NPAs (1)	6	6	7	7	7
Total nonperforming assets	$ 403	$ 412	$ 420	$ 389	$ 387
Nonaccrual loans and leases as a % of total loans and leases	0.50%	0.52%	0.54%	0.50%	0.49%
NPA ratio (2)	0.55	0.57	0.59	0.55	0.56

(1) Other nonperforming assets represent an investment security backed by a municipal bond for all periods presented.
(2) Nonperforming assets divided by the sum of loans and leases, other real estate owned, and other NPAs.

2018 Third Quarter versus 2017 Fourth Quarter.

Total NPAs increased by $14 million, or 4%, compared with December 31, 2017, primarily related to an increase in the C&I portfolio, partially offset by decreases in nonperforming loans in the CRE and Residential mortgage portfolios. The C&I increase was centered in a small number of credits from diverse industries.

TDR Loans

(This section should be read in conjunction with Note 3 of the Notes to Unaudited Condensed Consolidated Financial Statements and TDR Loans section of our 2017 Form 10-K.)

Over the past five quarters, the accruing component of the total TDR balance has been consistently over 82%, indicating there is no identified credit loss and the borrowers continue to make their monthly payments. As of September 30, 2018, over 80% of the $476 million of accruing TDRs secured by residential real estate (Residential mortgage and Home equity in Table 13) are current on their required payments, with over 62% of the accruing pool having had no delinquency in the past 12 months. There is limited migration from the accruing to non-accruing components, and virtually all of the charge-offs come from the non-accruing TDR balances.

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

Table 13 - Accruing and Nonaccruing Troubled Debt Restructured Loans

(dollar amounts in millions)	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
TDRs—accruing:					
Commercial and industrial	$ 308	$ 314	$ 316	$ 300	$ 268
Commercial real estate	60	65	76	78	80
Automobile	34	32	32	30	29
Home equity	257	258	261	265	265
Residential mortgage	219	221	224	224	235
RV and marine finance	2	1	1	1	1
Other consumer	10	9	6	8	7
Total TDRs—accruing	890	900	916	906	885
TDRs—nonaccruing:					
Commercial and industrial	100	87	83	82	96
Commercial real estate	8	14	16	15	4
Automobile	3	3	3	4	4
Home equity	28	28	31	28	31
Residential mortgage	46	46	52	55	50
RV and marine finance	1	1	—	—	—
Other consumer	—	—	—	—	—
Total TDRs—nonaccruing	186	179	185	184	185
Total TDRs	$ 1,076	$ 1,079	$ 1,101	$ 1,090	$ 1,070

Overall TDRs decreased slightly in the quarter. The commercial accruing TDR levels have also decreased slightly as compared to last quarter. Huntington continues to proactively work with our commercial borrowing relationships that require assistance. The resulting loan structures enable our borrowers to meet their commitments and Huntington to retain earning assets. The accruing component of TDRs meet the well secured definition and have demonstrated a period of satisfactory payment performance.

ACL

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

Our total credit reserve is comprised of two different components, both of which in our judgment are appropriate to absorb credit losses inherent in our loan and lease portfolio: the ALLL and the AULC. Combined, these reserves comprise the total ACL. Our ACL methodology committee is responsible for developing the methodology, assumptions and estimates used in the calculation, as well as determining the appropriateness of the ACL. The ALLL represents the estimate of losses inherent in the loan portfolio at the reported date. Additions to the ALLL result from recording provision expense for loan losses or increased risk levels resulting from loan risk-rating downgrades or qualitative adjustments, while reductions reflect charge-offs (net of recoveries), decreased risk levels resulting from loan risk-rating upgrades, or the sale of loans. The AULC is determined by applying the same quantitative reserve determination process to the unfunded portion of the loan exposures adjusted by an applicable funding expectation.

Loans originated for investment are stated at their principal amount outstanding adjusted for partial charge-offs, and net deferred loan fees and costs.

Our ACL evaluation process includes the on-going assessment of credit quality metrics, and a comparison of certain ACL benchmarks to current performance. While the total ACL balance increased year over year, all of the relevant benchmarks remain strong.

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

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

(dollar amounts in millions)	September 30, 2018		June 30, 2018		March 31, 2018		December 31, 2017		September 30, 2017	
ALLL										
Commercial										
Commercial and industrial	$ 419	40%	$ 413	40%	$ 402	40%	$ 377	40%	$ 374	40%
Commercial real estate	124	10	118	9	113	11	105	11	100	11
Total commercial	543	50	531	49	515	51	482	51	474	51
Consumer										
Automobile	52	17	52	17	52	17	53	17	50	17
Home equity	54	13	55	14	57	14	60	14	58	15
Residential mortgage	24	14	24	14	24	13	21	13	29	13
RV and marine finance	18	4	17	4	16	3	15	3	13	3
Other consumer	70	2	62	2	57	2	60	2	51	1
Total consumer	218	50	210	51	206	49	209	49	201	49
Total ALLL	761	100%	741	100%	721	100%	691	100%	675	100%
AULC	97		93		85		87		79	
Total ACL	$ 858		$ 834		$ 806		$ 778		$ 754	
Total ALLL as a % of										
Total loans and leases		1.04%		1.02%		1.01%		0.99%		0.98%
Nonaccrual loans and leases		206		197		188		198		200
NPAs		189		180		172		178		175
Total ACL as % of										
Total loans and leases		1.17%		1.15%		1.13%		1.11%		1.10%

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

2018 Third Quarter versus 2017 Fourth Quarter

At September 30, 2018, the ALLL was $761 million, compared to $691 million at December 31, 2017. The $70 million, or 10%, increase in the ALLL primarily relates to growth in reserve levels associated with new loan originations and the continued migration of the acquired loan portfolio into the originated portfolio. The ALLL to total loans ratio was 1.04% at September 30, 2018 and 0.99% at December 31, 2017. The ACL to total loans ratio was 1.17% at September 30, 2018 and 1.11% at December 31, 2017. We believe these ratios are appropriate given the overall moderate-to-low risk profile of our loan portfolio and its coverage levels reflect the quality of our portfolio and the current operating environment. We continue to focus on early identification of loans with changes in credit metrics and have proactive action plans for these loans.

NCOs

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

Commercial loans are either charged-off or written down to net realizable value by 90-days past due with the exception of administrative small ticket lease delinquencies. Automobile loans, RV and marine finance, and other consumer loans are generally fully charged-off at 120-days past due. First-lien and junior-lien home equity loans are charged-off to the estimated fair value of the collateral, less anticipated selling costs, at 150-days past due and 120-days past due, respectively. Residential mortgages are charged-off to the estimated fair value of the collateral, less anticipated selling costs, at 150-days past due. The remaining balance is in delinquent status until a modification can be completed, or the loan goes through the foreclosure process.

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Table 15 - Quarterly Net Charge-off Analysis

	Three Months Ended		
(dollar amounts in millions)	September 30, 2018	June 30, 2018	September 30, 2017
Net charge-offs (recoveries) by loan and lease type:			
Commercial:			
Commercial and industrial	$ (1)	$ 3	$ 13
Commercial real estate:			
Construction	—	—	(1)
Commercial	(3)	(1)	(3)
Commercial real estate	(3)	(1)	(4)
Total commercial	(4)	2	9
Consumer:			
Automobile	8	7	9
Home equity	1	—	1
Residential mortgage	2	1	2
RV and marine finance	2	2	4
Other consumer	20	16	18
Total consumer	33	26	34
Total net charge-offs	$ 29	$ 28	$ 43

	Three Months Ended		
	September 30, 2018	June 30, 2018	September 30, 2017
Net charge-offs (recoveries) - annualized percentages:			
Commercial:			
Commercial and industrial	(0.01)%	0.04 %	0.19 %
Commercial real estate:			
Construction	(0.01)	(0.22)	(0.30)
Commercial	(0.18)	(0.06)	(0.21)
Commercial real estate	(0.15)	(0.08)	(0.22)
Total commercial	(0.04)	0.02	0.11
Consumer:			
Automobile	0.26	0.22	0.33
Home equity	0.06	0.01	0.06
Residential mortgage	0.07	0.04	0.10
RV and marine finance	0.25	0.34	0.59
Other consumer	6.32	5.60	6.51
Total consumer	0.36	0.30	0.40
Net charge-offs as a % of average loans	0.16 %	0.16 %	0.25 %

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

2018 Third Quarter versus 2018 Second Quarter

NCOs were an annualized 0.16% of average loans and leases in the current quarter, remaining flat from 0.16% in the 2018 second quarter, and below our average through-the-cycle target range of 0.35% - 0.55%. Annualized NCOs for the commercial portfolios were a net recovery of (0.04)% in the current quarter compared to 0.02% in 2018 second quarter based on an increased level of recovery activity during the quarter. Consumer charge-offs were higher for the quarter, primarily driven by seasonality trends across the consumer portfolio, consistent with our expectations. Given the low level of NCOs we have experienced on an overall portfolio basis, we would expect to see some continued volatility on a quarter-to-quarter basis, largely driven by the performance of the commercial portfolios.

The table below reflects NCO detail for thenine-month periods ended September 30, 2018 and 2017:

Table 16 - Year to Date Net Charge-off Analysis

	Nine Months Ended September 30,	
(dollar amounts in millions)	2018	2017
Net charge-offs (recoveries) by loan and lease type: (1)		
Commercial:		
Commercial and industrial	$ 19	$ 34
Commercial real estate:		
Construction	(1)	(4)
Commercial	(17)	(6)
Commercial real estate	(18)	(10)
Total commercial	1	24
Consumer:		
Automobile	25	30
Home equity	4	4
Residential mortgage	4	6
RV and marine finance	7	8
Other consumer	54	46
Total consumer	94	94
Total net charge-offs	$ 95	$ 118

	Nine Months Ended September 30,	
	2018	2017
Net charge-offs (recoveries) - annualized percentages:		
Commercial:		
Commercial and industrial	0.09 %	0.16 %
Commercial real estate:		
Construction	(0.14)	(0.44)
Commercial	(0.34)	(0.13)
Commercial real estate	(0.31)	(0.18)
Total commercial	0.01	0.09
Consumer:		
Automobile	0.27	0.36
Home equity	0.06	0.06
Residential mortgage	0.05	0.09
RV and marine finance	0.33	0.49
Other consumer	6.12	6.13
Total consumer	0.35	0.39
Net charge-offs as a % of average loans	0.18 %	0.23 %

(1) Amounts presented above exclude write-downs of loans transferred to loans held for sale.

2018 First Nine Months versus 2017 First Nine Months

NCOs were $95 million, a decline of $23 million when compared with the same period in the prior year. Given the low level of commercial NCOs, we expect some continued volatility on a period-to-period comparison basis.

Market Risk

(This section should be read in conjunction with the "Market Risk" section of our 2017 Form 10-K for our on-going market risk management processes.)

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

Interest Rate Risk

Table 17 - Net Interest Income at Risk

	Net Interest Income at Risk (%)		
Basis point change scenario	-100	+100	+200
Board policy limits	-4.0 %	-2.0 %	-4.0 %
September 30, 2018	-2.6 %	3.2 %	6.1 %
December 31, 2017	-2.6 %	2.5 %	4.8 %

The NII at Risk results included in the table above reflect the analysis used monthly by management. It models gradual -100, +100 and +200 basis point parallel shifts in market interest rates, implied by the forward yield curve over the next twelve months. The down 100 basis point scenario, included in Table 17, was added as rates have risen sufficiently, such that yields will not reach zero percent, producing meaningful interest rate risk metrics. This replaces the down 25 basis point scenario reported in prior quarters.

Our NII at Risk is within our board of director's policy limits for the -100, +100 and +200 basis point scenarios. The NII at Risk shows that our balance sheet is asset sensitive at both September 30, 2018, and December 31, 2017.

Table 18 - Economic Value of Equity at Risk

	Economic Value of Equity at Risk (%)		
Basis point change scenario	-100	+100	+200
Board policy limits	-6.0 %	-6.0 %	-12.0 %
September 30, 2018	-3.2 %	1.6 %	2.0 %
December 31, 2017	-5.4 %	1.9 %	1.9 %

The EVE results included in the table above reflect the analysis used monthly by management. It models immediate -100, +100 and +200 basis point parallel shifts in market interest rates. The down 100 basis point scenario, included in Table 18, was added as rates have risen sufficiently, such that yields will not reach zero percent, producing meaningful interest rate risk metrics. This replaces the down 25 basis point scenario reported in prior quarters.

We are within our board of director's policy limits for the -100, +100 and +200 basis point scenarios. The EVE depicts a moderate asset sensitive balance sheet profile.

MSRs

(This section should be read in conjunction with Note 7 of Notes to the Unaudited Condensed Consolidated Financial Statements.)

At September 30, 2018, we had a total of $219 million of capitalized MSRs representing the right to service $21 billion in mortgage loans. Of this $219 million, $11 million was recorded using the fair value method and $208 million was recorded using the amortization method.

MSR fair values are sensitive to movements in interest rates as expected future net servicing income depends on the projected outstanding principal balances of the underlying loans, which can be reduced by prepayments. Prepayments usually increase when mortgage interest rates decline and decrease when mortgage interest rates rise. We have employed hedging strategies to reduce the risk of MSR fair value changes or impairment. However, volatile changes in interest rates can diminish 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. Changes in fair value between reporting dates are recognized as an increase or a decrease in mortgage banking income.

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

Price Risk

Price risk represents the risk of loss arising from adverse movements in the prices of financial instruments that are carried at fair value and are subject to fair value accounting. We have price risk from trading securities, securities owned by our broker-dealer subsidiary, foreign exchange positions 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 of our2017 Form 10-K for our on-going liquidity risk management processes.)

Our primary source of liquidity is our core deposit base. Core deposits comprised approximately 95% of total deposits at September 30, 2018. We also have available unused wholesale sources of liquidity, including advances from the FHLB of Cincinnati, issuance through dealers in the capital markets, and access to certificates of deposit issued through brokers. Liquidity is further provided by unencumbered, or unpledged, investment securities that totaled $17.2 billion as of September 30, 2018.

Bank Liquidity and Sources of Funding

Our primary sources of funding for the Bank are retail and commercial core deposits. At September 30, 2018, these core deposits funded 74% of total assets (106% of total loans). Other sources of liquidity include non-core deposits, FHLB advances, wholesale debt instruments, and securitizations. Demand deposit overdrafts that have been reclassified as loan balances were $22 million at September 30, 2018 and December 31, 2017, respectively.

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

Table 19 - Deposit Composition

(dollar amounts in millions)	September 30, 2018		June 30, 2018		March 31, 2018		December 31, 2017		September 30, 2017	
By Type:										
Demand deposits—noninterest-bearing	$ 19,863	24%	$ 20,353	26%	$ 20,807	26%	$ 21,546	28%	$ 22,225	28%
Demand deposits—interest-bearing	19,615	24	19,026	24	19,337	25	18,001	23	18,343	23
Money market deposits	21,411	26	20,990	26	20,849	26	20,690	27	20,553	26
Savings and other domestic deposits	11,604	14	10,987	14	11,291	14	11,270	15	11,441	15
Core certificates of deposit	5,358	7	4,402	6	3,157	4	1,934	3	2,009	3
Total core deposits:	77,851	95	75,758	96	75,441	95	73,441	96	74,571	95
Other domestic deposits of $250,000 or more	318	1	265	—	228	—	239	—	418	1
Brokered deposits and negotiable CDs	3,520	4	3,564	4	3,802	5	3,361	4	3,456	4
Total deposits	$ 81,689	100%	$ 79,587	100%	$ 79,471	100%	$ 77,041	100%	$ 78,445	100%
Total core deposits:										
Commercial	$ 35,455	46%	$ 34,094	45%	$ 34,615	46%	$ 34,273	47%	$ 35,516	48%
Consumer	42,396	54	41,664	55	40,826	54	39,168	53	39,055	52
Total core deposits	$ 77,851	100%	$ 75,758	100%	$ 75,441	100%	$ 73,441	100%	$ 74,571	100%

The Bank maintains borrowing capacity at the FHLB and the Federal Reserve Bank Discount Window. The Bank does not consider borrowing capacity from the Federal Reserve Bank Discount Window as a primary source of liquidity. Total loans pledged to the Federal Reserve Discount Window and the FHLB are $44.1 billion and $31.7 billion at September 30, 2018 and December 31, 2017, respectively.

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, brokered deposits and negotiable CDs, short-term borrowings, and long-term debt. At September 30, 2018, total wholesale funding was $14.6 billion, a decrease from $17.9 billion at December 31, 2017. The decrease from year-end primarily relates to a decrease in short-term borrowings.

Liquidity Coverage Ratio

At September 30, 2018, the Bank is in compliance with the LCR requirements and management believes it has sufficient liquidity to meet its cash flow obligations for the foreseeable future.

Parent Company Liquidity

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

At September 30, 2018 and December 31, 2017, the parent company had $2.6 billion and $1.6 billion, respectively, in cash and cash equivalents.

During the 2018 first quarter, Huntington elected to effect the conversion of all of its outstanding 8.50% Series A Non-Cumulative Perpetual Convertible Preferred Stock into common stock, and issued $500 million of Series E Preferred Stock. See Note 10 of Notes to the Unaudited Condensed Consolidated Financial Statements for further information.

On October 17, 2018, the board of directors declared a quarterly common stock cash dividend of $0.14 per common share. The dividend is payable on January 2, 2019, to shareholders of record on December 18, 2018. Based on the current quarterly dividend of $0.14 per common share, cash demands required for common stock dividends are estimated to be approximately $149 million per quarter. On October 17, 2018, the board of directors declared a quarterly Series B, Series C, Series D, and Series E Preferred Stock dividend payable on January 15, 2019 to shareholders of record on January 1, 2019. Cash demands required for Series B are expected to be less than $1 million per quarter. Cash demands required for Series C, Series D and Series E are expected to be approximately $2 million, $9 million and $7 million per quarter, respectively.

During the first nine months of 2018, the Bank paid a preferred dividend of $34 million and common stock dividend of $1.4 billion to the holding company. To meet any additional liquidity needs, the parent company may issue debt or equity securities from time to time.

Off-Balance Sheet Arrangements

In the normal course of business, we enter into various off-balance sheet arrangements. These arrangements include commitments to extend credit, interest rate swaps, 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; inadequate or failed internal systems and controls, including the use of financial or other quantitative methodologies that may not adequately predict future results; violations of, or noncompliance with, laws, rules, regulations, prescribed practices, or ethical standards; and external influences such as market conditions, fraudulent activities, disasters, and security risks. We continuously strive to strengthen our system of internal controls to ensure compliance with laws, rules, and regulations, and to improve the oversight of our operational risk. We actively 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.

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 mitigate operational risks, we have an Operational Risk Committee, a Legal, Regulatory, and Compliance 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 recommendations to the Risk Management Committee. Potential concerns may be escalated to our ROC of the Board, 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 techniques and strategies; minimize operational, fraud, and legal losses; minimize the impact of inadequately designed models and enhance our overall performance.

Compliance Risk

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

Capital

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

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

Table 20 - Regulatory Capital Data

		Basel III		
(dollar amounts in millions)		September 30, 2018	June 30, 2018	September 30, 2017
Total risk-weighted assets	Consolidated	$ 83,580	$ 82,951	$ 78,631
	Bank	83,847	83,051	78,848
CET I risk-based capital	Consolidated	8,263	8,737	7,817
	Bank	8,601	9,016	8,491
Tier 1 risk-based capital	Consolidated	9,470	9,944	8,886
	Bank	9,480	9,896	9,362
Tier 2 risk-based capital	Consolidated	1,697	1,643	1,639
	Bank	1,895	1,833	1,706
Total risk-based capital	Consolidated	11,167	11,587	10,525
	Bank	11,375	11,729	11,068
Tier 1 leverage ratio	Consolidated	9.14%	9.65%	8.96%
	Bank	9.15	9.62	9.44
CET I risk-based capital ratio	Consolidated	9.89	10.53	9.94
	Bank	10.26	10.86	10.77
Tier 1 risk-based capital ratio	Consolidated	11.33	11.99	11.30
	Bank	11.31	11.92	11.87
Total risk-based capital ratio	Consolidated	13.36	13.97	13.39
	Bank	13.57	14.12	14.04

At September 30, 2018, we maintained Basel III transitional capital ratios in excess of the well-capitalized standards established by the FRB.

CET1 risk-based capital ratio was 9.89% at September 30, 2018, down from 10.53% at June 30, 2018. The regulatory Tier 1 risk-based capital ratio was 11.33% compared to 11.99% at June 30, 2018.

Consistent with the 2018 CCAR capital plan, the Company repurchased $691 million of common stock during the2018 third quarter at an average cost of $15.82 per share. Included in the quarter's share repurchase activity, the Company completed the previously announced $400 million ASR. As contemplated in our 2018 CCAR capital plan, the ASR effectively offset the impact of the $363 million Series A preferred equity conversion in the 2018 first quarter.

Shareholders' Equity

We generate shareholders' equity primarily through the retention of earnings, net of dividends and share repurchases. Other potential sources of shareholders' equity include issuances of common and preferred stock. Our objective is to maintain capital at an amount commensurate with our risk profile and risk tolerance objectives, to meet both regulatory and market expectations, and to provide the flexibility needed for future growth and business opportunities.

Shareholders' equity totaled $10.9 billion at September 30, 2018, an increase of $0.1 billion when compared with December 31, 2017.

On June 28, 2018, Huntington was notified by the Federal Reserve that it had no objection to Huntington's proposed capital actions included in Huntington's capital plan submitted in the 2018 CCAR. These actions included a 27% increase in quarterly dividend per common share to $0.14, starting in the third quarter of 2018, the repurchase of up to $1.068 billion of common stock over the next four quarters (July 1, 2018 through June 30, 2019), and maintaining dividends on the outstanding classes of preferred stock and trust preferred securities. Any capital actions, including those contemplated in the above announced actions, are subject to consideration and evaluation by Huntington's Board of Directors.

On July 17, 2018, the Board authorized the repurchase of up to $1.068 billion of common shares over the four quarters through the 2019 second quarter. During the 2018 third quarter, Huntington repurchased a total of 43.7 million shares at a weighted average share price of $15.82, with 25.3 million shares repurchased under the accelerated share repurchase program discussed below, and the remaining 18.4 million shares through open-market repurchases.

On July 27, 2018, Huntington entered into an accelerated share repurchase agreement for the repurchase of approximately $400 million of its outstanding common shares. The accelerated share repurchase program enabled Huntington to purchase 20.9 million shares immediately. The accelerated share repurchase program ended in September 2018, resulting in approximately 4.4 million shares being delivered to Huntington.

Dividends

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

Share Repurchases

From time to time the board of directors authorizes the Company to repurchase shares of our common stock. Although we announce when the board of directors authorizes share repurchases, we typically do not give any public notice before we repurchase our shares. Future stock repurchases may be private or open-market repurchases, including block transactions, accelerated or delayed block transactions, forward transactions, and similar transactions. Various factors determine the amount and timing of our share repurchases, including our capital requirements, the number of shares we expect to issue for employee benefit plans and acquisitions, market conditions (including the trading price of our stock), and regulatory and legal considerations, including the FRB's response to our annual capital plan. Huntington repurchased 47 million shares during the first nine-months of 2018.

BUSINESS SEGMENT DISCUSSION

Overview

Our business segments are based on our internally-aligned segment leadership structure, which is how we monitor results and assess performance. We have four major business segments: Consumer and Business Banking, Commercial Banking, 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 Significant Items, and a small amount of other residual unallocated expenses, are allocated to the four business segments.

Funds Transfer Pricing (FTP)

We use an active and centralized FTP methodology to attribute appropriate income to the business segments. The intent of the FTP methodology is to transfer interest rate risk from the business segments by providing matched duration funding of assets and liabilities. The result is to centralize the financial impact, management, and reporting of interest rate risk in the Treasury / Other function where it can be centrally monitored and managed. The Treasury / Other function charges (credits) an internal cost of funds for assets held in (or pays for funding provided by) each business segment. The FTP rate is based on prevailing market interest rates for comparable duration assets (or liabilities). A new methodology for establishing FTP rates was adopted in 2017, therefore, prior period amounts have been restated to reflect the new methodology.

Net Income by Business Segment

Net income by business segment for the nine-month periods ending September 30, 2018 and September 30, 2017 is presented in the following table:

Table 21 - Net Income by Business Segment

	Nine Months Ended September 30,	
(dollar amounts in millions)	2018	2017
Consumer and Business Banking	$ 336	$ 246
Commercial Banking	399	330
Vehicle Finance	128	111
RBHPCG	79	55
Treasury / Other	117	12
Net income	$ 1,059	$ 754

Treasury / Other

The Treasury / Other function includes revenue and expense related to assets, liabilities, and equity not directly assigned or allocated to one of the four business segments. 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, 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 and a 35% tax rate for periods prior to January 1, 2018, although our overall effective tax rate is lower. As a result, Treasury / Other reflects a credit for income taxes representing the difference between the lower effective tax rate and the statutory tax rate used at the time to allocate income taxes to the business segments.

Consumer and Business Banking

Table 22 - Key Performance Indicators for Consumer and Business Banking

	Nine Months Ended September 30,		Change	
(dollar amounts in millions)	2018	2017	Amount	Percent
Net interest income	$ 1,239	$ 1,151	$ 88	8 %
Provision for credit losses	101	75	26	35
Noninterest income	553	544	9	2
Noninterest expense	1,266	1,242	24	2
Provision for income taxes	89	132	(43)	(33)
Net income	$ 336	$ 246	$ 90	37 %
Number of employees (average full-time equivalent)	8,402	8,696	(294)	(3)%
Total average assets	$ 26,692	$ 25,496	$ 1,196	5
Total average loans/leases	21,712	20,612	1,100	5
Total average deposits	47,082	45,257	1,825	4
Net interest margin	3.62 %	3.50 %	0.12 %	3
NCOs	$ 75	$ 75	$ —	—
NCOs as a % of average loans and leases	0.46 %	0.49 %	(0.03)%	(6)

2018 First Nine Months versus 2017 First Nine Months

Consumer and Business Banking, including Home Lending, reported net income of $336 million in the first nine-month period of 2018, an increase of $90 million, or 37%, compared to the year-ago period. Segment net interest income increased $88 million, or 8%, primarily due to an increase in total average loans and deposits. The provision for credit losses increased $26 million, or 35%. Noninterest income increased $9 million, or 2%, due to an increase in card and payment processing income, as a result of higher card-related transaction volumes, along with increased service charge income on deposit accounts. Noninterest expense increased $24 million, or 2% due to increased personnel costs and allocated expenses.

Home Lending, an operating unit of Consumer and Business Banking, reflects the result of the origination and servicing of mortgage loans less referral fees and net interest income for mortgage banking products distributed by the retail branch network and other business segments. Home Lending reported a loss of $8 million in the first nine-month period of 2018, compared with net income of $6 million in the year-ago period. Noninterest expense increased $26 million, or 25%, as a result of higher allocated indirect costs and higher personnel and loan origination expense. This is the result of higher loan origination volume and increased headcount related to sales expansion initiatives. Total revenues remained largely unchanged due to an improvement in net interest income, offset by a reduction to noninterest income.

Commercial Banking

Table 23 - Key Performance Indicators for Commercial Banking

	Nine Months Ended September 30,		Change	
(dollar amounts in millions)	2018	2017	Amount	Percent
Net interest income	$ 688	$ 675	$ 13	2 %
Provision for credit losses	38	15	23	153
Noninterest income	228	201	27	13
Noninterest expense	373	353	20	6
Provision for income taxes	106	178	(72)	(40)
Net income	$ 399	$ 330	$ 69	21 %
Number of employees (average full-time equivalent)	1,250	1,233	17	1 %
Total average assets	$ 32,936	$ 31,329	$ 1,607	5
Total average loans/leases	26,267	25,291	976	4
Total average deposits	22,062	20,830	1,232	6
Net interest margin	3.19 %	3.34 %	(0.15)%	(4)
NCOs (Recoveries)	$ (12)	$ 3	$ (15)	(500)
NCOs as a % of average loans and leases	(0.06)%	0.02 %	(0.08)%	(400)

2018 First Nine Months versus 2017 First Nine Months

Commercial Banking reported net income of $399 million in the first nine-month period of 2018, an increase of $69 million, or 21%, compared to the year-ago period. Segment net interest income increased $13 million, or 2%, primarily due to growth of 4% in average loans and leases and a 6% growth in average deposits which was partially offset by a 15 basis point decrease in net interest margin driven by a decline in loan and lease spreads partially offset by an increase in deposit spreads. Provision for credit losses increased $23 million, or 153%, primarily due to growth in end-of-period loan and lease portfolio, partially offset by a reduction in net-charge-offs. Noninterest income increased $27 million, or 13%, largely driven by an increase in capital markets related revenues, and loan commitment and other fees (including syndications). Noninterest expense increased $20 million, or 6%, primarily due to personnel expense and allocated overhead, partially offset by a decrease in operating lease expense.

Vehicle Finance

Table 24 - Key Performance Indicators for Vehicle Finance

	Nine Months Ended September 30,		Change	
(dollar amounts in millions)	2018	2017	Amount	Percent
Net interest income	$ 300	$ 318	$ (18)	(6)%
Provision for credit losses	36	45	(9)	(20)
Noninterest income	8	11	(3)	(27)
Noninterest expense	110	113	(3)	(3)
Provision for income taxes	34	60	(26)	(43)
Net income	$ 128	$ 111	$ 17	15 %
Number of employees (average full-time equivalent)	263	250	13	5 %
Total average assets	$ 18,273	$ 16,779	$ 1,494	9
Total average loans/leases	18,248	16,747	1,501	9
Total average deposits	338	328	10	3
Net interest margin	2.20%	2.54%	(0.34)%	(13)
NCOs	$ 32	$ 38	$ (6)	(16)
NCOs as a % of average loans and leases	0.23%	0.30%	(0.07)%	(23)

2018 First Nine Months versus 2017 First Nine Months

Vehicle Finance reported net income of $128 million in the first nine-month period of 2018, an increase of $17 million, or 15%, compared to the year-ago period, primarily reflecting the decrease in provision for credit losses. Segment net interest income decreased $18 million or 6%, due to a 34 basis point decrease in the net interest margin primarily reflecting the continued run off of the acquired loan portfolios and the related purchase accounting impact. This decrease was offset in part by a $1.5 billion, or 9%, increase in average loan balances. Average automobile loans and RV and marine finance loans increased reflecting the expansion of the RV and marine finance acquired business into 17 new states. Noninterest income decreased $3 million, or 27%, primarily due to a decrease in net servicing income on securitized automobile loans and lower recoveries of acquired loans that were charged-off prior to acquisition. Noninterest expense decreased $3 million, or 3%, primarily reflecting lower allocated costs attributed to improved operating efficiencies.

Regional Banking and The Huntington Private Client Group

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

	Nine Months Ended September 30,		Change	
(dollar amounts in millions)	2018	2017	Amount	Percent
Net interest income	$ 139	$ 126	$ 13	10 %
Provision for credit losses	—	1	(1)	(100)
Noninterest income	145	141	4	3
Noninterest expense	184	182	2	1
Provision for income taxes	21	29	(8)	(28)
Net income	$ 79	$ 55	$ 24	44 %
Number of employees (average full-time equivalent)	1,026	1,027	(1)	— %
Total average assets	$ 6,050	$ 5,476	$ 574	10
Total average loans/leases	5,394	4,782	612	13
Total average deposits	5,837	6,041	(204)	(3)
Net interest margin	3.25 %	2.87 %	0.38 %	13
NCOs	$ —	$ 2	$ (2)	(100)
NCOs as a % of average loans and leases	0.01 %	0.05 %	(0.04)%	(80)
Total assets under management (in billions)—eop	$ 17.2	$ 18.0	$ (0.8)	(4)
Total trust assets (in billions)—eop	114.3	106.3	8.0	8

eop - End of Period.

2018 First Nine Months versus 2017 First Nine Months

RBHPCG reported net income of $79 million in the first nine-month period of 2018, an increase of $24 million, or 44%, compared to the year-ago period. Segment net interest income increased $13 million, or 10%, due to a 38 basis point increase in net interest margin and a 13% increase in average loans and leases, primarily residential real estate mortgage loans. Noninterest income increased $4 million, or 3%, primarily reflecting increased trust and investment management revenue as a result of an increase in trust assets and strong market performance. Noninterest expense increased $2 million, or 1%, as a result of increased personnel costs related to the hiring of additional client advisors.

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; uncertainty in U.S. fiscal and monetary policy, including the interest rate policies of the Federal Reserve Board; volatility and disruptions in global capital and credit markets; movements in interest rates; competitive pressures on product pricing and services; success, impact, and timing of our business strategies, including market acceptance of any new products or services implementing our “Fair Play” banking philosophy; the nature, extent, timing, and results of governmental actions, examinations, reviews, reforms, regulations, and interpretations, including those related to the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Basel III regulatory capital reforms, as well as those involving the OCC, Federal Reserve, FDIC, and CFPB; and other factors that may affect our future results. Additional factors that could cause results to differ materially from those described above can be found in our 2017 Annual Report on Form 10-K, as well as our subsequent Securities and Exchange Commission ("SEC") filings, which are on file with the SEC and available in the "Investor Relations" section of our website, http://www.huntington.com, under the heading "Publications and Filings."

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

Non-GAAP Financial Measures

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

Significant Items

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

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

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

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

Fully-Taxable Equivalent Basis

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 and 35 percent for the 2018 and 2017 periods, respectively. We encourage readers to consider the consolidated financial statements and other financial information contained in this Form 10-Q in their entirety, and not to rely on any single financial measure.

Non-Regulatory Capital Ratios

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

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

These non-regulatory capital ratios are viewed by management as useful additional methods of reflecting the level of capital available to withstand unexpected market conditions. Additionally, presentation of these ratios allows readers to compare the Company's capitalization to other financial services companies. These ratios differ from capital ratios defined by banking regulators principally in that the numerator excludes 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, the Company encourages readers to consider the consolidated financial statements and other financial information contained in this Form 10-Q in their entirety, and not to rely on any single financial measure.

Risk Factors

More information on risk is discussed in the Risk Factors section included in Item 1A of our2017 Form 10-K. Additional information regarding risk factors can also be found in the Risk Management and Capital discussion of this report.

Critical Accounting Policies and Use of Significant Estimates

Our 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 December 31, 2017 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 estimates relate to our ACL, valuation of financial instruments, contingent liabilities, income taxes, and deferred tax assets/liabilities. These significant accounting estimates and their related application are discussed in our December 31, 2017 Form 10-K.

Recent Accounting Pronouncements and Developments

Note 2 of the Notes to Unaudited Condensed Consolidated Financial Statements discusses new accounting pronouncements adopted during2018 and the expected impact of accounting pronouncements recently issued but not yet required to be adopted. To the extent the adoption of new accounting standards materially affect financial condition, results of operations, or liquidity, the impacts are discussed in the applicable section of this MD&A and the Notes to Unaudited Condensed Consolidated Financial Statements.

Fair Value

At the end of each quarter, we assess the valuation hierarchy for each asset or liability measured. As necessary, assets or liabilities may be transferred within hierarchy levels due to changes in availability of observable market inputs at the measurement date. The fair values measured at each level of the fair value hierarchy, additional discussion regarding fair value measurements, and a brief description of how fair value is determined for categories that have unobservable inputs, can be found in Note 14 of the Notes to Unaudited Condensed Consolidated Financial Statements.

Item 1: Financial Statements

Huntington Bancshares Incorporated
Condensed Consolidated Balance Sheets
(Unaudited)

(dollar amounts in millions)	September 30, 2018	December 31, 2017
Assets		
Cash and due from banks	$ 1,299	$ 1,520
Interest-bearing deposits in banks	43	47
Trading account securities	83	86
Available-for-sale securities	13,727	14,869
Held-to-maturity securities	8,465	9,091
Other securities	565	600
Loans held for sale (includes $727 and $413 respectively, measured at fair value)(1)	792	488
Loans and leases (includes $81 and $93 respectively, measured at fair value)(1)	73,370	70,117
Allowance for loan and lease losses	(761)	(691)
Net loans and leases	72,609	69,426
Bank owned life insurance	2,494	2,466
Premises and equipment	827	864
Goodwill	1,993	1,993
Other intangible assets	306	346
Servicing rights	251	238
Accrued income and other assets	2,198	2,151
Total assets	$ 105,652	$ 104,185
Liabilities and shareholders' equity		
Liabilities		
Deposits	$ 81,689	$ 77,041
Short-term borrowings	1,348	5,056
Long-term debt	9,385	9,206
Accrued expenses and other liabilities	2,296	2,068
Total liabilities	94,718	93,371
Commitments and contingencies (Note 17)		
Shareholders' equity		
Preferred stock	1,203	1,071
Common stock	11	11
Capital surplus	9,358	9,707
Less treasury shares, at cost	(44)	(35)
Accumulated other comprehensive loss	(790)	(528)
Retained earnings	1,196	588
Total shareholders' equity	10,934	10,814
Total liabilities and shareholders' equity	$ 105,652	$ 104,185
Common shares authorized (par value of $0.01)	1,500,000,000	1,500,000,000
Common shares issued	1,065,251,488	1,075,294,946
Common shares outstanding	1,061,529,259	1,072,026,681
Treasury shares outstanding	3,722,229	3,268,265
Preferred stock, authorized shares	6,617,808	6,617,808
Preferred shares issued	2,707,571	2,702,571
Preferred shares outstanding	740,500	1,098,006

(1) Amounts represent loans for which Huntington has elected the fair value option. See Note 14.

See Notes to Unaudited Condensed Consolidated Financial Statements

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Huntington Bancshares Incorporated

Condensed Consolidated Statements of Income

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in millions)	2018	2017	2018	2017
Interest and fee income:				
Loans and leases	$ 848	$ 724	$ 2,414	$ 2,100
Available-for-sale securities				
Taxable	68	69	209	215
Tax-exempt	24	19	71	56
Held-to-maturity securities—taxable	52	49	159	138
Other securities—taxable	6	5	19	14
Other	9	7	21	16
Total interest income	1,007	873	2,893	2,539
Interest expense:				
Deposits	112	50	259	126
Short-term borrowings	9	6	42	17
Subordinated notes and other long-term debt	84	59	236	163
Total interest expense	205	115	537	306
Net interest income	802	758	2,356	2,233
Provision for credit losses	53	43	175	136
Net interest income after provision for credit losses	749	715	2,181	2,097
Service charges on deposit accounts	93	91	270	262
Cards and payment processing income	57	54	166	153
Trust and investment management services	43	39	129	115
Mortgage banking income	31	34	85	98
Insurance income	19	18	61	60
Capital markets fees	22	22	62	53
Bank owned life insurance income	19	16	51	49
Gain on sale of loans and leases	16	14	39	39
Net (losses) gains on sales of securities	(2)	—	(2)	4
Impairment losses on available-for-sale securities	—	—	—	(4)
Other noninterest income	44	42	131	138
Total noninterest income	342	330	992	967
Personnel costs	388	377	1,160	1,151
Outside data processing and other services	69	80	211	242
Net occupancy	38	55	114	176
Equipment	38	45	116	135
Deposit and other insurance expense	18	19	54	59
Professional services	17	15	43	51
Marketing	12	17	38	50
Amortization of intangibles	13	14	40	42
Other noninterest expense	58	58	160	176
Total noninterest expense	651	680	1,936	2,082
Income before income taxes	440	365	1,237	982
Provision for income taxes	62	90	178	228
Net income	378	275	1,059	754
Dividends on preferred shares	18	19	51	57
Net income applicable to common shares	$ 360	$ 256	$ 1,008	$ 697

(dollar amounts in millions, share amounts in thousands)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Average common shares—basic	1,084,536	1,086,038	1,090,570	1,087,115
Average common shares—diluted	1,103,740	1,106,491	1,116,978	1,107,878
Per common share:				
Net income—basic	$ 0.33	$ 0.24	$ 0.92	$ 0.64
Net income—diluted	0.33	0.23	0.90	0.63
Cash dividends declared	0.14	0.08	0.36	0.24
OTTI losses for the periods presented:				
Total OTTI losses	$ —	$ —	$ —	$ (4)
Noncredit-related portion of loss recognized in OCI	—	—	—	—
Impairment losses recognized in earnings on available-for-sale securities	$ —	$ —	$ —	$ (4)

See Notes to Unaudited Condensed Consolidated Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in millions)	2018	2017	2018	2017
Net income	$ 378	$ 275	$ 1,059	$ 754
Other comprehensive income, net of tax:				
Unrealized gains (losses) on available-for-sale securities:				
Non-credit-related impairment recoveries (losses) on debt securities not expected to be sold	—	—	—	2
Unrealized net gains (losses) on available-for-sale securities arising during the period, net of reclassification for net realized gains and losses	(62)	(22)	(264)	25
Total unrealized gains (losses) on available-for-sale securities	(62)	(22)	(264)	27
Unrealized gains (losses) on cash flow hedging derivatives, net of reclassifications to income	—	2	—	2
Change in accumulated unrealized losses for pension and other post-retirement obligations	1	1	3	2
Other comprehensive income (loss), net of tax	(61)	(19)	(261)	31
Comprehensive income	$ 317	$ 256	$ 798	$ 785

See Notes to Unaudited Condensed Consolidated Financial Statements

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

(dollar amounts in millions, share amounts in thousands)	Preferred Stock	Common Stock		Capital Surplus	Treasury Stock		Accumulated Other Comprehensive Loss	Retained Earnings (Deficit)	Total
	Amount	Shares	Amount		Shares	Amount			
Nine Months Ended September 30, 2018									
Balance, beginning of period	$ 1,071	1,075,295	$ 11	$ 9,707	(3,268)	$ (35)	$ (528)	$ 588	$ 10,814
Cumulative-effect adjustment (ASU 2016-01)							(1)	1	—
Net income								1,059	1,059
Other comprehensive income (loss)							(261)		(261)
Net proceeds from issuance of Preferred Series E Stock	495								495
Repurchases of common stock		(46,677)	—	(739)					(739)
Cash dividends declared:									
Common ($0.36 per share)								(393)	(393)
Preferred Series B ($36.51 per share)								(2)	(2)
Preferred Series C ($44.07 per share)								(4)	(4)
Preferred Series D ($46.88 per share)								(28)	(28)
Preferred Series E ($3,467.50 per share)								(17)	(17)
Conversion of Preferred Series A Stock to Common Stock	(363)	30,330		363					—
Recognition of the fair value of share-based compensation				59					59
Other share-based compensation activity		6,303	—	(32)				(8)	(40)
Other				—	(454)	(9)			(9)
Balance, end of period	$ 1,203	1,065,251	$ 11	$ 9,358	(3,722)	$ (44)	$ (790)	$ 1,196	$ 10,934
Nine Months Ended September 30, 2017									
Balance, beginning of period	$ 1,071	1,088,641	$ 11	$ 9,881	(2,953)	$ (27)	$ (401)	$ (227)	$ 10,308
Net income								754	754
Other comprehensive income (loss)							31		31
Repurchase of common stock		(9,645)	—	(123)					(123)
Cash dividends declared:									
Common ($0.24 per share)								(261)	(261)
Preferred Series A ($63.75 per share)								(23)	(23)
Preferred Series B ($28.96 per share)								(1)	(1)
Preferred Series C ($44.07 per share)								(5)	(5)
Preferred Series D ($46.88 per share)								(28)	(28)
Recognition of the fair value of share-based compensation				73					73
Other share-based compensation activity		5,361	—	(12)				(8)	(20)
Other		10	—	2	(468)	(8)		—	(6)
Balance, end of period	$ 1,071	1,084,367	$ 11	$ 9,821	(3,421)	$ (35)	$ (370)	$ 201	$ 10,699

See Notes to Unaudited Condensed Consolidated Financial Statements

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

(dollar amounts in millions)	Nine Months Ended September 30, 2018	2017
Operating activities		
Net income	$ 1,059	$ 754
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provision for credit losses	175	136
Depreciation and amortization	350	307
Share-based compensation expense	59	73
Deferred income tax expense	125	36
Net losses (gains) on sales of securities	2	(4)
Impairment losses recognized in earnings on available-for-sale securities	—	4
Net change in:		
Trading account securities	3	45
Loans held for sale	(384)	(164)
Accrued income and other assets	(325)	(137)
Accrued expense and other liabilities	215	42
Other, net	(135)	14
Net cash provided by (used in) operating activities	1,144	1,106
Investing activities		
Change in interest bearing deposits in banks	62	21
Proceeds from:		
Maturities and calls of available-for-sale securities	1,539	1,081
Maturities of held-to-maturity securities	573	793
Sales of available-for-sale securities	381	1,247
Maturities, calls, and sales of other securities	40	8
Purchases of available-for-sale securities	(1,044)	(3,169)
Purchases of held-to-maturity securities	(71)	(690)
Purchases of other securities	(5)	(40)
Net proceeds from sales of portfolio loans	461	427
Net loan and lease activity, excluding sales and purchases	(3,583)	(2,159)
Purchases of premises and equipment	(62)	(145)
Purchases of loans and leases	(318)	(113)
Other, net	50	37
Net cash provided by (used in) investing activities	(1,977)	(2,702)
Financing activities		
Increase in deposits	4,648	2,837
Decrease in short-term borrowings	(3,613)	(1,865)
Net proceeds from issuance of long-term debt	2,121	1,773
Maturity/redemption of long-term debt	(1,915)	(883)
Dividends paid on preferred stock	(51)	(57)
Dividends paid on common stock	(362)	(262)
Repurchases of common stock	(739)	(123)
Net proceeds from issuance of preferred stock	495	—
Net proceeds from issuance of secured financing	50	—
Payments related to tax-withholding for share based compensation awards	(27)	(24)
Other, net	5	9
Net cash provided by (used for) financing activities	612	1,405
Increase (decrease) in cash a cash equivalents	(221)	(191)
Cash and cash equivalents at beginning of period	1,520	1,385
Cash and cash equivalents at end of period	$ 1,299	$ 1,194

(dollar amounts in millions)	Nine Months Ended September 30, 2018	2017
Supplemental disclosures:		
Interest paid	$ 527	$ 307
Income taxes (refunded) paid	(112)	71
Non-cash activities		
Loans transferred to held-for-sale from portfolio	470	446
Loans transferred to portfolio from held-for-sale	49	5
Transfer of loans to OREO	15	24
Transfer of securities from held-to-maturity to available-for-sale	2,833	—
Transfer of securities from available-for-sale to held-to-maturity	2,707	993

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 2017 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" which includes amounts on deposit with the Federal Reserve and "Federal funds sold and securities purchased under resale agreements."

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

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

2. ACCOUNTING STANDARDS UPDATE

Accounting standards adopted in current period

Standard	Summary of guidance	Effects on financial statements
ASU 2014-09 - Revenue from Contracts with Customers (Topic 606). Issued May 2014	- Topic 606 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. - Requires an entity to recognize revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. - Also requires additional qualitative and quantitative disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. - Guidance sets forth a five step approach for revenue recognition.	- Huntington adopted the new guidance on January 1, 2018 using the modified retrospective approach. - The update did not have a significant impact on Huntington's Unaudited Condensed Consolidated Financial Statements. - See Note 12 for further detail impact on adoption.
ASU 2016-01 - Recognition and Measurement of Financial Assets and Financial Liabilities. Issued January 2016	- Makes targeted improvements related to certain aspects of recognition, measurement, presentation and disclosures for financial instruments including requiring an entity to: (a) Measure its equity investments with changes in the fair value recognized in the income statement. (b) Present separately in OCI the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments (i.e., FVO liability). (c) Use the exit price notion when measuring the fair value of financial instruments for disclosure purposes. (d) Assess deferred tax assets related to a net unrealized loss on AFS securities in combination with the entity's other deferred tax assets.	- Huntington adopted the new guidance on January 1, 2018 using the modified retrospective approach. - Amendments were applied as a cumulative-effect adjustment to the balance sheet as of January 1, 2018. - Huntington reclassified $19 million of equity securities from AFS Securities to Other Securities on the Unaudited Condensed Consolidated Balance Sheets and reclassified unrealized gains of $1 million from AOCI to Retained Earnings. Prior periods have been adjusted to present these securities as Other Securities to facilitate comparison.
ASU 2016-15 - Classification of Certain Cash Receipts and Cash Payments. Issued August 2016	- Clarifies guidance on the classification of certain cash receipts and payments in the statement of cash flows. - Provides consistent principles for evaluating the classification of cash payments and receipts in the statement of cash flows to reduce diversity in practice with respect to several types of cash flows.	- Huntington adopted the new guidance on January 1, 2018. - The update did not have a significant impact on Huntington's Unaudited Condensed Consolidated Financial Statements.
ASU 2017-07 - Improving the Presentation of Net Periodic Pension Cost and Periodic Postretirement Benefit Cost. Issued March 2017	- Requires that an employer report the service cost component of the pension cost and postretirement benefit cost in the same line items as other compensation costs arising from services rendered by the pertinent employees during the period. - Other components of the net benefit cost should be presented or disclosed separately from the service cost component in the income statement.	- Huntington adopted the new guidance on January 1, 2018. - The update did not have a significant impact on Huntington's Unaudited Condensed Consolidated Financial Statements.

Standard	Summary of guidance	Effects on financial statements
ASU 2017-09 - Stock Compensation Modification Accounting. Issued May 2017	- Reduces the current diversity in practice and provides explicit guidance pertaining to the provisions of modification accounting. - Clarifies that an entity should account for effects of modification unless the fair value, vesting conditions and the classification of the modified award are the same as the original awards immediately before the original award is modified.	- Huntington adopted the new guidance on January 1, 2018. - The update did not have a significant impact on Huntington's Unaudited Condensed Consolidated Financial Statements.
ASU 2017-12 - Derivatives and Hedging - Targeted Improvements to Accounting for Hedging Activities. Issued August 2017	- Aligns the entity's risk management activities and financial reporting for hedging relationships. - Requires an entity to present the earnings effect of the hedging instrument in the same income statement line item in which the earnings effect of the hedged item is reported. - Refines measurement techniques for hedges of benchmark interest rate risk. - Eliminates the separate measurement and reporting of hedge ineffectiveness. - Allows stated amount of assets in a closed portfolio to be fair value hedged by excluding proportion of hedged item related to prepayments, defaults and other events. - Eases hedge effectiveness testing including an option to perform qualitative testing.	- For cash flow and net investment hedges, the cumulative-effect adjustment related to eliminating the separate measurement of ineffectiveness should be recognized in AOCI with a corresponding adjustment to retained earnings. - Huntington adopted the new guidance on January 1, 2018. Except as mentioned in the paragraph below, the update did not have a significant impact on Huntington's Unaudited Condensed Consolidated Financial Statements. - Huntington reclassified $2.8 billion securities eligible to be hedged under the last-of-layer method from held-to-maturity to available-for-sale and recognized $26 million of fair value loss (net of tax) within OCI.
ASU 2018-02 - Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income (Topic 220). Issued Feb 2018	- Allows an entity to elect a reclassification from AOCI to retained earnings for stranded tax effects resulting from the TCJA. - The amount of that reclassification should include the effect of changes of tax rate on the deferred tax amount, any related valuation allowance and other income tax effects on the items in AOCI. - Requires an entity to state if an election to reclassify the tax effect to retained earnings is made along with the description of other income tax effects that are reclassified from AOCI.	- Effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years with early adoption permitted. - Huntington early adopted the guidance effective 4Q 2017.
ASU 2018-15 - Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract. Issued August 2018	- Aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software as well as with hosting arrangements that include an internal-use software license. - Requires the entity to expense the capitalized implementation costs of a hosting arrangement over the term of the hosting arrangement. - Requires the entity to present the expense related to implementation costs in the same statement of income line and statement of cash flows line where the fees for the service contract is recognized for respective statements.	- Effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years with early adoption permitted. - Huntington early adopted the guidance effective 3Q 2018. The update did not have a significant impact on Huntington's Unaudited Condensed Consolidated Financial Statements as the guidance was consistent with Huntington's existing accounting treatment for such arrangements.

Accounting standards yet to be adopted

Standard	Summary of guidance	Effects on financial statements
ASU 2016-02 - Leases. Issued February 2016	- New lease accounting model for lessors and lessees. For lessees, virtually all leases will be required to be recognized on the balance sheet by recording a right-of-use asset and lease liability. Subsequent accounting for leases varies depending on whether the lease is classified as an operating lease or a finance lease. - Accounting applied by a lessor is largely unchanged from that applied under the existing guidance. - Requires additional qualitative and quantitative disclosures with the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.	- Effective for the fiscal period beginning after December 15, 2018, with early application permitted. - Management intends to adopt the guidance on January 1, 2019, and has a working group comprised of associates from different disciplines, including Procurement, Real Estate, and Credit Administration, to evaluate the impact of the standard where Huntington is a lessee or lessor, as well as any impact to borrower's financial statements. - Management is currently assessing the impact of the new guidance on Huntington's Unaudited Condensed Consolidated Financial Statements, including working with associates engaged in the procurement of goods and services used in the entity's operations, and reviewing contractual arrangements for embedded leases in an effort to identify Huntington's full lease population. - Management expects to elect certain practical expedients offered by the FASB, including adopting the standard as of the effective date, and foregoing the restatement of comparative periods. Management also expects to exclude short-term leases from the recognition of right-of-use asset and lease liabilities. Additionally, Huntington will elect the transition relief allowed by FASB in foregoing the reassessment of the following: whether any existing contracts are or contain leases, the classification of existing leases, and the determination of initial direct costs for existing leases. - Huntington expects to recognize right-of-use assets and lease liabilities of less than 1% of total assets, representing substantially all of its operating lease commitments. This estimate is based, primarily, on the present value of unpaid future minimum lease payments. Additionally, that amount may be impacted by assumptions around renewals and/or extensions, actual renewals and extensions before the effective date, the identification of embedded and other leases, and the interest rate used to discount those future lease obligations.
ASU 2016-13 - Financial Instruments - Credit Losses. Issued June 2016	- Eliminates the probable recognition threshold for credit losses on financial assets measured at amortized cost. - Requires those financial assets to be presented at the net amount expected to be collected (i.e., net of expected credit losses). - Measurement of expected credit losses should be based on relevant information including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amount.	- Effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018. - Adoption will be applied through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. - Management intends to adopt the guidance on January 1, 2020 and has a working group comprised of teams from different disciplines including credit, finance, and risk management to evaluate the requirements of the new standard and the impact it will have on our processes. - Huntington is currently in the process of developing credit models as well as accounting, reporting, and governance processes to comply with the new credit reserve requirements.

Standard	Summary of guidance	Effects on financial statements
ASU 2017-04 - Simplifying the Test for Goodwill Impairment. Issued January 2017	- Simplifies the goodwill impairment test by eliminating Step 2 of the goodwill impairment process, which requires an entity to determine the implied fair value of its goodwill by assigning fair value to all its assets and liabilities. - Entities will instead recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. - Entities will still have the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary.	- Effective for annual and interim goodwill tests performed in fiscal years beginning after December 15, 2019. Early adoption is permitted. - The amendment is not expected to have a significant impact on Huntington's Unaudited Condensed Consolidated Financial Statements.
ASU 2018-13 - Fair Value Measurement (Topic 820). Issued August 2018	- Modifies the disclosure requirements on fair value measurements. - Removes disclosures for transfers between Level 1 and Level 2, the policy for timing of transfers between levels, and the valuation processes for Level 3 fair value measurements. - Clarifies that the information about uncertainty in measurement in uncertainty disclosure should be as of the reporting date. - Adds disclosures related to (a) changes in unrealized gains/losses in OCI for Level 3 fair value measurements for assets held at the end of the reporting period, and (b) the process of calculating weighted average for significant unobservable inputs used to develop Level 3 fair value measurements.	- Effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years with early adoption permitted. - The amendment is not expected to have a significant impact on Huntington's Unaudited Condensed Consolidated Financial Statements.
ASU 2018-14 - Compensation - Retirement Benefits - Defined Benefit Plans. Issued August 2018	- Modifies the disclosure requirements for defined benefit pension plans. - Removes disclosures pertaining to (a) the amounts of AOCI expected to be recognized as pension costs over the next fiscal year, (b) the amount and timing of plan assets expected to be returned to the employer, and (c) the effect of one-percentage-point change in the assumed health care trends on (i) service and interest cost and (ii) postretirement health care benefit obligation. - Adds a new disclosure requiring an explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period.	- Effective retrospectively for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years with early adoption permitted. - The amendment is not expected to have significant impact on the Huntington's Unaudited Condensed Consolidated Financial Statements.

3. LOANS / LEASES AND ALLOWANCE FOR CREDIT LOSSES

Loans and leases which Huntington has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are classified in the Unaudited Condensed Consolidated Balance Sheets as loans and leases. The total balance that is netted against the loans pertaining to unamortized premiums, discounts, fees, and costs are $408 million and $334 million at September 30, 2018 and December 31, 2017, respectively.

Loan and Lease Portfolio Composition

The following table provides a detailed listing of Huntington's loan and lease portfolio atSeptember 30, 2018 and December 31, 2017.

(dollar amounts in millions)	September 30, 2018	December 31, 2017
Loans and leases:		
Commercial and industrial	$ 29,196	$ 28,107
Commercial real estate	7,073	7,225
Automobile	12,375	12,100
Home equity	9,850	10,099
Residential mortgage	10,459	9,026
RV and marine finance	3,152	2,438
Other consumer	1,265	1,122
Loans and leases	$ 73,370	$ 70,117
Allowance for loan and lease losses	(761)	(691)
Net loans and leases	$ 72,609	$ 69,426

Nonaccrual and Past Due Loans

Loans are considered past due when the contractual amounts due with respect to principal and interest are not received within30 days of the contractual due date. See Note 1 "Significant Accounting Policies" to the consolidated financial statements of the Annual Report on Form 10-K for the year ended December 31, 2017 for a description of the accounting policies related to the NALs.

The following table presents NALs by loan class atSeptember 30, 2018 and December 31, 2017.

(dollar amounts in millions)	September 30, 2018	December 31, 2017
Commercial and industrial	$ 211	$ 161
Commercial real estate	19	29
Automobile	5	6
Home equity	67	68
Residential mortgage	67	84
RV and marine finance	1	1
Other consumer	—	—
Total nonaccrual loans	$ 370	$ 349

The following table presents an aging analysis of loans and leases, including past due loans and leases, by loan class at September 30, 2018 and December 31, 2017:

	September 30, 2018								
	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	$ 48	$ 17	$ 58	$ 123	$ 29,073	$ —	$ 29,196	$ 9	(2)
Commercial real estate	6	1	7	14	7,059	—	7,073	—	
Automobile	77	16	8	101	12,274	—	12,375	7	
Home equity	46	17	60	123	9,725	2	9,850	15	
Residential mortgage	116	42	151	309	10,071	79	10,459	117	(3)
RV and marine finance	9	2	2	13	3,139	—	3,152	1	
Other consumer	13	6	5	24	1,241	—	1,265	5	
Total loans and leases	$ 315	$ 101	$ 291	$ 707	$ 72,582	$ 81	$ 73,370	$ 154	

	December 31, 2017									
	Past Due (1)									
(dollar amounts in millions)	30-59 Days	60-89 Days	90 or more days	Total	Current	Purchased Credit Impaired	Loans Accounted for Under FVO	Total Loans and Leases	90 or more days past due and accruing	
Commercial and industrial	35	14	65	114	27,954	39	—	28,107	9	(2)
Commercial real estate	10	1	11	22	7,201	2	—	7,225	3	
Automobile	89	18	10	117	11,982	—	1	12,100	7	
Home equity	49	19	60	128	9,969	—	2	10,099	18	
Residential mortgage	129	48	118	295	8,642	—	89	9,026	72	(3)
RV and marine finance	11	3	2	16	2,421	—	1	2,438	1	
Other consumer	12	5	5	22	1,100	—	—	1,122	5	
Total loans and leases	$ 335	$ 108	$ 271	$ 714	$ 69,269	$ 41	$ 93	$ 70,117	$ 115	

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

Allowance for Credit Losses

Huntington maintains two reserves, both of which reflect Management's judgment regarding the appropriate level necessary to absorb probable and estimable credit losses inherent in our loan and lease portfolio as of the balance sheet date: the ALLL and the AULC. Combined, these reserves comprise the total ACL. The determination of the ACL requires significant estimates, including the timing and amounts of expected future cash flows on impaired loans and leases, consideration of current economic conditions, and historical loss experience pertaining to pools of homogeneous loans and leases, all of which may be susceptible to change. See Note 1 "Significant Accounting Policies" to the consolidated financial statements of the Annual Report on Form 10-K for the year ended December 31, 2017 for a description of the accounting policies related to the ACL.

The ALLL is increased through a provision for credit losses that is charged to earnings, based on Management's quarterly evaluation and is reduced by charge-offs, net of recoveries.

The following table presents ALLL and AULC activity by portfolio segment for the three-month and nine-month periods ended September 30, 2018 and 2017.

(dollar amounts in millions)	Commercial	Consumer	Total
Three-month period ended September 30, 2018:			
ALLL balance, beginning of period	$ 531	$ 210	$ 741
Loan charge-offs	(11)	(47)	(58)
Recoveries of loans previously charged-off	15	14	29
Provision for loan and lease losses	8	41	49
ALLL balance, end of period	$ 543	$ 218	$ 761
AULC balance, beginning of period	$ 90	$ 3	$ 93
Provision (reduction in allowance) for unfunded loan commitments and letters of credit	5	(1)	4
AULC balance, end of period	$ 95	$ 2	$ 97
ACL balance, end of period	$ 638	$ 220	$ 858
Nine-month period ended September 30, 2018:			
ALLL balance, beginning of period	$ 482	$ 209	$ 691
Loan charge-offs	(46)	(138)	(184)
Recoveries of loans previously charged-off	45	44	89
Provision for loan and lease losses	62	103	165
ALLL balance, end of period	$ 543	$ 218	$ 761
AULC balance, beginning of period	$ 84	$ 3	$ 87
Provision (reduction in allowance) for unfunded loan commitments and letters of credit	11	(1)	10
AULC balance, end of period	$ 95	$ 2	$ 97
ACL balance, end of period	$ 638	$ 220	$ 858

(dollar amounts in millions)	Commercial	Consumer	Total
Three-month period ended September 30, 2017:			
ALLL balance, beginning of period	$ 475	$ 193	$ 668
Loan charge-offs	(19)	(46)	(65)
Recoveries of loans previously charged-off	10	12	22
Provision for loan and lease losses	8	42	50
ALLL balance, end of period	$ 474	$ 201	$ 675
AULC balance, beginning of period	$ 82	$ 3	$ 85
Provision (reduction in allowance) for unfunded loan commitments and letters of credit	(6)	—	(6)
AULC balance, end of period	$ 76	$ 3	$ 79
ACL balance, end of period	$ 550	$ 204	$ 754
Nine-month period ended September 30, 2017:			
ALLL balance, beginning of period	$ 451	$ 187	$ 638
Loan charge-offs	(58)	(134)	(192)
Recoveries of loans previously charged-off	34	40	74
Provision for loan and lease losses	47	108	155
ALLL balance, end of period	$ 474	$ 201	$ 675
AULC balance, beginning of period	$ 87	$ 11	$ 98
Provision (reduction in allowance) for unfunded loan commitments and letters of credit	(11)	(8)	(19)
AULC balance, end of period	$ 76	$ 3	$ 79
ACL balance, end of period	$ 550	$ 204	$ 754

Credit Quality Indicators

See Note 4 “Loans / Leases and Allowance for Credit Losses” to the consolidated financial statements of the Annual Report on Form 10-K for the year ended December 31, 2017 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 by the borrower’s ability to repay, equity, and/or the collateral pledged to secure the loan. These loans have identified weaknesses that could hinder normal repayment or collection of the debt. It is likely Huntington will sustain some loss if any identified weaknesses are not mitigated.
- *Doubtful* - Loans that have all of the weaknesses inherent in those loans classified as Substandard, with the added elements of the full collection of the loan is improbable and that the possibility of loss is high.

Loans are generally assigned a category of "*Pass*" rating upon initial approval and subsequently updated as appropriate based on the borrowers 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.

The following table presents each loan and lease class by credit quality indicator atSeptember 30, 2018 and December 31, 2017.

	September 30, 2018				
(dollar amounts in millions)	Credit Risk Profile by UCS Classification				
Commercial	Pass	OLEM	Substandard	Doubtful	Total
Commercial and industrial	$ 27,407	$ 678	$ 1,104	$ 7	$ 29,196
Commercial real estate	6,766	189	117	1	7,073
	Credit Risk Profile by FICO Score (1), (2)				
Consumer	750+	650-749	<650	Other (3)	Total
Automobile	$ 6,233	$ 4,503	$ 1,350	$ 289	$ 12,375
Home equity	6,173	2,963	650	62	9,848
Residential mortgage	6,841	2,783	622	134	10,380
RV and marine finance	2,007	966	101	78	3,152
Other consumer	471	612	124	58	1,265

	December 31, 2017				
(dollar amounts in millions)	Credit Risk Profile by UCS Classification				
Commercial	Pass	OLEM	Substandard	Doubtful	Total
Commercial and industrial	$ 26,268	$ 694	$ 1,116	$ 29	$ 28,107
Commercial real estate	6,909	200	115	1	7,225
	Credit Risk Profile by FICO Score (1), (2)				
Consumer	750+	650-749	<650	Other (3)	Total
Automobile	$ 6,102	$ 4,312	$ 1,390	$ 295	$ 12,099
Home equity	6,352	3,024	617	104	10,097
Residential mortgage	5,697	2,581	605	54	8,937
RV and marine finance	1,433	863	96	45	2,437
Other consumer	428	540	143	11	1,122

(1) Excludes loans accounted for under the fair value option.
(2) Reflects updated customer credit scores.
(3) Reflects deferred fees and costs, loans in process, etc.

Impaired Loans

See Note 1 "Significant Accounting Policies" to the consolidated financial statements of the Annual Report on Form 10-K for the year ended December 31, 2017 for a description of accounting policies related to impaired loans.

The following tables present the balance of the ALLL attributable to loans by portfolio segment individually and collectively evaluated for impairment and the related loan and lease balance at September 30, 2018 and December 31, 2017.

(dollar amounts in millions)	Commercial	Consumer	Total
ALLL at September 30, 2018			
Portion of ALLL balance:			
Attributable to loans individually evaluated for impairment	$ 46	$ 10	$ 56
Attributable to loans collectively evaluated for impairment	497	208	705
Total ALLL balance	$ 543	$ 218	$ 761
Loan and Lease Ending Balances at September 30, 2018 (1)			
Portion of loan and lease ending balance:			
Individually evaluated for impairment	$ 623	$ 598	$ 1,221
Collectively evaluated for impairment	35,646	36,422	72,068
Total loans and leases evaluated for impairment	$ 36,269	$ 37,020	$ 73,289

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

(dollar amounts in millions)	Commercial	Consumer	Total
ALLL at December 31, 2017			
Portion of ALLL balance:			
Attributable to loans individually evaluated for impairment	$ 32	$ 9	$ 41
Attributable to loans collectively evaluated for impairment	450	200	650
Total ALLL balance:	$ 482	$ 209	$ 691
Loan and Lease Ending Balances at December 31, 2017 (1)			
Portion of loan and lease ending balances:			
Attributable to purchased credit-impaired loans	$ 41	$ —	$ 41
Individually evaluated for impairment	607	616	1,223
Collectively evaluated for impairment	34,684	34,076	68,760
Total loans and leases evaluated for impairment	$ 35,332	$ 34,692	$ 70,024

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

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

	September 30, 2018			Three Months Ended September 30, 2018		Nine Months Ended September 30, 2018	
(dollar amounts in millions)	Ending Balance	Unpaid Principal Balance (6)	Related Allowance	Average Balance	Interest Income Recognized	Average Balance	Interest Income Recognized
With no related allowance recorded:							
Commercial and industrial	$ 252	$ 289	$ —	$ 264	$ 5	$ 264	$ 16
Commercial real estate	33	44	—	36	2	49	6
Automobile	—	—	—	—	—	—	—
Home equity	—	—	—	—	—	—	—
Residential mortgage	—	—	—	—	—	—	—
RV and marine finance	—	—	—	—	—	—	—
Other consumer	—	—	—	—	—	—	—
With an allowance recorded:							
Commercial and industrial	291	318	43	284	3	285	9
Commercial real estate	47	52	3	49	1	48	2
Automobile	39	43	2	38	1	37	2
Home equity	325	370	6	326	3	330	11
Residential mortgage	286	322	4	290	3	299	8
RV and marine finance	3	3	—	2	—	2	—
Other consumer	8	8	3	9	—	8	—
Total							
Commercial and industrial (3)	543	607	43	548	8	549	25
Commercial real estate (4)	80	96	3	85	3	97	8
Automobile (2)	39	43	2	38	1	37	2
Home equity (5)	325	370	6	326	3	330	11
Residential mortgage (5)	286	322	4	290	3	299	8
RV and marine finance (2)	3	3	—	2	—	2	—
Other consumer (2)	8	8	3	9	—	8	—

(dollar amounts in millions)	December 31, 2017			Three Months Ended September 30, 2017		Nine Months Ended September 30, 2017	
	Ending Balance	Unpaid Principal Balance (6)	Related Allowance	Average Balance	Interest Income Recognized	Average Balance	Interest Income Recognized
With no related allowance recorded:							
Commercial and industrial	$ 284	$ 311	$ —	$ 295	$ 5	$ 228	$ 7
Commercial real estate	56	81	—	71	2	80	6
Automobile	—	—	—	—	—	—	—
Home equity	—	—	—	—	—	—	—
Residential mortgage	—	—	—	—	—	—	—
RV and marine finance	—	—	—	—	—	—	—
Other consumer	—	—	—	—	—	—	—
With an allowance recorded:							
Commercial and industrial	257	280	29	223	2	334	13
Commercial real estate	51	51	3	41	—	54	1
Automobile	36	40	2	33	—	32	2
Home equity	334	385	14	331	4	327	12
Residential mortgage	308	338	4	320	3	329	9
RV and marine finance	2	3	—	1	—	1	—
Other consumer	8	8	2	7	—	7	—
Total							
Commercial and industrial (3)	541	591	29	518	7	562	20
Commercial real estate (4)	107	132	3	112	2	134	7
Automobile (2)	36	40	2	33	—	32	2
Home equity (5)	334	385	14	331	4	327	12
Residential mortgage (5)	308	338	4	320	3	329	9
RV and marine finance (2)	2	3	—	1	—	1	—
Other consumer (2)	8	8	2	7	—	7	—

(1) These tables do not include loans fully charged-off.
(2) All automobile, RV and marine finance and other consumer impaired loans included in these tables are considered impaired due to their status as a TDR.
(3) At September 30, 2018 and December 31, 2017, C&I loans of $408 million and $382 million, respectively, were considered impaired due to their status as a TDR.
(4) At September 30, 2018 and December 31, 2017, CRE loans of $68 million and $93 million, respectively, were considered impaired due to their status as a TDR.
(5) Includes home equity and residential mortgages considered to be collateral dependent due to their non-accrual status as well as home equity and mortgage loans considered impaired due to their status as a TDR.
(6) The differences between the ending balance and unpaid principal balance amounts represent partial charge-offs.

TDR Loans

TDRs are modified loans where a concession was provided to a borrower experiencing financial difficulties. Loan modifications are considered TDRs when the concessions provided are not available to the borrower through either normal channels or other sources. However, not all loan modifications are TDRs. See Note 4 “Loans / Leases and Allowance for Credit Losses” to the consolidated financial statements of the Annual Report on Form 10-K for the year ended December 31, 2017 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 nine-month periods ended September 30, 2018 and 2017.

New Troubled Debt Restructurings (1)

Three Months Ended September 30, 2018							
		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	Financial effects of modification (3)
Commercial and industrial	131	$ —	$ 35	$ —	$ —	$ 35	$ —
Commercial real estate	9	—	5	—	—	5	—
Automobile	848	—	4	3	—	7	—
Home equity	159	—	8	3	—	11	(1)
Residential mortgage	76	—	8	1	—	9	—
RV and marine finance	40	—	—	—	—	—	—
Other consumer	386	2	—	—	—	2	—
Total new TDRs	1,649	$ 2	$ 60	$ 7	$ —	$ 69	$ (1)

Three Months Ended September 30, 2017							
		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	Financial effects of modification (3)
Commercial and industrial	277	$ 1	$ 138	$ —	$ —	$ 139	$ (1)
Commercial real estate	28	—	18	—	—	18	—
Automobile	797	—	4	3	—	7	—
Home equity	247	—	12	3	—	15	—
Residential mortgage	123	—	11	2	—	13	—
RV and marine finance	32	—	—	1	—	1	—
Other consumer	699	—	2	—	—	2	—
Total new TDRs	2,203	$ 1	$ 185	$ 9	$ —	$ 195	$ (1)

(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. The aggregate amount of charge-offs as a result of a restructuring are not significant.
(3) Amount represents the financial impact via provision for loan and lease losses as a result of the modification.

New Troubled Debt Restructurings (1)

	Nine Months Ended September 30, 2018						
		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	Financial effects of modification (3)
Commercial and industrial	641	$ —	$ 302	$ —	$ —	$ 302	$ (7)
Commercial real estate	95	—	79	—	—	79	(1)
Automobile	2,088	—	11	6	—	17	—
Home equity	472	—	21	8	—	29	(2)
Residential mortgage	278	—	29	2	—	31	(1)
RV and marine finance	99	—	—	1	—	1	—
Other consumer	1,320	6	—	—	—	6	—
Total new TDRs	4,993	$ 6	$ 442	$ 17	$ —	$ 465	$ (11)

	Nine Months Ended September 30, 2017						
		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	Financial effects of modification (3)
Commercial and industrial	747	$ 1	$ 419	$ —	$ —	$ 420	$ (9)
Commercial real estate	71	—	74	—	—	74	(1)
Automobile	2,065	—	11	6	—	17	1
Home equity	739	1	26	9	4	40	(1)
Residential mortgage	375	—	31	6	3	40	(1)
RV and marine finance	105	—	1	1	—	2	—
Other consumer	707	—	4	—	—	4	—
Total new TDRs	4,809	$ 2	$ 566	$ 22	$ 7	$ 597	$ (11)

(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. The aggregate amount of charge-offs as a result of a restructuring are not significant.
(3) Amount represents the financial impact via provision for loan and lease losses as a result of the modification.

Pledged Loans and Leases

The Bank has access to the Federal Reserve's discount window and advances from the FHLB of Cincinnati. As of September 30, 2018 and December 31, 2017, these borrowings and advances are secured by $44.1 billion and $31.7 billion of loans and securities, respectively.

4. AVAILABLE-FOR-SALE SECURITIES

Contractual maturities of available-for-sale securities atSeptember 30, 2018 and December 31, 2017 were:

	September 30, 2018		December 31, 2017	
(dollar amounts in millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
U.S. Treasury, Federal agency, and other agency securities:				
U.S. Treasury:				
1 year or less	$ 5	$ 5	$ 5	$ 5
Total U.S. Treasury	5	5	5	5
Federal agencies:				
Residential CMO:				
After 1 year through 5 years	—	—	1	1
After 5 years through 10 years	41	40	90	89
After 10 years	7,266	6,900	6,570	6,394
Total Residential CMO	7,307	6,940	6,661	6,484
Residential MBS:				
After 1 year through 5 years	3	3	6	6
After 5 years through 10 years	30	29	7	8
After 10 years	613	588	1,358	1,353
Total Residential MBS	646	620	1,371	1,367
Commercial MBS:				
After 1 year through 5 years	68	65	23	22
After 5 years through 10 years	8	8	151	148
After 10 years	1,707	1,630	2,365	2,317
Total Commercial MBS	1,783	1,703	2,539	2,487
Other agencies:				
1 year or less	1	1	2	2
After 1 year through 5 years	10	10	9	9
After 5 years through 10 years	151	146	58	59
Total other agencies	162	157	69	70
Total U.S. Treasury, Federal agency, and other agency securities	9,903	9,425	10,645	10,413
Municipal securities:				
1 year or less	211	208	103	103
After 1 year through 5 years	1,156	1,143	1,140	1,134
After 5 years through 10 years	1,714	1,686	1,709	1,704
After 10 years	833	811	940	937
Total municipal securities	3,914	3,848	3,892	3,878
Asset-backed securities:				
After 1 year through 5 years	40	39	80	80
After 5 years through 10 years	41	41	53	54
After 10 years	291	283	349	333
Total asset-backed securities	372	363	482	467
Corporate debt:				
1 year or less	1	1	—	—
After 1 year through 5 years	74	74	73	74
After 5 years through 10 years	11	12	20	21
After 10 years	—	—	13	14
Total corporate debt	86	87	106	109
Other securities/Sovereign debt:				
1 year or less	—	—	1	1
After 1 year through 5 years	4	4	1	1
Total other securities/Sovereign debt	4	4	2	2
Total available-for-sale securities	$ 14,279	$ 13,727	$ 15,127	$ 14,869

The following tables provide amortized cost, fair value, and gross unrealized gains and losses recognized in OCI by investment category at September 30, 2018 and December 31, 2017:

(dollar amounts in millions)	Amortized Cost	Unrealized Gross Gains	Unrealized Gross Losses	Fair Value
September 30, 2018				
U.S. Treasury	$ 5	$ —	$ —	$ 5
Federal agencies:				
Residential CMO	7,307	—	(367)	6,940
Residential MBS	646	—	(26)	620
Commercial MBS	1,783	—	(80)	1,703
Other agencies	162	—	(5)	157
Total U.S. Treasury, Federal agency and other agency securities	9,903	—	(478)	9,425
Municipal securities	3,914	11	(77)	3,848
Asset-backed securities	372	—	(9)	363
Corporate debt	86	1	—	87
Other securities/Sovereign debt	4	—	—	4
Total available-for-sale securities	$ 14,279	$ 12	$ (564)	$ 13,727

(dollar amounts in millions)	Amortized Cost	Unrealized Gross Gains	Unrealized Gross Losses	Fair Value
December 31, 2017				
U.S. Treasury	$ 5	$ —	$ —	$ 5
Federal agencies:				
Residential CMO	6,661	1	(178)	6,484
Residential MBS	1,371	1	(5)	1,367
Commercial MBS	2,539	—	(52)	2,487
Other agencies	69	1	—	70
Total U.S. Treasury, Federal agency and other agency securities	10,645	3	(235)	10,413
Municipal securities	3,892	21	(35)	3,878
Asset-backed securities	482	1	(16)	467
Corporate debt	106	3	—	109
Other securities/Sovereign debt	2	—	—	2
Total available-for-sale securities	$ 15,127	$ 28	$ (286)	$ 14,869

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 as of September 30, 2018 and December 31, 2017.

	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
September 30, 2018						
Federal agencies:						
Residential CMO	$ 2,286	$ (77)	$ 4,632	$ (290)	$ 6,918	$ (367)
Residential MBS	542	(23)	70	(3)	612	(26)
Commercial MBS	109	(4)	1,594	(76)	1,703	(80)
Other agencies	80	(2)	72	(3)	152	(5)
Total Federal Agency and other agency securities	3,017	(106)	6,368	(372)	9,385	(478)
Municipal securities	1,846	(39)	1,278	(38)	3,124	(77)
Asset-backed securities	157	(3)	146	(6)	303	(9)
Corporate debt	65	—	—	—	65	—
Other securities/Sovereign debt	—	—	—	—	—	—
Total temporarily impaired securities	$ 5,085	$ (148)	$ 7,792	$ (416)	$ 12,877	$ (564)

	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
December 31, 2017						
Federal agencies:						
Residential CMO	$ 1,660	$ (19)	$ 4,520	$ (159)	$ 6,180	$ (178)
Residential MBS	1,078	(5)	11	—	1,089	(5)
Commercial MBS	960	(15)	1,527	(37)	2,487	(52)
Other agencies	39	—	—	—	39	—
Total Federal Agency and other agency securities	3,737	(39)	6,058	(196)	9,795	(235)
Municipal securities	1,681	(21)	497	(14)	2,178	(35)
Asset-backed securities	127	(1)	173	(15)	300	(16)
Total temporarily impaired securities	$ 5,545	$ (61)	$ 6,728	$ (225)	$ 12,273	$ (286)

At September 30, 2018 and December 31, 2017, the carrying value of investment securities pledged to secure public and trust deposits, trading account liabilities, U.S. Treasury demand notes, and security repurchase agreements totaled $4.6 billion and $6.1 billion, respectively. There were no securities of a single issuer, which are not governmental or government-sponsored, that exceeded 10% of shareholders' equity at either September 30, 2018 or December 31, 2017.

The following table is a summary of realized securities gains and losses for thethree-month and nine-month periods ended September 30, 2018 and 2017, respectively.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in millions)	2018	2017	2018	2017
Gross gains on sales of securities	$ —	$ 4	$ 6	$ 8
Gross losses on sales of securities	(2)	(4)	(8)	(4)
Net (loss) gain on sales of securities	$ (2)	$ —	$ (2)	$ 4
OTTI recognized in earnings	—	—	—	(4)
Net securities losses	$ (2)	$ —	$ (2)	$ —

Security Impairment

Huntington evaluates the available-for-sale securities portfolio for impairment on a quarterly basis by conducting a comprehensive security-level assessment on all available-for-sale securities. Impairment would exist when the present value of the expected cash flows are not sufficient to recover the entire amortized cost basis at the balance sheet date. Under these circumstances, any credit impairment would be recognized in earnings. As of September 30, 2018, Huntington has evaluated available-for-sale securities with gross unrealized losses for impairment and concluded no OTTI is required.

5. HELD-TO-MATURITY SECURITIES

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

Listed below are the contractual maturities of held-to-maturity securities atSeptember 30, 2018 and December 31, 2017.

	September 30, 2018		December 31, 2017	
(dollar amounts in millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Federal agencies:				
Residential CMO:				
After 5 years through 10 years	36	35	—	—
After 10 years	2,167	2,073	3,714	3,657
Total Residential CMO	2,203	2,108	3,714	3,657
Residential MBS:				
After 5 years through 10 years	—	—	28	28
After 10 years	1,624	1,555	1,021	1,016
Total Residential MBS	1,624	1,555	1,049	1,044
Commercial MBS:				
After 1 year through 5 years	—	—	38	37
After 5 years through 10 years	130	126	1	1
After 10 years	4,141	3,968	3,752	3,698
Total Commercial MBS	4,271	4,094	3,791	3,736
Other agencies:				
After 1 year through 5 years	12	12	7	8
After 5 years through 10 years	204	197	362	360
After 10 years	146	141	163	161
Total other agencies	362	350	532	529
Total Federal agencies and other agencies	8,460	8,107	9,086	8,966
Municipal securities:				
After 10 years	5	5	5	5
Total municipal securities	5	5	5	5
Total held-to-maturity securities	$ 8,465	$ 8,112	$ 9,091	$ 8,971

The following table provides amortized cost, gross unrealized gains and losses, and fair value by investment category at September 30, 2018 and December 31, 2017.

(dollar amounts in millions)	Amortized Cost	Unrealized Gross Gains	Unrealized Gross Losses	Fair Value
September 30, 2018				
Federal agencies:				
Residential CMO	$ 2,203	$ —	$ (95)	$ 2,108
Residential MBS	1,624	—	(69)	1,555
Commercial MBS	4,271	—	(177)	4,094
Other agencies	362	—	(12)	350
Total Federal agencies and other agencies	8,460	—	(353)	8,107
Municipal securities	5	—	—	5
Total held-to-maturity securities	$ 8,465	$ —	$ (353)	$ 8,112

(dollar amounts in millions)	Amortized Cost	Unrealized Gross Gains	Unrealized Gross Losses	Fair Value
December 31, 2017				
Federal agencies:				
Residential CMO	$ 3,714	$ 1	$ (58)	$ 3,657
Residential MBS	1,049	2	(7)	1,044
Commercial MBS	3,791	—	(55)	3,736
Other agencies	532	1	(4)	529
Total Federal agencies and other agencies	9,086	4	(124)	8,966
Municipal securities	5	—	—	5
Total held-to-maturity securities	$ 9,091	$ 4	$ (124)	$ 8,971

The following tables provide detail on HTM securities with unrealized losses aggregated by investment category and the length of time the individual securities have been in a continuous loss position, at September 30, 2018 and December 31, 2017.

	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
September 30, 2018						
Federal agencies:						
Residential CMO	$ 557	$ (21)	$ 1,551	$ (74)	$ 2,108	$ (95)
Residential MBS	807	(33)	748	(36)	1,555	(69)
Commercial MBS	410	(15)	3,683	(162)	4,093	(177)
Other agencies	192	(6)	138	(6)	330	(12)
Total Federal agencies and other agencies	1,966	(75)	6,120	(278)	8,086	(353)
Municipal securities	—	—	4	—	4	—
Total temporarily impaired securities	$ 1,966	$ (75)	$ 6,124	$ (278)	$ 8,090	$ (353)

(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, 2017						
Federal agencies:						
Residential CMO	$ 2,369	$ (26)	$ 1,019	$ (32)	$ 3,388	$ (58)
Residential MBS	974	(7)	—	—	974	(7)
Commercial MBS	3,456	(49)	253	(6)	3,709	(55)
Other agencies	249	(2)	139	(2)	388	(4)
Total Federal agencies and other agencies	7,048	(84)	1,411	(40)	8,459	(124)
Municipal securities	—	—	5	—	5	—
Total temporarily impaired securities	$ 7,048	$ (84)	$ 1,416	$ (40)	$ 8,464	$ (124)

Security Impairment

Huntington evaluates the held-to-maturity securities portfolio on a quarterly basis for impairment. Impairment would exist when the present value of the expected cash flows is not sufficient to recover the entire amortized cost basis at the balance sheet date. Under these circumstances, any impairment would be recognized in earnings. As of September 30, 2018, Huntington has evaluated held-to-maturity securities with gross unrealized losses for impairment and concludedno OTTI is required.

6. OTHER SECURITIES

(dollar amounts in millions)	September 30, 2018 Amortized Cost	September 30, 2018 Fair Value	December 31, 2017 Amortized Cost	December 31, 2017 Fair Value
Other securities, at cost				
Non-marketable equity securities:				
Federal Home Loan Bank stock	248	248	287	287
Federal Reserve Bank stock	295	295	294	294
Other securities, at fair value				
Mutual funds	20	20	18	18
Marketable equity securities	1	2	1	1
Total other securities	$ 564	$ 565	$ 600	$ 600

Other securities are primarily composed of FHLB stock and FRB stock (which are carried at cost) and mutual funds and other marketable equity securities (which are carried at fair value, with changes in fair value recognized in other noninterest income). Other securities that are carried at cost are reviewed at least annually for impairment, with valuation adjustments recognized in other noninterest income.

7. LOAN SALES AND SECURITIZATIONS

Residential Mortgage Portfolio

The following table summarizes activity relating to residential mortgage loans sold with servicing retained for thethree-month and nine-month periods ended September 30, 2018 and 2017:

(dollar amounts in millions)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Residential mortgage loans sold with servicing retained	$ 1,047	$ 1,179	$ 2,787	$ 2,824
Pretax gains resulting from above loan sales (1)	24	27	64	66

(1) Recorded in mortgage banking income.

The following table summarizes the changes in MSRs recorded using the amortization method for the three-month and nine-month periods ended September 30, 2018 and 2017:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in millions)	2018	2017	2018	2017
Carrying value, beginning of period	$ 204	$ 176	$ 191	$ 172
New servicing assets created	12	13	32	31
Impairment recovery (charge)	—	1	7	—
Amortization	(8)	(7)	(22)	(20)
Carrying value, end of period	$ 208	$ 183	$ 208	$ 183
Fair value, end of period	$ 222	$ 184	$ 222	$ 184
Weighted-average life (years)	7.1	7.0	7.1	7.0

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

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

For MSRs under the amortization method, a summary of key assumptions and the sensitivity of the MSR value to changes in these assumptions at September 30, 2018, and December 31, 2017 follows:

	September 30, 2018			December 31, 2017		
		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)*	8.10%	$ (5)	$ (10)	8.30%	$ (5)	$ (10)
Spread over forward interest rate swap rates	941 bps	(7)	(14)	1,049 bps	(7)	(13)

Additionally, at September 30, 2018 and 2017, Huntington held MSRs recorded using the fair value method of $11 million and $12 million, respectively.

Total servicing, late and other ancillary fees included in mortgage banking income were $15 million and $14 million for the three-month periods ended September 30, 2018 and 2017, respectively. For the nine-month periods ended September 30, 2018 and 2017, total servicing, late and other ancillary fees included in mortgage banking income were $44 million and $42 million. The unpaid principal balance of residential mortgage loans serviced for third parties was $20.6 billion and $19.8 billion at September 30, 2018 and December 31, 2017, respectively.

8. LONG-TERM DEBT

In May 2018, Huntington issued $500 million of senior notes at 99.686% of face value. The senior notes mature on May 15, 2025 and have a fixed coupon rate of 4.00%. The senior notes may be redeemed one month prior to the maturity date at 100% of principal plus accrued and unpaid interest.

In May 2018, the Bank issued $750 million of senior notes at 99.774% of face value. The senior notes mature on May 14, 2021 and have a fixed coupon rate of 3.25%. The senior notes may be redeemed one month prior to the maturity date at 100% of principal plus accrued and unpaid interest.

In August 2018, the Bank issued $750 million of senior notes at 99.780% of face value. The senior notes mature on October 6, 2023 and have a fixed coupon rate of 3.550%. The senior notes may be redeemed one month prior to the maturity date at 100% of principal plus accrued and unpaid interest.

9. OTHER COMPREHENSIVE INCOME

The components of Huntington's OCI for the three-month and nine-month periods ended September 30, 2018 and 2017, were as follows:

	Three Months Ended September 30, 2018		
(dollar amounts in millions)	Pretax	Tax (Expense) Benefit	After-tax
Noncredit-related impairment recoveries (losses) on debt securities not expected to be sold	$ —	$ —	$ —
Unrealized holding gains (losses) on available-for-sale debt securities arising during the period	(82)	18	(64)
Less: Reclassification adjustment for net losses (gains) included in net income	3	(1)	2
Net change in unrealized holding gains (losses) on available-for-sale debt securities	(79)	17	(62)
Net change in pension and other post-retirement obligations	2	(1)	1
Total other comprehensive income (loss)	$ (77)	$ 16	$ (61)

	Three Months Ended September 30, 2017		
(dollar amounts in millions)	Pretax	Tax (Expense) Benefit	After-tax
Noncredit-related impairment recoveries (losses) on debt securities not expected to be sold	$ —	$ —	$ —
Unrealized holding gains (losses) on available-for-sale debt securities arising during the period	(42)	15	(27)
Less: Reclassification adjustment for net losses (gains) included in net income	9	(4)	5
Net change in unrealized holding gains (losses) on available-for-sale debt securities	(33)	11	(22)
Unrealized gains (losses) on derivatives used in cash flow hedging relationships arising during the period	2	—	2
Less: Reclassification adjustment for net (gains) losses included in net income	—	—	—
Net change in unrealized gains (losses) on derivatives used in cash flow hedging relationships	2	—	2
Net change in pension and other post-retirement obligations	2	(1)	1
Total other comprehensive income (loss)	$ (29)	$ 10	$ (19)

	Nine Months Ended September 30, 2018		
(dollar amounts in millions)	Pretax	Tax (expense) Benefit	After-tax
Noncredit-related impairment recoveries (losses) on debt securities not expected to be sold	$ —	$ —	$ —
Unrealized holding gains (losses) on available-for-sale debt securities arising during the period	(359)	78	(281)
Less: Reclassification adjustment for net losses (gains) included in net income	21	(4)	17
Net change in unrealized holding gains (losses) on available-for-sale debt securities	(338)	74	(264)
Net change in pension and other post-retirement obligations	4	(1)	3
Total other comprehensive income (loss)	$ (334)	$ 73	$ (261)

(dollar amounts in millions)	Nine Months Ended September 30, 2017 Pretax	Tax (expense) Benefit	After-tax
Noncredit-related impairment recoveries (losses) on debt securities not expected to be sold	$ 3	$ (1)	$ 2
Unrealized holding gains (losses) on available-for-sale debt securities arising during the period	20	(7)	13
Less: Reclassification adjustment for net losses (gains) included in net income	19	(7)	12
Net change in unrealized holding gains (losses) on available-for-sale debt securities	42	(15)	27
Unrealized gains (losses) on derivatives used in cash flow hedging relationships arising during the period	2	—	2
Less: Reclassification adjustment for net (gains) losses included in net income	1	(1)	—
Net change in unrealized gains (losses) on derivatives used in cash flow hedging relationships	3	(1)	2
Net change in pension and other post-retirement obligations	3	(1)	2
Total other comprehensive income (loss)	$ 48	$ (17)	$ 31

Activity in accumulated OCI for the nine-month periods ended September 30, 2018 and 2017, were as follows:

(dollar amounts in millions)	Unrealized gains and (losses) on debt securities (1)	Unrealized gains and (losses) on cash flow hedging derivatives	Unrealized gains (losses) for pension and other post-retirement obligations	Total
December 31, 2017	$ (278)	$ —	$ (250)	$ (528)
Cumulative-effect adjustments (ASU 2016-01)	(1)	—	—	(1)
Other comprehensive income before reclassifications	(281)	—	—	(281)
Amounts reclassified from accumulated OCI to earnings	17	—	3	20
Period change	(264)	—	3	(261)
September 30, 2018	$ (543)	$ —	$ (247)	$ (790)
December 31, 2016	$ (193)	$ (3)	$ (205)	$ (401)
Other comprehensive income before reclassifications	15	2	—	17
Amounts reclassified from accumulated OCI to earnings	12	—	2	14
Period change	27	2	2	31
September 30, 2017	$ (166)	$ (1)	$ (203)	$ (370)

(1) AOCI amounts at September 30, 2018, December 31, 2017 and September 30, 2017 include $141 million, $95 million and $97 million, respectively, of net unrealized gains on securities transferred from the available-for-sale securities portfolio to the held-to-maturity securities portfolio. The net unrealized gains will be recognized in earnings over the remaining life of the security using the effective interest method.

The following table presents the reclassification adjustments out of accumulated OCI included in net income and the impacted line items as listed on the Unaudited Condensed Consolidated Statements of Income for the three-month and nine-month periods ended September 30, 2018 and 2017:

	Reclassifications out of accumulated OCI		
Accumulated OCI components	Amounts reclassified from accumulated OCI		Location of net gain (loss) reclassified from accumulated OCI into earnings
	Three Months Ended		
(dollar amounts in millions)	September 30, 2018	September 30, 2017	
Gains (losses) on debt securities:			
Amortization of unrealized gains (losses)	$ (3)	$ (1)	Interest income - held-to-maturity securities - taxable
Realized gain (loss) on sale of securities	—	(8)	Noninterest income - net gains (losses) on sale of securities
OTTI recorded	—	—	Noninterest income - net gains (losses) on sale of securities
Total before tax	(3)	(9)	
Tax (expense) benefit	1	4	
Net of tax	$ (2)	$ (5)	
Amortization of defined benefit pension and post-retirement items:			
Actuarial gains (losses)	$ (2)	$ (1)	Noninterest income / expense (1)
Net periodic benefit costs	—	(1)	Noninterest income / expense (1)
Total before tax	(2)	(2)	
Tax (expense) benefit	1	1	
Net of tax	$ (1)	$ (1)	

	Reclassifications out of accumulated OCI		
Accumulated OCI components	Amounts reclassified from accumulated OCI		Location of net gain (loss) reclassified from accumulated OCI into earnings
	Nine Months Ended		
(dollar amounts in millions)	September 30, 2018	September 30, 2017	
Gains (losses) on debt securities:			
Amortization of unrealized gains (losses)	$ (9)	$ (7)	Interest income - held-to-maturity securities - taxable
Realized gain (loss) on sale of securities	(12)	(8)	Noninterest income - net gains (losses) on sale of securities
OTTI recorded	—	(4)	Noninterest income - net gains (losses) on sale of securities
Total before tax	(21)	(19)	
Tax (expense) benefit	4	7	
Net of tax	$ (17)	$ (12)	
Gains (losses) on cash flow hedging relationships:			
Interest rate contracts	$ —	$ (1)	Interest income - loans and leases
Interest rate contracts	—	—	Noninterest income - other income
Total before tax	—	(1)	
Tax (expense) benefit	—	1	
Net of tax	$ —	$ —	
Amortization of defined benefit pension and post-retirement items:			
Actuarial gains (losses)	$ (6)	$ (4)	Noninterest income / expense (1)
Net periodic benefit costs	2	1	Noninterest income / expense (1)
Total before tax	(4)	(3)	
Tax (expense) benefit	1	1	
Net of tax	$ (3)	$ (2)	

(1) The activity for 2018 and 2017 is recorded in Noninterest Income - other noninterest income and Noninterest Expense - personnel costs, respectively, on the Condensed Consolidated Statements of Income.

10. SHAREHOLDERS' EQUITY

The following is a summary of Huntington's non-cumulative perpetual preferred stock outstanding as of September 30, 2018.

(dollar amounts in millions, except per share amounts)

Series	Description	Issuance Date	Total Shares Outstanding	Carrying Amount	Dividend Rate	Earliest Redemption Date
Series B	Non-cumulative, non-voting, perpetual	12/28/2011	35,500	23	3-mo. LIBOR + 270 bps	1/15/2017
Series D	Non-cumulative, non-voting, perpetual	3/21/2016	400,000	386	6.25%	7/15/2021
Series D	Non-cumulative, non-voting, perpetual	5/5/2016	200,000	199	6.25%	7/15/2021
Series C	Non-cumulative, non-voting, perpetual	8/16/2016	100,000	100	5.875%	1/15/2022
Series E	Non-cumulative, non-voting, perpetual	2/27/2018	5,000	495	5.700%	4/15/2023
Total			740,500	1,203		

Series B, D and C of preferred stock has a liquidation value and redemption price per share of $1,000, plus any declared and unpaid dividends. Series E stock has a liquidation value and redemption price per share of $100,000, plus any declared and unpaid dividends. All preferred stock has no stated maturity and redemption is solely at the option of the Company. Under current rules, any redemption of the preferred stock is subject to prior approval of the FRB.

Preferred A Stock conversion

On February 21, 2018, Huntington elected to effect the conversion of all of its outstanding 8.50% Series A Non-Cumulative Perpetual Convertible Preferred Stock into common stock pursuant to the terms of the Series A Preferred Stock. On February 22, 2018, each share of Series A Preferred Stock was converted into 83.668 shares of Common Stock. Upon conversion, the Series A Preferred Stock is no longer outstanding and all rights with respect to the Series A Preferred Stock were ceased and terminated, except the right to receive the number of whole shares and any required cash-in-lieu of fractional shares of Common Stock. Following the conversion, the Series A Preferred Stock shares were delisted from trading on NASDAQ.

Preferred E Stock issued and outstanding

During the 2018 first quarter, Huntington issued $500 million of preferred stock. Huntington issued 500,000 depositary shares, each depositary shares representing a 1/100th ownership interest in a share of 5.700% Series E Fixed-to-Floating Non-Cumulative Perpetual Preferred Stock (Preferred E Stock), par value $0.01 per share, with a liquidation preference of $100,000 per share (equivalent to $1,000 per depositary share). Each holder of a depositary share will be entitled to all proportional rights and preferences of the Preferred E Stock (including dividend, voting, redemption, and liquidation rights). Costs of $5 million related to the issuance of the Preferred E Stock are reported as a direct deduction from the face amount of the stock.

Dividends on the Preferred E Stock will be non-cumulative and payable quarterly in arrears, when, and if, authorized by the Company's board of directors or a duly authorized committee of the board and declared by the Company, at an annual rate of 5.700% per year on the liquidation preference of $100,000 per share, equivalent to $1,000 per depositary share. The dividend payment dates will be the fifteenth day of each January, April, July and October, commencing on July 15, 2018, or the next business day if any such day is not a business day.

The Preferred E Stock has no maturity date. Huntington may redeem the Preferred E Stock at its option, (i) in whole or in part, from time to time, on any dividend payment date on or after April 15, 2023 or (ii) in whole but not in part, within 90 days following a change in laws or regulations, in each case, at a redemption price equal to $100,000 per share (equivalent to $1,000 per depositary share), plus any declared and unpaid dividends, without regard to any undeclared dividends, on the Series E Preferred Stock prior to the date fixed for redemption. If Huntington redeems the Preferred E Stock, the depositary will redeem a proportional number of depositary shares. Neither the holders of Preferred E Stock nor holders of depositary shares will have the right to require the redemption or repurchase of the Preferred E Stock or the depositary shares. Any redemption of the Preferred E Stock is subject to prior approval of the FRB.

11. EARNINGS PER SHARE

Basic earnings per share is the amount of earnings (adjusted for dividends declared on preferred stock) available to each share of common stock outstanding during the reporting period. Diluted earnings per share is the amount of earnings available to each share of common stock outstanding during the reporting period adjusted to include the effect of potentially dilutive common shares. Potentially dilutive common shares include incremental shares issued for stock options, restricted stock units and awards, distributions from deferred compensation plans, and the conversion of the Company's convertible preferred stock. Potentially dilutive common shares are excluded from the computation of diluted earnings per share during periods in which the effect would be antidilutive.

On February 22, 2018, Huntington converted all its outstanding 8.50% Series A Non-Cumulative Perpetual Convertible Preferred Stock to 30.3 million shares of common stock. Following the conversion, the additional shares were included in average common shares issued and outstanding. The 2018 total diluted average common shares issued and outstanding was impacted by using the if-converted method. The calculation of basic and diluted earnings per share for the three and nine-month periods ended September 30, 2018 and 2017 was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in millions, share amounts in thousands)	2018	2017	2018	2017
Basic earnings per common share:				
Net income	$ 378	$ 275	$ 1,059	$ 754
Preferred stock dividends	(18)	(19)	(51)	(57)
Net income available to common shareholders	$ 360	$ 256	$ 1,008	$ 697
Average common shares issued and outstanding	1,084,536	1,086,038	1,090,570	1,087,115
Basic earnings per common share	$ 0.33	$ 0.24	$ 0.92	$ 0.64
Diluted earnings per common share:				
Net income available to common shareholders	$ 360	$ 256	$ 1,008	$ 697
Effect of assumed preferred stock conversion	—	—	—	—
Net income applicable to diluted earnings per share	$ 360	$ 256	$ 1,008	$ 697
Average common shares issued and outstanding	1,084,536	1,086,038	1,090,570	1,087,115
Dilutive potential common shares:				
Stock options and restricted stock units and awards	15,655	17,079	17,105	17,515
Shares held in deferred compensation plans	3,549	3,228	3,416	3,096
Dilutive impact of Preferred Stock	—	—	5,887	—
Other	—	146	—	152
Dilutive potential common shares	19,204	20,453	26,408	20,763
Total diluted average common shares issued and outstanding	1,103,740	1,106,491	1,116,978	1,107,878
Diluted earnings per common share	$ 0.33	$ 0.23	$ 0.90	$ 0.63

There were approximately 1.6 million and 1.5 million of options to purchase shares of common stock outstanding for the three-month periods ended September 30, 2018 and 2017, respectively. There were approximately 2.0 million and 0.9 million of options to purchase shares of common stock outstanding for the nine-month periods ended September 30, 2018 and 2017. These options were not included in the computation of diluted earnings per share because the effect would be antidilutive.

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 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 September 30, 2018		Nine Months Ended September 30, 2018	
Noninterest income				
Noninterest income from contracts with customers	$	223	$	654
Noninterest income within the scope of other GAAP topics		119		338
Total noninterest income	$	342	$	992

Huntington recognizes revenue when the performance obligations related to the transfer of goods or services under the terms of a contract are satisfied. Some obligations are satisfied at a point in time while others are satisfied over a period of time. Revenue is recognized as the amount of consideration to which Huntington expects to be entitled to in exchange for transferring goods or services to a customer. When consideration includes a variable component, the amount of consideration attributable to variability is included in the transaction price only to the extent it is probable that significant revenue recognized will not be reversed when uncertainty associated with the variable consideration is subsequently resolved. Generally, the variability relating to the consideration is explicitly stated in the contracts, but may also arise from Huntington's customer business practice, for example, waiving certain fees related to customer’s deposit accounts such as NSF fees. Huntington's contracts generally do not contain terms that require significant judgement to determine the variability impacting the transaction price.

Revenue is measured as the amount of consideration Huntington expects to be entitled to in exchange for transferring goods or services. Revenue is segregated based on the nature of product and services offered as part of contractual arrangements. Revenue from contracts with customers is broadly segregated as follows:

- *Service charges on deposit accounts* include fees and other charges Huntington receives to provide various services, including but not limited to, maintaining an account with a customer, providing overdraft services, wire transfer, transferring funds, and accepting and executing stop-payment orders. The consideration includes both fixed (e.g., account maintenance fee) and transaction fees (e.g., wire-transfer fee). The fixed fee is recognized over a period of time while the transaction fee is recognized when a specific service (e.g., execution of wire-transfer) is rendered to the customer. Huntington may, from time to time, waive certain fees (e.g., NSF fee) for customers but generally does not reduce the transaction price to reflect variability for future reversals due to the insignificance of the amounts. Waiver of fees reduces the revenue in the period the waiver is granted to the customer.
- *Cards and payment processing income* includes interchange fees earned on debit cards and credit cards. All other fees (e.g. annual fees), and interest income are recognized in accordance with ASC 310. Huntington recognizes interchange fees for services performed related to authorization and settlement of a cardholder’s transaction with a merchant. Revenue is recognized when a cardholder’s transaction is approved and settled. The revenue may be constrained due to inherent uncertainty related to cardholder’s right to return goods and services but the uncertainty is resolved within a short period of time (generally within 30 days) and has been assessed as not material. Revenue is not adjusted for such variability, rather returns reduce the amount of interchange revenue in the period the return is made by the customer.

  Certain volume or transaction based interchange expenses (net of rebates) paid to the payment network reduce the interchange revenue and are presented net on the income statement. Similarly, rewards payable under a reward program to cardholders are recognized as a reduction of the transaction price and are presented net against the interchange revenue.

- *Trust and investment management services* includes fee income generated from personal, corporate and institutional customers. Huntington also provides investment management services, cash management services and tax reporting to customers. Services are rendered over a period of time, over which revenue is recognized. Huntington may also recognize revenue from referring a customer to outside third-parties including mutual fund companies that pay distribution (12b-1) fees and other expenses. 12b-1 fees are received upon initially placing account holder’s funds with a mutual fund company as well as in the future periods as long as the account holder (i.e., the fund investor), remains invested in the fund. The transaction price includes variable consideration which is considered constrained as it is not probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur. Accordingly, those fees are recognized as revenue when the uncertainty associated with the variable consideration is subsequently resolved, that is, initial fees are recognized in the initial period while the future fees are recognized in future periods.
- *Insurance income* includes agency commissions that are recognized when Huntington sells insurance policies to customers. Huntington is also entitled to renewal commissions and, in some cases, profit sharing which are recognized in subsequent periods. The initial commission is recognized when the insurance policy is sold to a customer. Renewal commission is variable consideration and is recognized in subsequent periods when the uncertainty around variable consideration is subsequently resolved (i.e., when customer renews the policy). Profit sharing is also a variable consideration that is not recognized until the variability surrounding realization of revenue is resolved (i.e., Huntington have reached a minimum volume of sales). Another source of variability is the ability of the policy holder to cancel the policy anytime and in such cases, Huntington may be required, under the terms of the contract, to return part of the commission received. The variability related to cancellation of the policy is not deemed significant and thus, does not impact the amount of revenue recognized. In the event the policyholder chooses to cancel the policy at any time, the revenue for amounts which qualify for claw-back are reversed in the period the cancellation occurs.
- *Other noninterest income* includes a variety of other revenue streams including capital markets revenue, consumer fees and marketing allowance revenue. Revenue is recognized when, or as, a performance obligation is satisfied. Inherent variability in the transaction price is not recognized until the uncertainty affecting the variability is resolved.

Control is transferred to a customer either at a point in time or over time. A performance obligation is deemed satisfied when the control over goods or services is transferred to the customer. To determine when control is transferred at a point in time, Huntington considers indicators, including but not limited to the right to payment for the asset, transfer of significant risk and rewards of ownership of the asset and acceptance of asset by the customer. When control is transferred over a period of time, for different performance obligations, either the input or output method is used to determine the progress. The measure of progress used to assess completion of the performance obligation varies between performance obligations and may be based on time throughout the period of service or on the value of goods and services transferred to the customer. As each distinct service or activity is performed, Huntington transfers control to the customer based on the services performed as the customer simultaneously receives the benefits of those services. This timing of revenue recognition aligns with the resolution of any uncertainty related to variable consideration. Costs incurred to obtain a revenue producing contract is expensed when incurred as a practical expedient as the contractual period for majority of contracts is one year or less.

Revenue is recorded in the business segment responsible for the related product or service. Fee sharing arrangements exist to allocate portions of such revenue to other business segments involved in selling to, or providing service to, customers. Business segment results are determined based upon management's reporting system, which assigns balance sheet and income statement items to each of the business segments. The process is designed around Huntington's organizational and management structure and, accordingly, the results derived are not necessarily comparable with similar information published by other financial institutions.

The following table illustrates the disaggregation by operating segment and major revenue stream and reconciles disaggregated revenue to segment revenue presented in Note 18.

	Three Months Ended September 30, 2018					
(dollar amounts in millions)	Consumer & Business Banking	Commercial Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
Major Revenue Streams						
Service charges on deposit accounts	$ 75	$ 16	$ 1	$ 1	$ —	$ 93
Cards and payment processing income	50	3	—	—	—	53
Trust and investment management services	7	1	—	34	—	42
Insurance income	8	1	—	10	—	19
Other income	10	2	1	2	1	16
Net revenue from contracts with customers	$ 150	$ 23	$ 2	$ 47	$ 1	$ 223
Noninterest income within the scope of other GAAP topics	42	56	—	—	21	119
Total noninterest income	$ 192	$ 79	$ 2	$ 47	$ 22	$ 342

	Nine Months Ended September 30, 2018					
(dollar amounts in millions)	Consumer & Business Banking	Commercial Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
Major Revenue Streams						
Service charges on deposit accounts	$ 215	$ 48	$ 4	$ 3	$ —	$ 270
Cards and payment processing income	146	8	—	—	—	154
Trust and investment management services	19	3	—	106	—	128
Insurance income	26	3	—	31	1	61
Other Income	30	3	2	4	2	41
Net revenue from contracts with customers	$ 436	$ 65	$ 6	$ 144	$ 3	$ 654
Noninterest income within the scope of other GAAP topics	117	163	2	1	55	338
Total noninterest income	$ 553	$ 228	$ 8	$ 145	$ 58	$ 992

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 September 30, 2018 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 September 30, 2018 was determined to be immaterial.

13. BENEFIT PLANS

Huntington sponsors a non-contributory defined benefit pension plan covering substantially all employees hired or rehired prior to January 1, 2010. The plan, which was modified in 2013, no longer accrues service benefits to participants and provides benefits based upon length of service and compensation levels. Huntington's funding policy is to contribute an annual amount that is at least equal to the minimum funding requirements but not more than the amount deductible under the Internal Revenue Code. There is no required minimum contribution for 2018.

In addition, Huntington has a defined benefit post-retirement plan that provides certain healthcare and life insurance benefits to retired employees who have attained the age of 55 and have at least 10 years of vesting service under this plan. For additional information on benefit plans, see the Benefit Plan footnote in our 2017 Form 10-K.

The following table shows the components of net periodic (benefit) cost for all plans:

	Pension Benefits (1)		Post-Retirement Benefits (1)	
	Three Months Ended September 30,		Three Months Ended September 30,	
(dollar amounts in millions)	2018	2017	2018	2017
Service cost	$ —	$ —	$ —	$ —
Interest cost	9	8	—	—
Expected return on plan assets	(12)	(13)	—	—
Amortization of prior service cost	—	—	(1)	—
Amortization of loss	2	1	—	—
Settlements	1	4	—	—
Net periodic (benefit) cost	$ —	$ —	$ (1)	$ —

	Pension Benefits (1)		Post-Retirement Benefits (1)	
	Nine Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in millions)	2018	2017	2018	2017
Service cost	$ 2	$ 2	$ —	$ —
Interest cost	23	22	—	—
Expected return on plan assets	(36)	(41)	—	—
Amortization of prior service cost	—	—	(2)	(1)
Amortization of loss	6	5	—	—
Settlements	6	10	—	—
Net periodic (benefit) cost	$ 1	$ (2)	$ (2)	$ (1)

(1) The pension and post-retirement (benefits) costs for 2018 and 2017 are recorded in Other noninterest income and Noninterest expense - personnel costs, respectively, in the Condensed Consolidated Statements of Income.

Huntington has a defined contribution plan that is available to eligible employees. Beginning January 1, 2018, Huntington increased the company match such that Huntington matches participant contributions 150% of the first 2% of base pay and 100% of the next 2%. Huntington's expense related to the defined contribution plans during the third quarter 2018 and 2017 was $7 million and $5 million, respectively. For the nine-month period ended September 30, 2018 and 2017, expense related to the defined contribution plans was $35 million and $26 million, respectively.

14. FAIR VALUES OF ASSETS AND LIABILITIES

See Note 18 “Fair Value of Assets and Liabilities” to the Consolidated Financial Statements of the Annual Report on Form 10-K for the year ended December 31, 2017 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 nine-month periods ended September 30, 2018 and 2017.

Assets and Liabilities measured at fair value on a recurring basis

Assets and liabilities measured at fair value on a recurring basis atSeptember 30, 2018 and December 31, 2017 are summarized below:

	Fair Value Measurements at Reporting Date Using				
(dollar amounts in millions)	Level 1	Level 2	Level 3	Netting Adjustments (1)	September 30, 2018
Assets					
Trading account securities:					
Municipal securities	$ —	$ 5	$ —	$ —	$ 5
Other securities	77	1	—	—	78
	77	6	—	—	83
Available-for-sale securities:					
U.S. Treasury securities	5	—	—	—	5
Residential CMOs	—	6,940	—	—	6,940
Residential MBS	—	620	—	—	620
Commercial MBS	—	1,703	—	—	1,703
Other agencies	—	157	—	—	157
Municipal securities	—	571	3,277	—	3,848
Asset-backed securities	—	363	—	—	363
Corporate debt	—	87	—	—	87
Other securities/sovereign debt	—	4	—	—	4
	5	10,445	3,277	—	13,727
Other securities	22	—	—	—	22
Loans held for sale	—	727	—	—	727
Loans held for investment	—	49	32	—	81
MSRs	—	—	11	—	11
Derivative assets	—	493	5	(318)	180
Liabilities					
Derivative liabilities	—	437	4	(221)	220

	Fair Value Measurements at Reporting Date Using				
(dollar amounts in millions)	Level 1	Level 2	Level 3	Netting Adjustments (1)	December 31, 2017
Assets					
Trading account securities:					
Other securities	$ 83	$ 3	$ —	$ —	$ 86
	83	3	—	—	86
Available-for-sale securities:					
U.S. Treasury securities	5	—	—	—	5
Residential CMOs	—	6,484	—	—	6,484
Residential MBS	—	1,367	—	—	1,367
Commercial MBS	—	2,487	—	—	2,487
Other agencies	—	70	—	—	70
Municipal securities	—	711	3,167	—	3,878
Asset-backed securities	—	443	24	—	467
Corporate debt	—	109	—	—	109
Other securities/sovereign debt	—	2	—	—	2
	5	11,673	3,191	—	14,869
Other securities	19	—	—	—	19
Loans held for sale	—	413	—	—	413
Loans held for investment	—	55	38	—	93
MSRs	—	—	11	—	11
Derivative assets	—	316	6	(190)	132
Liabilities					
Derivative liabilities	—	326	5	(245)	86

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

The tables below present a rollforward of the balance sheet amounts for the three-month and nine-month periods ended September 30, 2018 and 2017, for financial instruments measured on a recurring basis and classified as Level 3. The classification of an item as Level 3 is based on the significance of the unobservable inputs to the overall fair value measurement. However, Level 3 measurements may also include observable components of value that can be validated externally. Accordingly, the gains and losses in the table below include changes in fair value due in part to observable factors that are part of the valuation methodology.

	Level 3 Fair Value Measurements Three Months Ended September 30, 2018			
			Available-for-sale securities	
(dollar amounts in millions)	MSRs	Derivative instruments	Municipal securities	Loans held for investment
Opening balance	$ 11	$ 1	$ 3,178	$ 34
Transfers out of Level 3 (1)	—	(12)	—	—
Total gains/losses for the period:				
Included in earnings	—	9	(1)	—
Included in OCI	—	—	—	—
Purchases/originations	—	—	260	—
Sales	—	—	—	—
Repayments	—	—	—	(2)
Settlements	—	3	(160)	—
Closing balance	$ 11	$ 1	$ 3,277	$ 32
Change in unrealized gains or losses for the period included in earnings for assets held at end of the reporting date	$ —	$ (3)	$ —	$ —

	Level 3 Fair Value Measurements Three Months Ended September 30, 2017				
			Available-for-sale securities		
(dollar amounts in millions)	MSRs	Derivative instruments	Municipal securities	Asset-backed securities	Loans held for investment
Opening balance	$ 13	$ 3	$ 2,872	$ 43	$ 44
Transfers out of Level 3 (1)	—	(1)	—	—	—
Total gains/losses for the period:					
Included in earnings	(1)	1	(1)	(2)	—
Included in OCI	—	—	(34)	5	—
Purchases/originations	—	—	167	—	—
Sales	—	—	—	(22)	—
Repayments	—	—	—	—	(4)
Settlements	—	—	(46)	—	—
Closing balance	$ 12	$ 3	$ 2,958	$ 24	$ 40
Change in unrealized gains or losses for the period included in earnings for assets held at end of the reporting date	$ (1)	$ 1	$ —	$ —	$ —

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

(dollar amounts in millions)	Level 3 Fair Value Measurements Nine Months Ended September 30, 2018		Available-for-sale securities		
	MSRs	Derivative instruments	Municipal securities	Asset-backed securities	Loans held for investment
Opening balance	$ 11	$ (1)	$ 3,167	$ 24	$ 38
Transfers out of Level 3 (1)	—	(26)	—	—	—
Total gains/losses for the period:					
Included in earnings	—	25	(3)	(2)	—
Included in OCI	—	—	(37)	11	—
Purchases/originations	—	—	539	—	—
Sales	—	—	—	(33)	—
Repayments	—	—	—	—	(6)
Settlements	—	3	(389)	—	—
Closing balance	$ 11	$ 1	$ 3,277	$ —	$ 32
Change in unrealized gains or losses for the period included in earnings for assets held at end of the reporting date	$ —	$ (1)	$ —	$ —	$ —

(dollar amounts in millions)	Level 3 Fair Value Measurements Nine Months Ended September 30, 2017		Available-for-sale securities		
	MSRs	Derivative instruments	Municipal securities	Asset-backed securities	Loans held for investment
Opening balance	$ 14	$ (2)	$ 2,798	$ 76	$ 48
Transfers out of Level 3 (1)	—	(4)	—	—	—
Total gains/losses for the period:					
Included in earnings	(2)	9	(4)	(5)	1
Included in OCI	—	—	(1)	13	—
Purchases/originations	—	—	414	—	—
Sales	—	—	—	(59)	—
Repayments	—	—	—	—	(9)
Settlements	—	—	(249)	(1)	—
Closing balance	$ 12	$ 3	$ 2,958	$ 24	$ 40
Change in unrealized gains or losses for the period included in earnings for assets held at end of the reporting date	$ (2)	$ 9	$ —	$ (4)	$ —

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

The tables below summarize the classification of gains and losses due to changes in fair value, recorded in earnings for Level 3 assets and liabilities for the three-month and nine-month periods ended September 30, 2018 and 2017:

(dollar amounts in millions)	Level 3 Fair Value Measurements Three Months Ended September 30, 2018		Available-for-sale securities	
	MSRs	Derivative instruments	Municipal securities	Loans held for investment
Classification of gains and losses in earnings:				
Mortgage banking income	$ —	$ 9	$ —	$ —
Other expense	—	—	(1)	—
Total	$ —	$ 9	$ (1)	$ —

(dollar amounts in millions)	Level 3 Fair Value Measurements Three Months Ended September 30, 2017				
			Available-for-sale securities		
	MSRs	Derivative instruments	Municipal securities	Asset-backed securities	Loans held for investment
Classification of gains and losses in earnings:					
Mortgage banking income	$ (1)	$ 1	$ —	$ —	$ —
Securities gains (losses)	—	—	—	(2)	—
Interest and fee income	—	—	(1)	—	—
Total	$ (1)	$ 1	$ (1)	$ (2)	$ —

(dollar amounts in millions)	Level 3 Fair Value Measurements Nine Months Ended September 30, 2018				
			Available-for-sale securities		
	MSRs	Derivative instruments	Municipal securities	Asset-backed securities	Loans held for investment
Classification of gains and losses in earnings:					
Mortgage banking income	$ —	$ 25	$ —	$ —	$ —
Securities gains (losses)	—	—	—	(2)	—
Other expense	—	—	(3)	—	—
Total	$ —	$ 25	$ (3)	$ (2)	$ —

(dollar amounts in millions)	Level 3 Fair Value Measurements Nine Months Ended September 30, 2017				
			Available-for-sale securities		
	MSRs	Derivative instruments	Municipal securities	Asset-backed securities	Loans held for investment
Classification of gains and losses in earnings:					
Mortgage banking income	$ (2)	$ 9	$ —	$ —	$ —
Securities gains (losses)	—	—	—	(5)	—
Interest and fee income	—	—	(4)	—	—
Noninterest income	—	—	—	—	1
Total	$ (2)	$ 9	$ (4)	$ (5)	$ 1

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)	September 30, 2018					
	Total Loans			Loans that are 90 or more days past due		
Assets	Fair value carrying amount	Aggregate unpaid principal	Difference	Fair value carrying amount	Aggregate unpaid principal	Difference
Loans held for sale	$ 727	$ 713	$ 14	$ —	$ —	$ —
Loans held for investment	81	88	(7)	6	7	(1)

(dollar amounts in millions)	December 31, 2017					
	Total Loans			Loans that are 90 or more days past due		
Assets	Fair value carrying amount	Aggregate unpaid principal	Difference	Fair value carrying amount	Aggregate unpaid principal	Difference
Loans held for sale	$ 413	$ 400	$ 13	$ 1	$ 1	$ —
Loans held for investment	93	102	(9)	10	11	(1)

The following tables present the net gains (losses) from fair value changes for thethree-month and nine-month periods ended September 30, 2018 and 2017.

	Net gains (losses) from fair value changes		Net gains (losses) from fair value changes	
(dollar amounts in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
Assets	2018	2017	2018	2017
Loans held for sale	$ (4)	$ (2)	$ (1)	$ 12
Loans held for investment	—	—	—	1

Assets and Liabilities measured at fair value on a nonrecurring basis

Certain assets and liabilities may be required to be measured at fair value on a nonrecurring basis in periods subsequent to their initial recognition. These assets and liabilities are not measured at fair value on an ongoing basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment. For the nine months ended September 30, 2018, assets measured at fair value on a nonrecurring basis were as follows:

		Fair Value Measurements Using			
(dollar amounts in millions)	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total Gains/(Losses) Nine Months Ended September 30, 2018
Impaired loans	53	—	—	53	1
Other real estate owned	27	—	—	27	(1)

Huntington records nonrecurring adjustments of collateral-dependent loans measured for impairment when establishing the ALLL. 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.

Other real estate owned properties are included in accrued income and other assets and valued based on appraisals and third-party price opinions.

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

The table below presents quantitative information about the significant unobservable inputs for assets and liabilities measured at fair value on a recurring and nonrecurring basis at September 30, 2018 and December 31, 2017:

	Quantitative Information about Level 3 Fair Value Measurements at September 30, 2018			
(dollar amounts in millions)	Fair Value	Valuation Technique	Significant Unobservable Input	Range (Weighted Average)
Measured at fair value on a recurring basis:				
MSRs	$ 11	Discounted cash flow	Constant prepayment rate	6% - 54% (8%)
			Spread over forward interest rate swap rates	5% - 11% (8%)
Derivative assets	5	Consensus Pricing	Net market price	-4%-8%(1%)
			Estimated Pull through %	3% - 100% (91%)
Derivative liabilities	4	Discounted cash flow	Estimated conversion factor	163 %
			Estimated growth rate of Visa Class A shares	7 %
			Discount rate	3 %
			Timing of the resolution of the litigation	6/30/2020
Municipal securities	3,277	Discounted cash flow	Discount rate	3% - 4% (3%)
			Cumulative default	0% - 64% (4%)
			Loss given default	5% - 90% (25%)
Loans held for investment	32	Discounted cash flow	Discount rate	7% (7%)
			Constant prepayment rate	9% (9%)
Measured at fair value on a nonrecurring basis:				
Impaired loans	53	Appraisal value	NA	NA
Other real estate owned	27	Appraisal value	NA	NA

(dollar amounts in millions)	Fair Value		Valuation Technique	Significant Unobservable Input	Range (Weighted Average)
	Quantitative Information about Level 3 Fair Value Measurements at December 31, 2017				
Measured at fair value on a recurring basis:					
MSRs	$	11	Discounted cash flow	Constant prepayment rate	8% - 33% (12%)
				Spread over forward interest rate swap rates	8% - 10% (8%)
Derivative assets		6	Consensus Pricing	Net market price	-5% - 20% (2%)
				Estimated Pull through %	3% - 100% (75%)
Derivative liabilities		5	Discounted cash flow	Estimated conversion factor	165%
				Estimated growth rate of Visa Class A shares	7%
				Discount rate	3%
				Timing of the resolution of the litigation	12/31/2017 - 06/30/2020
Municipal securities		3,167	Discounted cash flow	Discount rate	0% - 10% (4%)
				Cumulative default	0% - 64% (3%)
				Loss given default	5% - 90% (24%)
Asset-backed securities		24	Discounted cash flow	Discount rate	7% - 7% (7%)
				Cumulative prepayment rate	0% - 72% (7%)
				Cumulative default	3% - 53% (7%)
				Loss given default	90% - 100% (98%)
				Cure given deferral	50% - 50% (50%)
Loans held for investment		38	Discounted cash flow	Discount rate	7% - 18% (8%)
				Constant prepayment rate	2% - 22% (9%)
Measured at fair value on a nonrecurring basis:					
MSRs		190	Discounted cash flow	Constant prepayment rate	6% - 21% (8%)
				Spread over forward interest rate swap rates	2% - 20% (10%)
Impaired loans		36	Appraisal value	NA	NA
Other real estate owned		33	Appraisal value	NA	NA

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

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

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 atSeptember 30, 2018 and December 31, 2017:

	September 30, 2018				
(dollar amounts in millions)	Amortized Cost	Lower of Cost or Market	Fair Value or Fair Value Option	Total Carrying Amount	Estimated Fair Value
Financial Assets					
Cash and short-term assets	1,342	—	—	1,342	1,342
Trading account securities	—	—	83	83	83
Available-for-sale securities	—	—	13,727	13,727	13,727
Held-to-maturity securities	8,465	—	—	8,465	8,112
Other securities	543	—	22	565	565
Loans held for sale	—	65	727	792	795
Net loans and direct financing leases (1)	72,528	—	81	72,609	71,918
Derivatives	—	—	180	180	180
Financial Liabilities					
Deposits	81,689	—	—	81,689	81,631
Short-term borrowings	1,348	—	—	1,348	1,348
Long-term debt	9,385	—	—	9,385	9,523
Derivatives	—	—	220	220	220

(1) Includes collateral-dependent loans measured for impairment.

	December 31, 2017				
(dollar amounts in millions)	Amortized Cost	Lower of Cost or Market	Fair Value or Fair Value Option	Total Carrying Amount	Estimated Fair Value
Financial Assets					
Cash and short-term assets	1,567	—	—	$ 1,567	$ 1,567
Trading account securities	—	—	86	86	86
Available-for-sale securities	—	—	14,869	14,869	14,869
Held-to-maturity securities	9,091	—	—	9,091	8,971
Other securities	581	—	19	600	600
Loans held for sale	—	75	413	488	491
Net loans and direct financing leases (1)	69,333	—	93	69,426	69,146
Derivatives	—	—	132	132	132
Financial Liabilities					
Deposits	77,041	—	—	77,041	77,010
Short-term borrowings	5,056	—	—	5,056	5,056
Long-term debt	9,206	—	—	9,206	9,402
Derivatives	—	—	86	86	86

(1) Includes collateral-dependent loans measured for impairment.

The following table presents the level in the fair value hierarchy for the estimated fair values at September 30, 2018 and December 31, 2017:

(dollar amounts in millions)	Estimated Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	September 30, 2018
Financial Assets				
Trading account securities	$ 77	$ 6	$ —	$ 83
Available-for-sale securities	5	10,445	3,277	13,727
Held-to-maturity securities	—	8,112	—	8,112
Other securities	22	—	—	22
Loans held for sale	—	727	68	795
Net loans and direct financing leases	—	49	71,869	71,918
Financial Liabilities				
Deposits	—	74,423	7,208	81,631
Short-term borrowings	2	—	1,346	1,348
Long-term debt	—	8,986	537	9,523

(dollar amounts in millions)	Estimated Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	December 31, 2017
Financial Assets				
Trading account securities	$ 83	$ 3	$ —	$ 86
Available-for-sale securities	5	11,673	3,191	14,869
Held-to-maturity securities	—	8,971	—	8,971
Other securities	19	—	—	19
Loans held for sale	—	413	78	491
Net loans and direct financing leases	—	—	69,146	69,146
Financial Liabilities				
Deposits	—	73,975	3,035	77,010
Short-term borrowings	—	—	5,056	5,056
Long-term debt	—	8,944	458	9,402

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

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

15. DERIVATIVE FINANCIAL INSTRUMENTS

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

The following table presents the fair values of all derivative instruments included in the Unaudited Condensed Consolidated Balance Sheets atSeptember 30, 2018 and December 31, 2017. Amounts in the table below are presented gross without the impact of any net collateral arrangements.

	September 30, 2018		December 31, 2017	
(dollar amounts in millions)	Asset	Liability	Asset	Liability
Derivatives designated as Hedging Instruments				
Interest rate contracts	$ 15	$ 65	$ 22	$ 121
Derivatives not designated as Hedging Instruments				
Interest rate contracts	294	198	187	100
Foreign exchange contracts	28	22	18	18
Commodities contracts	157	152	92	87
Equity contracts	4	4	3	5
Total Contracts	$ 498	$ 441	$ 322	$ 331

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 nine-month periods ended September 30, 2018.

	Location of Gain or (Loss) Recognized in Income on Derivative	Amount of Gain or (Loss) Recognized in Income on Derivative	
(dollar amounts in millions)		Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
Interest rate contracts:			
Customer	Capital markets fees	$ 11	$ 30
Mortgage Banking	Mortgage banking income	5	(3)
Foreign exchange contracts	Capital markets fees	6	18
Commodities contracts	Capital markets fees	1	3
Equity contracts	Other noninterest expense	—	3
Total		$ 23	$ 51

Derivatives used in asset and liability management activities

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

The following table presents the gross notional values of derivatives used in Huntington's asset and liability management activities at September 30, 2018 and December 31, 2017, identified by the underlying interest rate-sensitive instruments.

(dollar amounts in millions)	September 30, 2018		
	Fair Value Hedges	Cash Flow Hedges	Total
Instruments associated with:			
Investment securities	—	$ 12	$ 12
Subordinated notes	375	—	375
Long-term debt	5,340	—	5,340
Total notional value at September 30, 2018	$ 5,715	$ 12	$ 5,727

(dollar amounts in millions)	December 31, 2017		
	Fair Value Hedges	Cash Flow Hedges	Total
Instruments associated with:			
Subordinated notes	$ 950	—	$ 950
Long-term debt	7,425	—	7,425
Total notional value at December 31, 2017	$ 8,375	$ —	$ 8,375

The following table presents additional information about the interest rate swaps used in Huntington's asset and liability management activities at September 30, 2018 and December 31, 2017.

(dollar amounts in millions)	September 30, 2018				
				Weighted-Average Rate	
	Notional Value	Average Maturity (years)	Fair Value	Receive	Pay
Asset conversion swaps					
Receive fixed—generic	$ 12	1.5	$ —	2.20%	2.16%
Liability conversion swaps					
Receive fixed—generic	5,715	2.5	(50)	2.08	2.26
Total swap portfolio at September 30, 2018	$ 5,727	2.5	$ (50)		

(dollar amounts in millions)	December 31, 2017				
				Weighted-Average Rate	
	Notional Value	Average Maturity (years)	Fair Value	Receive	Pay
Liability conversion swaps					
Receive fixed—generic	$ 8,375	2.5	$ (99)	1.56%	1.44%
Total swap portfolio at December 31, 2017	$ 8,375	2.5	$ (99)		

These derivative financial instruments are entered into to manage the interest rate risk of assets and liabilities. Consequently, net amounts receivable or payable on contracts hedging either interest earning assets or interest-bearing liabilities are an adjustment to either interest income or interest expense. The net amounts resulted in an adjustment to net interest income of $(11) million and $3 million for the three-month periods ended September 30, 2018, and 2017, respectively, and $(25) million and $20 million for the nine-month periods ended September 30, 2018, and 2017, respectively.

During the second quarter of 2018, Huntington terminated $2.9 billion (notional value) of liability conversion swaps subsequent to de-designating these swaps as fair value hedges. The adjusted basis of the hedged item at termination was recorded as a loss of $149 million, which is being amortized over the remaining life of the long-term debt using the effective yield method. Cash payments to counterparties resulting from termination of interest rate swaps are classified as operating activities in our unaudited condensed consolidated statements of cash flows.

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.

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 nine-month periods ended September 30, 2018 and 2017.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in millions)	2018	2017	2018	2017
Interest rate contracts				
Change in fair value of interest rate swaps hedging subordinated notes (1)	$ (2)	$ (2)	$ 22	$ (5)
Change in fair value of hedged subordinated notes (1)	2	4	(22)	7
Change in fair value of interest rate swaps hedging other long-term debt (1)	(9)	(6)	33	(1)
Change in fair value of hedged other long-term debt (1)	10	7	(27)	(1)

(1) Recognized in Interest expense—subordinated notes and other long-term debt in the Unaudited Condensed Consolidated Statements of Income.

As of September 30, 2018, the following amounts were recorded on the balance sheet related to cumulative basis adjustments for fair value hedges.

	Carrying Amount of the Hedged Liabilities	Cumulative Amount of Fair Value Hedging Adjustment To Hedged Liabilities
(dollar amounts in millions)	September 30, 2018	September 30, 2018
Long-term debt	$ 5,637	$ (67)

The cumulative amount of fair value hedging adjustments remaining for any hedged assets and liabilities for which hedge accounting has been discontinued is $(135) million at September 30, 2018.

Derivatives used in mortgage banking activities

Mortgage loan origination hedging activity

Huntington’s mortgage origination hedging activity is related to the hedging of the mortgage pricing commitments to customers and the secondary sale to third parties. The value of a newly originated mortgage is not firm until the interest rate is committed or locked. The interest rate lock commitments are derivative positions that economically hedge forward commitments to sell loans. The net asset position of these derivatives at September 30, 2018 and December 31, 2017 are $8 million and $7 million, respectively.

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 all transactions.

The net fair values of these derivative financial instruments, for which the gross amounts are included in accrued income and other assets or accrued expenses and other liabilities at both September 30, 2018 and December 31, 2017, were $100 million and $88 million, respectively. The total notional values of derivative financial instruments used by Huntington on behalf of customers, including offsetting derivatives, were $25 billion and $22 billion at September 30, 2018 and December 31, 2017, respectively. Huntington’s credit risk from interest rate swaps used for trading purposes was $115 million and $119 million at the same dates, respectively.

Visa®-related Swaps

In connection with the sale of Huntington’s Class B Visa® shares, Huntington entered into a swap agreement with the purchaser of the shares. The swap agreement adjusts for dilution in the conversion ratio of Class B shares resulting from changes in the Visa® litigation. In connection with the FirstMerit acquisition, Huntington acquired an additional Visa® related swap agreement. At September 30, 2018, the combined fair value of the swap liabilities of $4 million is an estimate of the exposure liability based upon Huntington's assessment of the potential Visa® litigation losses and timing of the litigation settlement.

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

Huntington records derivatives at fair value as further described in Note14.

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.

At September 30, 2018 and December 31, 2017, aggregate credit risk associated with these derivatives, net of collateral that has been pledged by the counterparty, was$17 million and $30 million, respectively. The credit risk associated with interest rate swaps is calculated after considering master netting agreements with broker-dealers and banks.

At September 30, 2018, Huntington pledged $72 million of investment securities and cash collateral to counterparties, while other counterparties pledged$246 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 September 30, 2018 and December 31, 2017.

Offsetting of Financial Assets and Derivative Assets

					Gross amounts not offset in the condensed consolidated balance sheets		
(dollar amounts in millions)		Gross amounts of recognized assets	Gross amounts offset in the condensed consolidated balance sheets	Net amounts of assets presented in the condensed consolidated balance sheets	Financial instruments	Cash collateral received	Net amount
September 30, 2018	Derivatives	$ 498	$ (318)	$ 180	$ (2)	$ (59)	$ 119
December 31, 2017	Derivatives	322	(190)	132	(11)	(18)	103

Offsetting of Financial Liabilities and Derivative Liabilities

					Gross amounts not offset in the condensed consolidated balance sheets		
(dollar amounts in millions)		Gross amounts of recognized liabilities	Gross amounts offset in the condensed consolidated balance sheets	Net amounts of liabilities presented in the condensed consolidated balance sheets	Financial instruments	Cash collateral delivered	Net amount
September 30, 2018	Derivatives	$ 441	$ (221)	$ 220	$ —	$ (15)	$ 205
December 31, 2017	Derivatives	331	(245)	86	—	(21)	65

16. 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, but is not the primary beneficiary, to the VIE at September 30, 2018, and December 31, 2017:

	September 30, 2018		
(dollar amounts in millions)	Total Assets	Total Liabilities	Maximum Exposure to Loss
2016-1 Automobile Trust	$ 3	$ 1	$ 3
2015-1 Automobile Trust	—	—	—
Trust Preferred Securities	14	252	—
Affordable Housing Tax Credit Partnerships	683	345	683
Other Investments	125	54	125
Total	$ 825	$ 652	$ 811

	December 31, 2017		
(dollar amounts in millions)	Total Assets	Total Liabilities	Maximum Exposure to Loss
2016-1 Automobile Trust	$ 7	$ —	$ 7
2015-1 Automobile Trust	1	—	1
Trust Preferred Securities	14	252	—
Affordable Housing Tax Credit Partnerships	636	335	636
Other Investments	117	53	117
Total	$ 775	$ 640	$ 761

Automobile Securitizations

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

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 September 30, 2018 follows:

(dollar amounts in millions)	Rate		Principal amount of subordinated note/ debenture issued to trust (1)	Investment in unconsolidated subsidiary
Huntington Capital I	3.10 %	(2)	$ 70	$ 6
Huntington Capital II	3.02	(3)	32	3
Sky Financial Capital Trust III	3.80	(4)	72	2
Sky Financial Capital Trust IV	3.80	(4)	74	2
Camco Financial Trust	3.73	(5)	4	1
Total			$ 252	$ 14

(1) Represents the principal amount of debentures issued to each trust, including unamortized original issue discount.
(2) Variable effective rate at September 30, 2018, based on three-month LIBOR +0.70%.
(3) Variable effective rate at September 30, 2018, based on three-month LIBOR +0.625%.
(4) Variable effective rate at September 30, 2018, based on three-month LIBOR +1.40%.
(5) Variable effective rate at September 30, 2018, based on three-month LIBOR +1.33%.

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

Affordable Housing Tax Credit Partnerships

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

Huntington uses the proportional amortization method to account for a majority of its investments in these entities. These investments are included in accrued income and other assets. Investments that do not meet the requirements of the proportional amortization method are accounted for using the equity method. Investment losses related to these investments are included in 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 September 30, 2018 and December 31, 2017.

(dollar amounts in millions)	September 30, 2018	December 31, 2017
Affordable housing tax credit investments	$ 1,102	$ 996
Less: amortization	(419)	(360)
Net affordable housing tax credit investments	$ 683	$ 636
Unfunded commitments	$ 345	$ 335

The following table presents other information relating to Huntington's affordable housing tax credit investments for the three-month and nine-month periods ended September 30, 2018 and 2017.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in millions)	2018	2017	2018	2017
Tax credits and other tax benefits recognized	$ 24	$ 22	$ 70	$ 68
Proportional amortization method				
Tax credit amortization expense included in provision for income taxes	19	17	59	51

There were no impairment losses recognized during the three-month period ended September 30, 2018. Huntington recognized immaterial impairment losses for the three-month and nine-month periods ended September 30, 2017, and for the nine-month period ended September 30, 2018. The impairment losses recognized related to the fair value of the tax credit investments that were less than carrying value.

Other Investments

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

17. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments to extend credit

In the ordinary course of business, Huntington makes various commitments to extend credit that are not reflected in the Unaudited Condensed Consolidated Financial Statements. The contract amounts of these financial agreements at September 30, 2018 and December 31, 2017, were as follows:

(dollar amounts in millions)	September 30, 2018	December 31, 2017
Contract amount representing credit risk		
Commitments to extend credit:		
Commercial	$ 16,594	$ 16,219
Consumer	14,798	13,384
Commercial real estate	1,182	1,366
Standby letters of credit	623	510
Commercial letters-of-credit	33	21

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

Standby letters-of-credit are conditional commitments issued to guarantee the performance of a customer to a third party. These guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. Most of these arrangements mature within two years. The carrying amount of deferred revenue associated with these guarantees was $10 million and $10 million at September 30, 2018 and December 31, 2017, 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.

Commitments to sell loans

Activity related to our mortgage origination activity supports the hedging of the mortgage pricing commitments to customers and the secondary sale to third parties. At September 30, 2018 and December 31, 2017, Huntington had commitments to sell residential real estate loans of $1.1 billion and $0.7 billion, respectively. These contracts mature in less than one year.

Litigation and Regulatory Matters

The following supplements the disclosure in Note 21 - Commitments and Contingencies to the Consolidated Financial Statements of the Corporation’s 2017 Annual Report on Form 10-K.

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 possible loss is $0 to $30 million at September 30, 2018 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 and 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.

18. 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: Consumer and Business Banking, Commercial Banking, Vehicle Finance, 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 Huntington's management reporting system, which assigns balance sheet and income statement items to each of the business segments. The process is designed around the organizational and management structure and, accordingly, the results derived are not necessarily comparable with similar information published by other financial institutions. Additionally, because of the interrelationships of the various segments, the information presented is not indicative of how the segments would perform if they operated as independent entities.

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

The management 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. Huntington utilizes a full-allocation methodology, where all Treasury / Other expenses, except reported Significant Items, and a small amount of other residual unallocated expenses, are allocated to the four business segments.

The management policies and processes utilized in compiling segment financial information are highly subjective and, unlike financial accounting, are not based on authoritative guidance similar to GAAP. As a result, reported segment results are not necessarily comparable with similar information reported by other financial institutions. Furthermore, changes in management structure or allocation methodologies and procedures result in changes in reported segment financial data. Accordingly, certain amounts have been reclassified to conform to the current period presentation.

Huntington uses 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 matched duration funding of assets and liabilities. The result is to centralize the financial impact, management, and reporting of interest rate risk in the Treasury / Other function where it can be centrally monitored and managed. The Treasury / Other function charges (credits) an internal cost of funds for assets held in (or pays for funding provided by) each business segment. The FTP rate is based on prevailing market interest rates for comparable duration assets (or liabilities). A new methodology for establishing FTP rates was adopted in 2017, therefore prior period amounts have been restated to reflect the new methodology.

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

Commercial Banking - Through a relationship banking model, this segment provides a wide array of products and services to the middle market, large corporate, real estate and government public sector customers located primarily within our geographic footprint. The segment is divided into six business units: Middle Market, Specialty Banking, Asset Finance, Capital Markets/Institutional Corporate Banking, Commercial Real Estate and Treasury Management.

Vehicle Finance - Our products and services include providing financing to consumers for the purchase of automobiles, light-duty trucks, recreational vehicles and marine craft at franchised and other select dealerships, and providing financing to franchised dealerships for the acquisition of new and used inventory. Products and services are delivered through highly specialized relationship-focused bankers and product partners.

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

Listed in the table below is certain operating basis financial information reconciled to Huntington's September 30, 2018, December 31, 2017, and September 30, 2017, reported results by business segment.

	Three Months Ended September 30,					
Income Statements *(dollar amounts in millions)*	Consumer & Business Banking	Commercial Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
2018						
Net interest income	$ 431	$ 239	$ 101	$ 48	$ (17)	$ 802
Provision (benefit) for credit losses	42	(1)	12	—	—	53
Noninterest income	192	79	2	47	22	342
Noninterest expense	425	124	37	61	4	651
Provision (benefit) for income taxes	33	41	11	7	(30)	62
Net income (loss)	$ 123	$ 154	$ 43	$ 27	$ 31	$ 378
2017						
Net interest income	$ 391	$ 224	$ 108	$ 43	$ (8)	$ 758
Provision (benefit) for credit losses	24	—	20	—	(1)	43
Noninterest income	189	67	3	46	25	330
Noninterest expense	416	117	39	58	50	680
Provision (benefit) for income taxes	49	61	18	11	(49)	90
Net income (loss)	$ 91	$ 113	$ 34	$ 20	$ 17	$ 275

Income Statements (dollar amounts in millions)	Consumer & Business Banking	Commercial Banking	Vehicle Finance	RBHPCG	Treasury / Other	Huntington Consolidated
	Nine Months Ended September 30,					
2018						
Net interest income	$ 1,239	$ 688	$ 300	$ 139	$ (10)	$ 2,356
Provision (benefit) for credit losses	101	38	36	—	—	175
Noninterest income	553	228	8	145	58	992
Noninterest expense	1,266	373	110	184	3	1,936
Provision (benefit) for income taxes	89	106	34	21	(72)	178
Net income (loss)	$ 336	$ 399	$ 128	$ 79	$ 117	$ 1,059
2017						
Net interest income	$ 1,151	$ 675	$ 318	$ 126	$ (37)	$ 2,233
Provision (benefit) for credit losses	75	15	45	1	—	136
Noninterest income	544	201	11	141	70	967
Noninterest expense	1,242	353	113	182	192	2,082
Provision (benefit) for income taxes	132	178	60	29	(171)	228
Net income (loss)	$ 246	$ 330	$ 111	$ 55	$ 12	$ 754

	Assets at		Deposits at	
(dollar amounts in millions)	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Consumer & Business Banking	$ 27,362	$ 26,220	$ 49,434	$ 45,643
Commercial Banking	33,759	32,118	22,288	21,235
Vehicle Finance	18,895	17,865	348	358
RBHPCG	6,374	5,821	5,783	6,057
Treasury / Other	19,262	22,161	3,836	3,748
Total	$ 105,652	$ 104,185	$ 81,689	$ 77,041

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 2017 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 September 30, 2018. Based upon such evaluation, Huntington's Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2018, 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 September 30, 2018, 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 Note17 of the Notes to Unaudited Condensed Consolidated Financial Statements included in Item 1 of this report and incorporated herein by reference.

Item 1A: Risk Factors

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

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

(a) and (b)

Not Applicable

(c)

Period	Total Number of Shares Purchased (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)
July 1, 2018 to July 31, 2018	21,951,696	$ 18.96	$ 651,693,191
August 1, 2018 to August 31, 2018	7,486,872	15.90	532,552,522
September 1, 2018 to September 30, 2018	14,232,070	10.92	377,010,017
Total	43,670,638	$ 15.82	$ 377,010,017

(1) The reported shares were repurchased pursuant to Huntington's publicly-announced share repurchase and accelerated share repurchase authorizations.

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

On June 28, 2018, Huntington was notified by the Federal Reserve that it had no objection to Huntington's proposed capital actions included in Huntington's capital plan submitted in the 2018 CCAR. These actions included a 27% increase in quarterly dividend per common share to $0.14, starting in the third quarter of 2018, the repurchase of up to $1.068 billion of common stock over the next four quarters (July 1, 2018 through June 30, 2019), and maintaining dividends on the outstanding classes of preferred stock and trust preferred securities. Any capital actions, including those contemplated in the above announced actions, are subject to consideration and evaluation by Huntington's Board of Directors.

On July 17, 2018, the Board authorized the repurchase of up to $1.068 billion of common shares over the four quarters through the 2019 second quarter. During the 2018 third quarter, Huntington repurchased a total of 43.7 million shares at a weighted average share price of $15.82, with 25.3 million shares repurchased under the accelerated share repurchase program discussed below, and the remaining 18.4 million shares through open-market repurchases.

On July 27, 2018, Huntington entered into an accelerated share repurchase agreement for the repurchased approximately $400 million of its outstanding common shares. The accelerated share repurchase program enabled Huntington to purchase 20.9 million shares immediately. The accelerated share repurchase program ended in September 2018, resulting in approximately 4.4 million shares being delivered to Huntington.

Item 6. Exhibits

Exhibit Index

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

This information may be read and copied at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. The SEC also maintains an Internet web site that contains reports, proxy statements, and other information about issuers, like us, who file electronically with the SEC. The address of the site is *http://www.sec.gov*. The reports and other information filed by us with the SEC are also available 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 (P)	Articles of Restatement of Charter.	Annual Report on Form 10-K for the year ended December 31, 1993	000-02525	3 (i)
3.2	Articles of Amendment to Articles of Restatement of Charter.	Current Report on Form 8-K dated May 31, 2007	000-02525	3.1
3.3	Articles of Amendment to Articles of Restatement of Charter.	Current Report on Form 8-K dated May 7, 2008	000-02525	3.1
3.4	Articles of Amendment to Articles of Restatement of Charter.	Current Report on Form 8-K dated April 27, 2010	001-34073	3.1
3.5	Articles Supplementary of Huntington Bancshares Incorporated, as of April 22, 2008.	Current Report on Form 8-K dated April 22, 2008	000-02525	3.1
3.6	Articles Supplementary of Huntington Bancshares Incorporated, as of April 22. 2008.	Current Report on Form 8-K dated April 22, 2008	000-02525	3.2
3.7	Articles Supplementary of Huntington Bancshares Incorporated, as of November 12, 2008.	Current Report on Form 8-K dated November 12, 2008	001-34073	3.1
3.8	Articles Supplementary of Huntington Bancshares Incorporated, as of December 31, 2006.	Annual Report on Form 10-K for the year ended December 31, 2006	000-02525	3.4
3.9	Articles Supplementary of Huntington Bancshares Incorporated, as of December 28, 2011.	Current Report on Form 8-K dated December 28, 2011	001-34073	3.1
3.10	Articles Supplementary of Huntington Bancshares Incorporated, as of March 18, 2016.	Current Report on Form 8-K dated March 21, 2016	001-34073	3.1
3.11	Articles Supplementary of Huntington Bancshares Incorporated, as of May 3, 2016.	Current Report on Form 8-K dated May 5, 2016	001-34073	3.2
3.12	Articles Supplementary of Huntington Bancshares Incorporated, effective as of August 15, 2016.	Registration Statement on Form 8-A dated August 15, 2016	001-34073	3.12
3.13	Articles Supplementary of Huntington Bancshares Incorporated, as of March 5, 2018.	Current Report on Form 8-K dated March 6, 2018	001-34073	3.1
3.14	Bylaws of Huntington Bancshares Incorporated, as amended and restated, as of July 19, 2017.	Current Report on Form 8-K dated July 21, 2017	001-34073	3.1
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.			

10.1	*Executive Deferred Compensation Plan, amended and restated, effective as of April 18, 2018.
31.1	*Rule 13a-14(a) Certification – Chief Executive Officer.
31.2	*Rule 13a-14(a) Certification – Chief Financial Officer.
32.1	**Section 1350 Certification – Chief Executive Officer.
32.2	**Section 1350 Certification – Chief Financial Officer.
101	**The following material from Huntington's Form 10-Q Report for the quarterly period ended September 30, 2018, formatted in XBRL: (1) Unaudited Condensed Consolidated Balance Sheets, (2) Unaudited Condensed Consolidated Statements of Income, (3) Unaudited Condensed Consolidated Statements of Comprehensive Income (4) Unaudited Condensed Consolidated Statement of Changes in Shareholders' Equity, (5) Unaudited Condensed Consolidated Statements of Cash Flows, and (6) the Notes to Unaudited Condensed Consolidated Financial Statements.

*	Filed herewith
**	Furnished herewith

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SIGNATURES

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

HUNTINGTON BANCSHARES INCORPORATED
(Registrant)

Date:	October 30, 2018	/s/ Stephen D. Steinour
		Stephen D. Steinour
		Chairman, President, and Chief Executive Officer (Principal Executive Officer)
Date:	October 30, 2018	/s/ Howell D. McCullough III
		Howell D. McCullough III
		Chief Financial Officer (Principal Financial Officer)

Exhibit 10.1

Huntington Bancshares Incorporated

Executive Deferred Compensation Plan

Huntington Bancshares Incorporated

Executive Deferred Compensation Plan

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Purpose

The purpose of this Plan is to provide specified benefits to a select group of management or highly compensated Employees who contribute materially to the continued growth, development and future business success of Huntington Bancshares Incorporated, a Maryland corporation, and its subsidiaries and affiliates, if any, that are participating employers in this Plan. This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA.

The Company previously maintained the Huntington Bancshares Incorporated Executive Deferred Compensation Plan amended and restated effective on October 15, 2008, effective for all deferrals on or after January 1, 2005, with the intent to comply with applicable provisions of Section 409A of the Code. The Plan was amended and restated again, effective for all amounts deferred on or after January 1, 2012 to provide greater flexibility to Participants with respect to deferral and payment elections. This Plan is being amended and restated again, effective April 18, 2018, to allow Participants to elect to receive up to fifteen (15) annual installments in the event of Separation from Service for reasons other than Retirement and to provide for certain other administrative changes. This Plan is intended to comply with all applicable law, including Code Section 409A and related Treasury guidance and regulations, and shall be operated and interpreted in accordance with this intention.

ARTICLE 1
Definitions

For purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the meanings set forth in this Article 1:

1.1 "Account Balance" shall mean, with respect to a Participant, an entry on the records of the Employer equal to the sum of the Participant's Annual Accounts. The Account Balance shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.2 "Annual Account" shall mean, with respect to a Participant, an entry on the records of the Employer equal to (a) the sum of the Participant's Annual Deferral Amount, plus (b) any Mandatory Deferrals made during a Plan Year, plus (c) Company Contribution Amounts or any other amounts credited or debited to such amounts pursuant to this Plan, less (d) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Annual Account for such Plan Year. The Annual Account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.3 "Annual Deferral Amount" shall mean that portion of a Participant's Base Salary, Bonus, LTIP Amounts, RSUs, and any other compensation designated by the Company that a Participant defers in accordance with Article 3 for any one Plan Year, without regard to whether such amounts are withheld and credited during such Plan Year.

1.4 "Annual Installment Method" shall mean the method used to determine the amount of each payment due to a Participant who has elected to receive a benefit over a period of years in accordance with the applicable provisions of the Plan. The amount of each annual payment due to the Participant shall be calculated by multiplying the Participant's Account Balance as of the Business Day coincident with, or if that is not administratively practicable, immediately preceding, the date an installment payment actually is made, by a fraction, the numerator of which is one and the denominator of which is the remaining number of annual payments due to the Participant. By way of example, if the Participant elects a 10-year Annual Installment Method for his or her Account Balance, the first payment shall be 1/10 of the vested Account Balance, calculated as described in this definition. The following year, the payment shall be 1/9 of the vested Account Balance, calculated as described in this definition. The amount of the first annual payment shall be calculated as of the Business Day, and the amount of each subsequent annual payment shall be calculated on or around each anniversary of such Business Day. For purposes of this Plan, the right to receive a benefit payment in annual installments shall be treated as the entitlement to a series of separate individual payments rather than as entitlement to a single payment.

1.5 "Base Salary" shall mean the annual cash compensation relating to services performed during any calendar year, excluding the following items: (i) distributions from nonqualified deferred compensation plans, (ii) bonuses, (iii) commissions, (iv) overtime, (v) fringe benefits, (vi) stock options, (vii) restricted stock units, (viii) relocation expenses, (ix) incentive payments, (x) nonmonetary awards, (xi) director fees and other fees, and (xii) automobile and other allowances paid to a Participant for employment services rendered (whether or not such allowances are included in the Employee's gross income). Base Salary shall be calculated before reduction for compensation voluntarily deferred or contributed by the Participant pursuant to all qualified or nonqualified plans of any Employer and shall be calculated to include amounts not otherwise included in the Participant's gross income under Code Sections 125, 402(e)(3), 402(h), 403(b), or 132(f) pursuant to plans established by any Employer; provided, however, that all such amounts will be included in compensation only to the extent that had there been no such plan, the amount would have been payable in cash to the Employee.

1.6 "Beneficiary" shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 6, that are entitled to receive benefits under this Plan upon the death of a Participant.

1.7 “Beneficiary Designation Form” shall mean the form established from time to time by the Company that a Participant completes, signs and returns to the Company to designate one or more Beneficiaries.

1.8 “Board” shall mean the board of directors of the Company.

1.9 “Bonus” shall mean (i) any compensation, in addition to Base Salary, LTIP Amounts and RSUs, earned by a Participant under any Employer's bonus, commission or other cash incentive plans or other arrangements designated by the Committee as further specified on any Election Form and (ii) any signing bonus that is not yet earned, as further specified to the extent compliant with Code Section 409A on any Election Form.

1.10 “Business Day” shall mean a day, except for a Saturday, Sunday, a legal holiday or a day when the primary stock exchange on which the Company’s common stock is traded is not open.

1.11 “Change in Control” shall mean with respect to the Company, the occurrence of any of the following:

(a)Any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (“the Exchange Act”) as in effect as of the date of this Plan) becomes the beneficial owner, directly or indirectly, of securities of the Company representing 25% or more of the combined voting power of the Company’s then-outstanding securities entitled to vote generally in the election of directors (“voting securities”); provided, however, that, for purposes of this Plan, the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, or (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company of any of its affiliates;

(b)Individuals who, as of the effective date of this restated plan, constitute the Board of Directors of the Company (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that, any individual becoming a director subsequent to the date hereof whose election, or nomination for election, was approved by a vote of at least a majority of the directors comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding for this purpose any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board;

(c)The consummation of a merger, statutory share exchange, consolidation or similar corporate transaction involving the Company, other than any such transaction in which the voting securities of the Company immediately prior to the transaction continue to represent (either by remaining outstanding or being converted into securities of the “surviving entity,” which for purposes of this Agreement shall include the corporation or other entity resulting from such transaction and/or the corporation or other entity that, as a result of the transaction, owns the Company or all or substantially all of the Company’s assets, either directly or indirectly) more than 50% of the combined voting power of the Company or surviving entity resulting from such transaction immediately after the transaction with another entity;

(d)The consummation of a sale, exchange, lease, mortgage, pledge, transfer, or other disposition (in a single transaction or a series of related transactions) of all or substantially all of the assets of the Company, which shall include, without limitation, the sale of assets or earning power aggregating more than 50% of the assets or earning power of the Company on a consolidated basis, other than any such transaction in which a majority of the voting securities of the surviving entity are, immediately following consummation of such transaction, beneficially owned by the individuals and entities that were the beneficial owners of the Company’s voting securities immediately prior to the transaction;

(e) The consummation of a liquidation or dissolution of the Company;

(f) The consummation of a reorganization, reverse stock split, or recapitalization of the Company which would result in any of the foregoing; or

(g) The consummation of a transaction or series of related transactions having, directly or indirectly, the same effect as any of the foregoing.

Notwithstanding the foregoing, if the payment of all or any portion of a Participant's Account Balance is triggered by a Change in Control, the events described above shall not constitute a Change in Control unless they constitute a change in ownership or effective control of the Company, or a change in the ownership of a substantial portion of the assets of the Company, as described under Code Section 409A; or in the case of a liquidation or dissolution of the Company, such liquidation or dissolution complies with the procedures set forth in Treasury Regulation Section 1.409A-3(j)(4)(ix)(A).

1.12 "Code" shall mean the Internal Revenue Code of 1986, as it may be amended from time to time.

1.13 "Compensation Committee" or "Committee" shall mean the Compensation Committee of the Board of Directors.

1.14 "Company" shall mean Huntington Bancshares Incorporated, a Maryland corporation, and any successor to all or substantially all of the Company's assets or business.

1.15 "Company Contribution Amount" shall mean, for any one Plan Year, the amount determined in accordance with Section 3.4.

1.16 "Election Form" shall mean the form or forms, which may be in electronic format, established from time to time by the Company that a Participant completes, signs and returns to the Company to make deferral, payment, and other elections under the Plan.

1.17 "Employee" shall mean a person who is an employee of an Employer.

1.18 "Employer(s)" shall be defined as follows:

(a) Except as otherwise provided in part (b) of this Section, the term "Employer" shall mean the Company and/or any of its subsidiaries or affiliates (now in existence or hereafter formed or acquired) that have been selected by the Company to participate in the Plan.

(b) For the purpose of determining whether a Participant has experienced a Separation from Service, the term "Employer" shall mean:

(i) The entity for which the Participant performs services and with respect to which the legally binding right to compensation deferred or contributed under this Plan arises; and

(ii) All other entities with which the entity described above would be aggregated and treated as a single employer under Code Section 414(b) (controlled group of corporations) and Code Section 414(c) (a group of trades or businesses, whether or not incorporated, under common control), as applicable. In order to identify the group of entities described in the preceding sentence, the Committee shall use an ownership threshold of at least 50% as a substitute for the 80% minimum ownership threshold that appears in, and otherwise must be used when applying, the applicable provisions of (A) Code Section 1563 for determining a controlled group of corporations under Code Section 414(b), and (B) Treas. Reg. §1.414(c)-2 for determining the trades or businesses that are under common control under Code Section 414(c).

1.19 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.20 "Investment Funds" shall mean hypothetical investment alternatives based on mutual funds or other investments, including deemed interest crediting measures, selected by the Company for the purpose of determining the earnings (or losses) on a Participant's Account Balance.

1.21 "LTIP Amounts" shall mean any portion of the compensation attributable to a Plan Year that is earned by a Participant under any Employer's long-term incentive plan or any other long-term incentive arrangement designated by the Company, including performance units.

1.22 "Mandatory Deferral" means any Bonus, LTIP Amount, RSU, or such other compensation that the Company requires a Participant to defer under the terms of an applicable incentive plan arrangement.

1.23 "Participant" shall mean any Employee (a) who is selected to participate in the Plan, (b) whose executed Election Form is accepted by the Company, and (c) whose eligibility to participate in this Plan has not terminated.

1.24 "Performance-Based Compensation" shall mean compensation the entitlement to or amount of which is contingent on the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least 12 consecutive months, as determined by the Company in accordance with Treas. Reg. §1.409A-1(e).

1.25 "Plan" or "409A Plan" shall mean the Huntington Bancshares Incorporated Executive Deferred Compensation Plan, effective January 1, 2012, which shall be evidenced by this instrument, as it may be amended from time to time, and by any other documents that together with this instrument define a Participant's rights to amounts credited to his or her Account Balance.

1.26 "Plan Year" shallmean (a) a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year, (b) in the case of LTIP Amounts, the period beginning January 1 of a calendar year and ending on the last day of the performance cycle in which such LTIP Amounts are earned, or (c) such other period as designated by the Committee or Company.

1.27 "Restricted Stock Unit" or "RSU" shall mean any restricted stock unit award including dividend equivalents unless otherwise determined by the Committee granted under the Huntington Bancshares Incorporated Second Amended and Restated 2007 Stock and Long-Term Incentive Plan, or any new or successor plan.

1.28 "Retirement," "Retire(s)" or "Retired" shall mean the retirement from employment with the Company under one or more of the retirement plans of the Company, or as otherwise defined by the Committee.

1.29 "Separation from Service" shall mean a termination of services provided by a Participant to his or her Employer, whether voluntarily or involuntarily, as determined by the Company in accordance with Treas. Reg. §1.409A-1(h). In determining whether a Participant has experienced a Separation from Service, a Separation from Service shall occur when such Participant has experienced a termination of employment with such Employer. A Participant shall be considered to have experienced a termination of employment when the facts and circumstances indicate that the Participant and his or her Employer reasonably anticipate that either (i) no further services will be performed for the Employer after a certain date, or (ii) that the level of bona fide services the Participant will perform for the Employer after such date (whether as an Employee or as an independent contractor) will permanently decrease to no more than 20% of the average level of bona fide services performed by such Participant (whether as an Employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Employer if the Participant has been providing services to the Employer less than 36 months).

If a Participant is on military leave, sick leave, or other bona fide leave of absence, the employment relationship between the Participant and the Employer shall be treated as continuing intact, provided that the period of such leave does not exceed 6 months, or if longer, so long as the Participant retains a right to reemployment with the Employer under an applicable statute or by contract. If the period of a military leave, sick leave, or other bona fide leave of absence exceeds 6 months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship shall be considered to be terminated for purposes of this Plan as of the first day immediately following the end of such 6-month period. In applying the provisions of this paragraph, a leave of absence shall be considered a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Employer.

If leave of absence is due to disability, then the applicable period described previously shall be 29 months instead of 6 months. For this purpose, "disability" shall mean any medically determinable physical or mental impairment that can be expected to result in death or last a continuous period of not less than 6 months that causes the employee to be unable to perform the duties of his or her position or a similar job.

1.30 "Specified Employee" shall mean any Participant who is determined to be a "key employee" (as defined under Code Section 416(i) without regard to paragraph (5) thereof) for the applicable period, as determined annually by the Company in accordance with Treas. Reg. §1.409A-1(i). In determining whether a Participant is a Specified Employee, the following provisions shall apply:

(a) The Company's identification of the individuals who fall within the definition of "key employee" under Code Section 416(i) (without regard to paragraph (5) thereof) shall be based upon the 12-month period ending on each December 31st (referred to below as the "identification date"). In applying the applicable provisions of Code Section 416(i) to identify such individuals, "compensation" shall be determined in accordance with Treas. Reg. §1.415(c)-2(a) without regard to (i) any safe harbor provided in Treas. Reg. §1.415(c)-2(d), (ii) any of the special timing rules provided in Treas. Reg. §1.415(c)-2(e), and (iii) any of the special rules provided in Treas. Reg. §1.415(c)-2(g); and

(b) Each Participant who is among the individuals identified as a "key employee" in accordance with part (a) of this Section shall be treated as a Specified Employee for purposes of this Plan if such Participant experiences a Separation from Service during the 12-month period that begins on the April 1st following the applicable identification date and ends March 31st of the following year.

1.31 "Trust" shall mean one or more trusts established by the Company in accordance with Article 13.

1.32 "Unforeseeable Emergency" shall mean a severe financial hardship of the Participant resulting from (a) an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary or the Participant's dependent (as defined in Code Section 152 without regard to paragraphs (b)(1), (b)(2) and (d)(1)(b) thereof), (b) a loss of the Participant's property due to casualty, or (c) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined by the Committee based on the relevant facts and circumstances.

ARTICLE 2

Selection, Enrollment, Eligibility

2.1 **Selection as a Participant** Participation in the Plan shall be limited, as determined by the Committee in its sole discretion, to a select group of management or highly compensated Employees. From that group, the Company shall select, in its sole discretion, those individuals who may actually participate in this Plan.

2.2 **Enrollment and Eligibility Requirements; Commencement of Participation**.

(a) As a condition to participation, each selected Employee shall complete, execute and return to the Company an Election Form, and such Employee also may execute a Beneficiary Designation Form by the deadline(s) established by the Company in accordance with the applicable provisions of this Plan. In addition, the Company shall establish from time to time such other enrollment requirements as it determines, in its sole discretion, are necessary.

(b) Each selected Employee who is eligible to participate in the Plan shall commence participation in the Plan on the date that the Company determines that the Employee has met all enrollment requirements set forth in this Plan, including returning all required documents to the Company within the specified time period and in the terms specified by the Company.

(c) If an Employee fails to meet all requirements established by the Company within the period required, that Employee shall not be eligible to participate in the Plan during such Plan Year.

2.3 **Amendment of Eligibility Criteria** Eligibility for participation in one year does not guarantee eligibility to participate in a future year. The Committee may, in its discretion, change the criteria for eligibility for any reason, provided however, that it is always limited to a select group of management or highly compensated employees.

ARTICLE 3

Deferrals and Contributions to the Plan/Vesting/Crediting/Taxes

3.1 **Elections to Defer Compensation - General**.

(a) **Annual Deferral Amount** For each Plan Year, a Participant may elect to defer (if eligible to receive such compensation), his or her Base Salary, Bonus, LTIP Amounts, RSUs, and/or other designated compensation, to be his or her Annual Deferral Amount; provided however, that the Company may require that in order for a deferral election to be effective, the amount deferred must satisfy minimum and maximum amounts specified by the Company.

Further, a Participant may elect to defer only the portion of any Bonus, LTIP Amount, or other designated compensation that exceeds a specified amount. Notwithstanding the foregoing, Mandatory Deferrals may be less than the minimum and greater than the maximum amounts that may otherwise be specified by the Company for Annual Deferral Amounts to the extent necessary to comply with applicable law, guidance, or Company policies.

(b) **Short Plan Year**. Notwithstanding the foregoing, if a Participant first becomes a Participant after the first day of a Plan Year, then to the extent required by Section 3.2 and Code Section 409A and related Treasury Regulations, the minimum and maximum amount of the Participant's Base Salary, Bonus, LTIP Amounts or other designated compensation that may be deferred by the Participant for the Plan Year shall be determined by applying the percentages set forth in Section 3.1(a) to the portion of such compensation attributable to services performed after the date that the Participant's deferral election is made.

(c) **No Right to Deferrals**. A Participant may elect to defer Base Salary, Bonus, LTIP Amounts, RSUs, and/or other designated compensation only if the Company first provides the Participant the ability to defer any such compensation. If the Company has provided the Participant with such a right, this Plan will govern the administration of the deferrals. This Plan does not create any right to defer Base Salary, Bonus, LTIP Amounts, RSUs, and/or other designated compensation that the Company has not granted previously.

3.2 **Timing of Deferral and Payment Elections; Effect of Election Form**

(a) **General Timing Rule for Deferral and Payment Elections**. Except as otherwise provided in this Section 3.2, in order for a Participant to (i) make a valid election to defer Base Salary, Bonus, LTIP Amounts, RSUs, and/or other designated compensation; and (ii) make a valid election as to the time and form of payment of such deferrals, the Participant must submit an Election Form on or before the deadline established by the Company, which in no event shall be later than the December 31st preceding the Plan Year in which such compensation will be earned.

Any deferral or payment election for a Plan Year made in accordance with this Section 3.2(a) shall be irrevocable as of December 31 of the preceding Plan Year in which such compensation will be earned; provided, however, that if the Company permits or requires Participants to make a deferral or payment election by the deadline described above for an amount that qualifies as Performance-Based Compensation, the Company may permit a Participant to make an initial deferral or payment election or subsequently change his or her deferral or payment election for such compensation by submitting a new or revised Election Form in accordance with Section 3.2(c) below.

(b) **Timing of Deferral and Payment Elections for Newly Eligible Plan Participants**. Notwithstanding Section 3.2(a) above, a selected Employee who first becomes eligible to participate in the Plan on or after the beginning of a Plan Year, as determined in accordance with Treas. Reg. §1.409A-2(a)(7)(ii) and the "plan aggregation" rules provided in Treas. Reg. §1.409A-1(c)(2), may be permitted to (i) make an election to defer the portion of Base Salary, Bonus, LTIP Amounts, RSUs, and/or other designated compensation attributable to services to be performed after such election, and (ii) make a valid election as to the time and form of payment of such deferrals, provided that the Participant submits an Election Form on or before the deadline established by the Committee, which in no event shall be later than 30 days after the Participant first becomes eligible to participate in the Plan.

If a deferral election made in accordance with this Section 3.2(b) relates to compensation earned based upon a specified performance period, the amount eligible for deferral shall be equal to (i) the total amount of compensation for the performance period, multiplied by (ii) a fraction, the numerator of which is the number of days remaining in the service period after the Participant's deferral election is made, and the denominator of which is the total number of days in the performance period.

Any deferral or payment election made in accordance with this Section 3.2(b) shall become irrevocable no later than the 30th day after the date the selected Employee becomes eligible to participate in the Plan.

(c) **Timing of Deferral and Payment Elections for Performance-Based Compensation**. Notwithstanding Section 3.2(a) or 3.2(b) above, and subject to the limitations described below, the Company may determine that a deferral or payment election for an amount that qualifies as Performance-Based Compensation may be made by submitting an Election Form on or before the deadline established by the Company, and such election shall become irrevocable no later than 6 months before the end of the performance period.

In order for a Participant to be eligible to make a deferral or payment election for Performance-Based Compensation in accordance with the deadline established pursuant to this Section 3.2(c), (i) the performance criteria must relate to a performance period of at least 12 consecutive months, and (2) the Participant must have performed services continuously from the later of (i) the beginning of the performance period for such compensation, or (ii) the date upon which the performance criteria for such compensation are established, through the date upon which the Participant makes the deferral or payment election for such compensation. In no event shall a deferral or payment election submitted under this Section 3.2(c) be permitted to apply to any amount of Performance-Based Compensation that has become readily ascertainable.

(d) **Timing Rule for Deferral of Compensation Subject to Risk of Forfeiture (e.g. certain RSUs)**. With respect to compensation (i) to which a Participant has a legally binding right to payment in a subsequent year, and (ii) that is subject to a forfeiture condition requiring the Participant's continued services for a period of at least 12 months from the date the Participant obtains the legally binding right, the Company may determine that an irrevocable deferral or payment election for such compensation may be made by timely delivering an Election Form to the Committee in accordance with its rules and procedures, no later than the 30th day after the Participant obtains the legally binding right to the compensation, provided that the election is made at least 12 months in advance of the earliest date at which the forfeiture condition could lapse, as determined in accordance with Treas. Reg. §1.409A-2(a)(5).

Any election(s) made in accordance with this Section 3.2(d) shall become irrevocable no later than the 30th day after the Participant obtains the legally binding right to the compensation subject to such election(s).

3.3 **Withholding and Crediting of Annual Deferral Amounts**. For each Plan Year, the Base Salary portion of the Annual Deferral Amount shall be withheld from each regularly scheduled Base Salary payroll in equal amounts, as adjusted from time to time for increases and decreases in Base Salary. The Bonus, LTIP Amounts, RSUs, (and any other designated compensation) portion of the Annual Deferral Amount shall be withheld at the time the Bonus, Commissions, LTIP Amounts, RSUs, and other compensation are or otherwise would be paid to the Participant, whether or not this occurs during the Plan Year itself. Annual Deferral Amounts shall be credited to the Participant's Annual Account for such Plan Year at the time such amounts would otherwise have been paid to the Participant.

3.4 **Company Contribution Amount**.

(a) For each Plan Year, an Employer may credit amounts to a Participant's Annual Account in accordance with employment or other agreements entered into between the Participant and the Employer, which amounts shall be part of the Participant's Company Contribution Amount for that Plan Year. Such amounts shall be credited to the Participant's Annual Account in cash for the applicable Plan Year on the date or dates prescribed by such agreements.

(b) For each Plan Year, an Employer, in its sole discretion, may, but is not required to, credit any amount it desires in cash to any Participant's Annual Account under this Plan, which amount shall be part of the Participant's Company Contribution Amount for that Plan Year. The amount so credited to a Participant may be smaller or larger than the amount credited to any other Participant, and the amount credited to any Participant for a Plan Year may be zero, even though one or more other Participants receive a Company Contribution Amount for that Plan Year. The Company Contribution Amount described in this Section 3.4(b), if any, shall be credited to the Participant's Annual Account for the applicable Plan Year on a date or dates to be determined by the Committee.

(c) If not otherwise specified in the Participant's employment or other agreement entered into between the Participant and the Employer, the amount (or the method or formula for determining the amount) of a Participant's Company Contribution Amount shall be set forth in writing in one or more documents, which shall be deemed to be incorporated into this Plan, no later than the date on which such Company Contribution Amount is credited to the applicable Annual Account of the Participant.

3.5 **Vesting** .

(a) A Participant shall at all times be 100% vested in the portion of his or her Account Balance attributable to Annual Deferral Amounts, plus amounts credited or debited on such amounts pursuant to Section 3.6.

(b) A Participant shall be vested in the portion of his or her Account Balance attributable to any Company Contribution Amounts, plus amounts credited or debited on such amounts pursuant to Section 3.6, in accordance with the vesting schedule(s) set forth in his or her employment agreement or any other agreement entered into between the Participant and his or her Employer. If not addressed in such agreements, a Participant shall vest in the portion of his or her Account Balance attributable to any Company Contribution Amounts, plus amounts credited or debited on such amounts pursuant to Section 3.6, in accordance with the following schedule:

Years of Plan Participation	**Vested Percentage**
Less than 1 year	0%
At least 1 year but less than 2 years	33%
At least 2 years but less than 3 years	66%
At least 3 years	100%

(c) Notwithstanding anything to the contrary contained in this Section 3.5, in the event of a Change in Control, upon a Participant's Separation from Service on or after qualifying for Retirement, or death prior to Separation from Service, any amounts that are not vested in accordance with Section 3.5(b) above, shall immediately become 100% vested.

(d) Notwithstanding subsection 3.5(c) above, the Company has the discretion not to accelerate the vesting provisions described in Section 3.5(b) upon a Change in Control to the extent that the Company determines that such acceleration would cause the deduction limitations of Section 280G of the Code to become effective. In the event of such a determination, the Company and Participant may agree to an appropriate method to verify the Company's calculations with respect to the application of Section 280G.

(e) Section 3.5(d) shall not prevent the acceleration of the vesting provisions described in Section 3.5(b) if such Participant is entitled to a "gross-up" payment, to eliminate the effect of the Code section

4999 excise tax, pursuant to his or her employment agreement or other agreement entered into between such Participant and the Employer.

(f) If a Participant's Account Balance has been credited with any Mandatory Deferral that is subject to a vesting period (as set forth by the Company in accordance with the applicable plan under which the amount of the Mandatory Deferral was earned), and the Participant terminates service with the Company for any reason prior to meeting the vesting requirements for such Mandatory Deferral, then that portion of the Mandatory Deferral that is not vested, and the earnings on such nonvested portion, shall be forfeited and deducted from the Participant's Account Balance.

3.6 **Crediting/Debiting of Account Balances** In accordance with, and subject to, the rules and procedures that are established from time to time by the Committee, Company, or trustee of the Trust, in its sole discretion, amounts shall be credited or debited to a Participant's Account Balance in accordance with the following rules:

(a) **Investment Funds**. Unless otherwise determined by the Committee, the Participant may elect one or more of the Investment Funds provided by the Company, in its sole discretion but under general direction from the Committee, for the purpose of crediting or debiting additional amounts to his or her Account Balance. As necessary, the Company may, in its sole discretion, discontinue, substitute or add an Investment Fund. Each such action will take effect on such date established by the Company. One of the Investment Funds may include a Company common stock fund. For purposes of such a common stock fund, all dividend equivalents payable in relation to common stock will be credited to the Participant’s Account Balance in the form of additional whole or fractional shares of common stock.

(b) **Election of Investment Funds**. A Participant, in connection with his or her initial deferral election in accordance with Section 3.2 above, shall elect, on the Election Form, one or more Investment Fund(s) to be used to determine the amounts to be credited or debited to his or her Account Balance. If a Participant does not elect any of the Investment Funds as described in the previous sentence, the Participant’s Account Balance shall automatically be allocated into the lowest-risk Investment Fund, as determined by the Company, in its sole discretion. The Participant may (but is not required to) elect, by submitting an Election Form to the Company that is accepted by the Company, to add or delete one or more Investment Fund(s) to be used to determine the amounts to be credited or debited to his or her Account Balance, or to change the portion of his or her Account Balance allocated to each previously or newly elected Investment Fund. If an election is made in accordance with the previous sentence, it shall apply as of the first business day deemed reasonably practicable by the Company, in its sole discretion, and shall continue thereafter for each subsequent day in which the Participant participates in the Plan, unless changed in accordance with the previous sentence. Notwithstanding the foregoing, the Company, in its sole discretion, may impose limitations on the frequency with which one or more of the Investment Funds elected in accordance with this Section 3.6(b) may be added or deleted by such Participant; furthermore, the Company, in its sole discretion, may impose limitations on the frequency with which the Participant may change the portion of his or her Account Balance allocated to each previously or newly elected Investment Fund.

(c) **Proportionate Allocation**. In making any election described in Section 3.6(b) above, the Participant shall specify on the Election Form, in increments specified by the Company, the percentage of his or her Account Balance or Investment Fund, as applicable, to be allocated/reallocated.

(d) **Crediting or Debiting Method** The performance of each Investment Fund (either positive or negative) will be determined on a daily basis based on the manner in which such Participant's Account Balance has been hypothetically allocated among the Investment Funds by the Participant.

(e) **No Actual Investment**. Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Investment Funds are to be used for measurement purposes only, and a Participant's election of any such Investment Fund, the allocation of his or her Account Balance thereto, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account Balance shall not be considered or construed in any manner as an actual investment of his or her Account Balance in any such Investment Fund. In the event that the Company or the trustee of the Trust, in its own discretion, decides to invest funds in any or all of the investments on which the Investment Funds are based, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company or the Trust; the Participant shall at all times remain an unsecured creditor of the Company.

3.7 **Corporate Transactions**. In the event that the Company determines that any recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of common stock or other securities of the Company, issuance of warrants or other rights to purchase common stock or other securities of the Company, or other similar corporate transactions or events affects the common stock, an appropriate adjustment to the Participant's Account Balance shall be made to prevent reduction or enlargement of the Participant's benefits under the Plan.

3.8 **FICA and Other Taxes**.

(a) **Annual Deferral Amounts** For each Plan Year in which an Annual Deferral Amount is being withheld from a Participant, the Participant's Employer(s) shall withhold from that portion of the Participant's Base Salary, Bonus, LTIP Amounts, RSUs and/or other designated compensation that is not being deferred, in a manner determined by the Employer(s), the Participant's share of FICA, federal, state, local, and other applicable taxes on such Annual Deferral Amount that is required to be withheldIf necessary, the Company may reduce the Annual Deferral Amount in order to comply with this Section 3.7(a).If necessary, the Company may reduce the Annual Deferral Amount to provide for deferrals under the Supplemental Stock Purchase Plan, the Supplemental Retirement Income Plan, or other nonqualified plans.

(b) **Distributions**. The Participant's Employer(s), or the trustee of the Trust, shall withhold from any payments made to a Participant under this Plan all federal, state and local income, employment and other taxes required to be withheld by the Employer(s), or the trustee of the Trust, in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Employer(s) and the trustee of the Trust.

(c) **Annual Elections**. To the extent permitted by the Company, a Participant may be able to complete a separate Election Form for each year's Annual Deferral Amount.If permitted by the Company, on each such Election Form, a Participant may elect to defer a different Annual Deferral Amount from what was deferred on a previous Election Form and choose a different time and form of payment for that year's Annual Deferral Amount from what was selected on a previous Election Form, provided that such times and forms of payment are made in accordance with Article 4. If no Election Form is submitted for a particular year's Annual Deferral Amount, then the Participant shall be deemed not to have made an election to defer compensation for that year.

3.9 **Mandatory Deferrals** . The amount of any Mandatory Deferral shall be established in accordance with the timing rules set forth in this Plan for Participants to complete an Election Form, or at any later time permitted under Code Section 409A. In general, Mandatory Deferrals shall be subject to the terms of this Plan. Notwithstanding the foregoing, the Company, in accordance with the applicable plan under which the Mandatory Deferral was earned, shall determine the vesting schedule, if any, that applies to the Mandatory Deferral and whether the Mandatory Deferral is subject to any investment restrictions. Mandatory Deferrals shall be credited to a Participant's Annual Account as soon as practicable after the amounts otherwise would have been paid to the Participant.

ARTICLE 4
Distributions of Benefits

4.1 **Distributions/Events Generally**. Participants generally will not be entitled to receive a distribution of their Account Balance until they experience a Separation from Service with the Employer for any reason. A Participant may receive a distribution before Separation from Service, however, in accordance with this Article 4, upon (1) an Unforeseeable Emergency that occurs before Separation from Service, or (2) a year (or years) that has been designated by the Participant in an Election Form and that occurs before Separation from Service. A Participant who elects to defer compensation otherwise payable in the form of the Company's common stock shall receive the distribution of such compensation only in the form of common stock. Any portions of the Account Balance hypothetically invested in a Company common stock fund also will be paid in the form of common stock. All other portions of the Account Balance will be paid in the form of cash. Participants also may elect the form of payment of different deferred amounts in accordance with Article 4 of this Plan. Payment elections shall be made, and become irrevocable, coincident with the deferral election timing requirements under Section 3.2 of this Plan.

4.2 **In-Service Distributions**.

(a) General Payments. A Participant may elect, in his or her Election Form for each Plan Year, to receive the portion of his or her Account Balance elected to be distributed as an In-Service Distribution and all amounts credited or debited thereto, in a specified year while employed with an Employer (an "In-Service Distribution"). The Participant may receive such an In-Service Distribution in the amount specified on his or her Election Form as a lump sum or installments, pursuant to the Annual Installment Method over a period not to exceed 5 years.

If a Participant elects to receive an In-Service Distribution as a lump sum, payment shall be made on the last Business Day of the month in which the In-Service Distribution has been elected, or such later date permitted under Code Section 409A and the guidance thereunder. The amount of the lump sum payment will be the value of the Participant's Account Balance as of the Business Day that is coincident with or immediately preceding the payment date. If payment of a Participant's Account Balance is to be made to the Participant in annual installments, the distribution of the first annual installment payment shall be made on the last Business Day of the month in which the In-Service Distribution has been elected, or such later date permitted under Code Section 409A and the guidance thereunder. Each subsequent installment payment generally shall be paid on each anniversary of the initial payment date, or if such date is not a Business Day, the first Business Day after the applicable anniversary date. The amount of such subsequent installment payments shall be determined in accordance with the Annual Installment Method described in Section 1.4.

(b) Modifying In-Service Distributions. The Company, in its discretion, may allow a Participant to modify his or her election as to the form or time of distribution of the portion of his or her Account Balance elected to be paid in an In-Service Distribution in a specified year and earnings thereon, if (1) such election does not take effect until at least 12 months after the date on which the election is made, (2) the first payment with respect to which such election is made is deferred for a period of not less than five (5) years from the date on which such payment would otherwise have been made, and (3) any election related to a payment to be made at a specified date is made at least 12 months prior to the date of the first scheduled payment. For purposes of the Plan, the term "payment" means each separate installment and not the collective group of installment payments.

(c) Precedence of Distributions. In the event a Participant has a Separation from Service, Unforeseeable Emergency, or other event that triggers distribution of benefits under this Plan, all amounts subject to an In-Service Distribution shall be paid in accordance with other applicable provisions of the Plan and not under this Section 4.2. If, however, a Participant made an election to postpone an In-Service Distribution under Section 4.2(b), and the Participant experiences a Separation from Service, the distribution will be made in accordance with Section 4.2(b) and not Section 4.3.

For purposes of applying the provisions of this Section 4.2, a Participant's election to postpone a Scheduled Distribution shall not be considered to be made until the date on which the election becomes irrevocable. Such an election shall become irrevocable no later than the date that is 12 months prior to the previous date of the first scheduled payment of the Participant's Account Balance.

4.3 **Distributions After Separation from Service**.

(a) Generally. If a Participant experiences a Separation from Service with an Employer, the provisions of this Section 4.3 shall apply to the distribution of the Participant's Account Balance. The Participant may elect, in his or her Election Form for each Plan Year to receive such benefits payable upon a Separation from Service as a lump sum or installments, pursuant to the Annual Installment Method over a period not to exceed 15 years, or a combination of the lump sum and installments as described in this Plan. If no election is made as to the form of payment, then payment shall be made as a lump sum.

(b) Lump Sum. If payment of a Participant's Account Balance is to be made to the Participant in a lump sum, the lump sum payment generally shall be made on (i) the last Business Day of the month after the month in which the Participant incurred a Separation of Service, for a Participant who is not a Specified Employee, (ii) the last Business Day of the sixth (6th) month after the month in which the Participant experiences a Separation from Service, unless due to such Participant's death, in which case payment generally shall be made to the Beneficiary at the time provided in Section 5.2 of this Plan, for a Participant who is a Specified Employee; or (iii) such later date permitted under Code Section 409A and the guidance and regulations thereunder. The amount of the lump sum payment will be the value of the Participant's Account Balance as of the Business Day that is coincident with or immediately preceding the payment date.

(c) Installments. If payment of a Participant's Account Balance is to be made to the Participant in annual installments, the distribution of the first annual installment payment generally shall be made on (i) the last Business Day of the month after the month in which the Participant incurred a Separation of Service, for a Participant who is not a Specified Employee, (ii) the last Business Day of the sixth (6th) month after the month in which the Participant experiences a Separation from Service, unless due to such Participant's death, in which case payment generally shall be made to the Beneficiary at the time provided in Section 5.2 of this Plan, for a Participant who is a Specified Employee; or (iii) such later date permitted under Code Section 409A and the guidance and regulations thereunder. Each subsequent installment payment generally shall be paid on each anniversary of the initial payment date, or if such date is not a Business Day, the first Business Day after the applicable anniversary date. The amount of such subsequent installment payments shall be determined in accordance with the Annual Installment Method described in Section 1.4.

(d) Combination Lump Sum and Installments. If a payment of a Participant's Account Balance is to be made to the Participant in a combination of a lump sum and annual installments, the distribution of the lump sum generally shall be made at the time, and valued in the manner, provided in subsection (b) above. Each subsequent installment payment generally shall be paid at the time, and valued in the manner, provided in subsection (c) above, consistent with the Annual Installment Method described in Section 1.4.

(e) Modifying Separation from Service Distributions. The Employer, in its discretion, may allow a Participant to modify his election as to the form or time of distribution of his entire Account Balance, and earnings thereon, if (1) such election does not take effect until at least 12 months after the date on which the election is made, (2) the first payment with respect to which such election is made is deferred for a period of not less than 5 years from the date on which such payment would otherwise have been made, and (3) such election is made at least 12 months before the first scheduled payment of the Participant's Account Balance. For purposes of the Plan, the term "payment" means each separate installment and not the collective group of installment payments.

4.4 **Unforeseeable Emergency**. Upon finding that a Participant has suffered an Unforeseeable Emergency, the Committee may, in its sole discretion, make distributions from the Participant's Account Balance and/or allow a Participant to suspend the elections made on his or her Election Form entirely. The amount of such distribution shall be limited to the amount necessary to satisfy such Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship). Any distribution pursuant to this Section 4.4 shall be payable in a lump sum. The distribution shall be paid within 30 days after the determination of an Unforeseeable Emergency.

4.5 **Automatic Cash-Out**. In the event a Participant's Account Balance at the time distribution begins, or following a distribution or an installment payment, is two times the then current limit under Code Section 402(g) or less, that balance shall be paid to the Participant or his Beneficiary in a lump sum on the next annual installment distribution date notwithstanding any form of benefit payment elected by the Participant.

4.6 **Withholding for Taxes**. To the extent required by the law in effect at the time payments are made, an Employer shall withhold from the payments made hereunder any taxes required to be withheld by the federal or any state or local government, including any amounts which the Employer determines is reasonably necessary to pay any generation-skipping transfer tax which is or may become due. A Beneficiary, however, may elect not to have withholding of federal income tax to the extent permitted by applicable law and approved by the Company.

4.7 **Payment to Guardian**. The Committee may direct payment to the duly appointed guardian, conservator or other similar legal representative of a Participant or Beneficiary to whom payment is due. In the absence of such a legal representative, the Committee may, in its sole and absolute discretion, make payment to a person having the care and custody of a minor, an incompetent or a person incapable of handling the disposition of property upon proof satisfactory to the Committee of incompetency, status as a minor, or incapacity. Such distribution shall completely discharge the Company from all liability with respect to such benefit.

4.8 **Payment of Mandatory Deferrals** Notwithstanding any provision of the Plan to the contrary, the vested portion of a Participant's Account Balance attributable to a Mandatory Deferral shall be paid at the time and in the form provided in accordance with the applicable plan under which the amount of the Mandatory Deferral was earned. The Company may, but is not required to, allow a Participant to complete an Election Form in accordance with the rules set forth in this Plan to elect an alternative time or form of payment.

ARTICLE 5
Death Benefit

5.1 **Death Benefit**. In the event of a Participant’s death prior to the complete distribution of his or her vested Account Balance, the Participant's Beneficiary(ies) shall receive the Participant's unpaid vested Account Balance in a lump sum payment (the “Death Benefit”).The Death Benefit shall be calculated as of the close of business on the date on which the Company is provided with proof that is satisfactory to the Company of the Participant’s death.

5.2 **Payment of Death Benefit**. The Death Benefit shall be paid to the Participant’s Beneficiary(ies) no later than 60 days after the date described in subsection 5.1 above.

ARTICLE 6
Beneficiary Designation

6.1 **Beneficiary**. Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan to a beneficiary upon the death of a Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of an Employer in which the Participant participates.

6.2 **Beneficiary Designation; Change; Spousal Consent** A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Company or its designated agent. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Company's rules and procedures, in effect from time to time. If the Participant names someone other than his or her spouse as a Beneficiary, the Company may, in its sole discretion, determine that spousal consent is required to be provided in a form designated by the Company, executed by such Participant's spouse and returned to the Company. Upon the acceptance by the Company of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Company shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Company prior to his or her death.

6.3 **Acknowledgment**. No designation or change in designation of a Beneficiary shall be effective until received and acknowledged in writing by the Company or its designated agent.

6.4 **No Beneficiary Designation**. If a Participant fails to designate a Beneficiary as provided in Sections 6.1, 6.2 and 6.3 above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.

6.5 **Doubt as to Beneficiary**. If the Company has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Company shall have the right, exercisable in its discretion, to cause the Participant's Employer to withhold such payments until this matter is resolved to the Company's satisfaction.

6.6 **Discharge of Obligations**. The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Company from all further obligations under this Plan with respect to the Participant.

ARTICLE 7
Leave of Absence

7.1 **Paid Leave of Absence** If a Participant is authorized by the Participant's Employer to take a paid leave of absence from the employment of the Employer, and such leave of absence does not constitute a Separation from Service, (a) the Participant shall continue to be considered eligible for the benefits provided under the Plan, and (b) the Annual Deferral Amountshall continue to be withheld during such paid leave of absence in accordance with Section 3.2.

7.2 **Unpaid Leave of Absence** If a Participant is authorized by the Participant's Employer to take an unpaid leave of absence from the employment of the Employer for any reason, and such leave of absence does not constitute a Separation from Service, such Participant shall continue to be eligible for the benefits provided under the Plan. During the unpaid leave of absence, the Participant shall not be allowed to make any additional deferral elections. However, if the Participant returns to employment, the Participant may elect to defer an Annual Deferral Amount for the Plan Year following his or her return to employment and for every Plan Year thereafter while a Participant in the Plan, provided such deferral elections are otherwise allowed and an Election Form is delivered to and accepted by the Committee for each such election in accordance with Section 3.2 above.

ARTICLE 8
Change in Control

If the Company determines that it is probable that a Change in Control may occur within the 6-month period immediately following the date the Company made such a determination, or if a Change in Control in fact occurs in those situations where the Company has not otherwise made such a determination, the Company shall make a contribution to the Trust (if in existence at the date of determination or the date of the Change in Control, as the case may be) in accordance with the provisions of the Trust. Solely, for purposes of determining the amount of such contribution (but in no way limiting the Company's liability under the Plan as determined under the provision of the Plan), the Company's total liability under the Plan shall be equal to the value of all Account Balances established under the Plan, which remain unpaid by the Company as of the date of determination or the date of the Change in Control, as the case may be, whether or not amounts are otherwise currently payable to the Participants or Beneficiaries under the Plan. All such contributions shall be made as soon as possible after the date of determination or of the Change of Control, as the case may be, and shall be made in cash or common stock of the Company. Further, the Company may, in its discretion, make other contributions to the Trust from time-to-time for purposes of providing benefits hereunder, whether or not a Change in Control has occurred or may occur.

ARTICLE 9
Termination of Plan, Amendment or Modification

9.1 **Termination of Plan**. The Committee reserves the right to terminate the Plan with respect to all Participants, including Participants of a participating employer. In the event of a Plan termination no new deferral elections shall be permitted for the affected Participants. However, after the Plan termination the Account Balances of such Participants shall continue to be credited with Annual Deferral Amounts attributable to a deferral election that was in effect prior to the Plan termination to the extent deemed necessary to comply with Code Section 409A and related Treasury Regulations, and additional amounts shall continue to credited or debited to such Participants' Account Balances pursuant to Section 3.6. The Investment Funds available to Participants following the termination of the Plan shall be comparable in number and type to those Investment Funds available to Participants in the Plan Year preceding the Plan Year in which the Plan termination is effective. In addition, following a Plan termination, Participant Account Balances shall remain in the Plan and shall not be distributed until such amounts become eligible for distribution in accordance with the other applicable provisions of the Plan. Notwithstanding the preceding sentence, to the extent permitted by Treas. Reg. §1.409A-3(j)(4)(ix), the Employer may provide that upon termination of the Plan, all Account Balances of the Participants shall be distributed, subject to and in accordance with any rules established by such Employer deemed necessary to comply with the applicable requirements and limitations of Treas. Reg. §1.409A-3(j)(4)(ix).

9.2 **Amendment**. The Committee may, at any time, amend or modify the Plan in whole or in part. Notwithstanding the foregoing, (i) no amendment or modification shall be effective to decrease the value of a Participant's vested Account Balance in existence at the time the amendment or modification is made, and (ii) no amendment or modification of this Section 9.2 or Section 10.2 of the Plan shall be effective.

9.3 **Effect of Payment**. The full payment of the Participant's vested Account Balance in accordance with the applicable provisions of the Plan shall completely discharge all obligations to a Participant and his or her designated Beneficiaries under this Plan.

ARTICLE 10
Administration

10.1 **Administrative Duties**. Except as otherwise provided in this Article 10, this Plan shall be administered by the Company, which from time to time will provide a report summarizing the administration of this Plan to the Committee. Both the Committee and the Company shall also have the discretion and authority to interpret the Plan, to prescribe, amend and rescind any rules, forms and procedures as it deems necessary or appropriate for the proper administration of the Plan and to make any other determinations, including factual determinations, and take such other actions as it deems necessary or advisable in carrying out its duties under the Plan. The Company may seek from the Committee final resolution of any ambiguous or unresolved issue that arises in the administration of the Plan. Any individual serving on the Committee who is a Participant shall not vote or act on any matter relating solely to himself or herself. When making a determination or calculation, the Committee or Company, as applicable, shall be entitled to rely on information furnished by a Participant or an Employer.

10.2 **Administration Upon Change In Control** Within 120 days following a Change in Control, the Committee immediately prior to the Change in Control (whether or not such individuals are members of the Committee following the Change in Control) may, by written consent of the majority of such individuals, appoint an independent third party administrator (the "Administrator") to perform any or all of the Company's duties described in Section 10.1 above, including without limitation, the power to determine any questions arising in connection with the administration or interpretation of the Plan, and the power to make benefit entitlement determinations. Upon and after the effective date of such appointment, (a) the Company must pay all reasonable administrative expenses and fees of the Administrator, and (b) the Administrator may only be terminated with the written consent of the majority of Participants with an Account Balance in the Plan as of the date of such proposed termination.

10.3 **Agents**. In the administration of this Plan, the Company or the Administrator, as applicable, may, from time to time, employ agents or third party administrators and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel.

10.4 **Binding Effect of Decisions**. The decision or action of the Committee, Company or Administrator, as applicable, with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

10.5 **Indemnity of Company**. The Company shall indemnify and hold harmless any Employee to whom the duties of the Company may be delegated, and the Administrator against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by any such Employee or the Administrator.

10.6 **Employer Information**. To enable the Company and/or Administrator to perform its functions, the Company and each Employer shall supply full and timely information to the Company and/or Administrator, as the case may be, on all matters relating to the Plan, the Trust, the Participants and their Beneficiaries, the Account Balances of the Participants, the compensation of its Participants, the date and circumstances of the Separation from Service, Disability or death of its Participants, and such other pertinent information as the Company or Administrator may reasonably require.

ARTICLE 11
Other Benefits and Agreements

11.1 **Coordination with Other Benefits**. The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

ARTICLE 12
Claims Procedures

12.1 **Presentation of Claim**. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Company a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within 60 days after such notice was received by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

12.2 **Notification of Decision**. The Company shall consider a Claimant's claim within a reasonable time, but no later than 90 days after receiving the claim. If the Company determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial 90 day period. In no event shall such extension exceed a period of 90 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Company expects to render the benefit determination. The Company shall notify the Claimant in writing:

(a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or

(b) that the Company has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

(i) the specific reason(s) for the denial of the claim, or any part of it;

(ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;

(iv) an explanation of the claim review procedure set forth in Section 12.3 below; and

(v) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

12.3 **Review of a Denied Claim**. On or before 60 days after receiving a notice from the Company that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Company a written request for a review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

(a) may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the claim for benefits;

(b) may submit written comments or other documents; and/or

(c) may request a hearing, which the Company, in its sole discretion, may grant.

12.4 **Decision on Review**. The Company shall render its decision on review promptly, and no later than 60 days after the Company receives the Claimant's written request for a review of the denial of the claim. If the Company determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial 60 day period. In no event shall such extension exceed a period of 60 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Company expects to render the benefit determination. In rendering its decision, the Company shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

(b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;

(c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and

(d) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a).

The Company has the right, but not the obligation, to confer with the Committee concerning any appeal.

12.5 **Legal Action**. A Claimant's compliance with the foregoing provisions of this Article 12 is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan.

ARTICLE 13
Trust

13.1 **Establishment of the Trust**. In order to provide assets from which to fulfill its obligations to the Participants and their Beneficiaries under the Plan, the Company, unless otherwise specified by the Company, has established or may establish a rabbi trust in accordance with Revenue Procedure 92-64, to which each Employer may, in its discretion, contribute cash or other property, including securities issued by the Company, to provide for the benefit payments under the Plan (the “Trust”).

13.2 **Interrelationship of the Plan and the Trust**. The provisions of the Plan and the Participant’s Election Form shall govern the rights of a Participant to receive distributions pursuant to the Plan. If a Participant’s Election Form could be construed to be in contradiction of or different from the terms of the Plan, the Plan controls. The provisions of the Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust. Each Employer shall at all times remain liable to carry out its obligations under the Plan.

13.3 **Distributions From the Trust**. Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Employer's obligations under this Plan.

ARTICLE 14
Miscellaneous

14.1 **Status of Plan**. The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that “is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees” within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). The Plan shall be administered and interpreted (a) to the extent possible in a manner consistent with the intent described in the preceding sentence, and (b) in accordance with Code Section 409A and related Treasury guidance and Regulations.

14.2 **Unsecured General Creditor**. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of an Employer. For purposes of the payment of benefits under this Plan, any and all of an Employer's assets shall be, and remain, the general, unpledged unrestricted assets of the Employer. An Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

14.3 **Employer's Liability**. An Employer's liability for the payment of benefits shall be defined only by the Plan.An Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan.

14.4 **Nonassignability**. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise, except as provided in Section 14.15 of this Plan regarding domestic relations orders.

14.5 **Not a Contract of Employment** The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of any Employer as an Employee or to interfere with the right of any Employer to discipline or discharge the Participant at any time.

14.6 **Furnishing Information**. A Participant or his or her Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder.

14.7 **Terms**. Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

14.8 **Captions**. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

14.9 **Governing Law**. Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of Delaware without regard to its conflicts of laws principles.

14.10 **Notice**. Any notice or filing required or permitted to be given to the Committee or Company under this Plan shall be sufficient if in writing and hand-delivered, sent by registered or certified mail, or sent electronically, to the individual or address below:

Huntington Bancshares Incorporated
Attn: Compensation Director
41 South High Street
Columbus, Ohio 43215

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

14.11 **Successors**. The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

14.12 **Spouse's Interest** The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

14.13 **Validity**. In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

14.14 **Incompetent**. If the Company determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Company may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Company may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

14.15 **Domestic Relations Orders** If necessary to comply with a domestic relations order, as defined in Code Section 414(p)(1)(B), pursuant to which a court has determined that a spouse or former spouse of a Participant has an interest in the Participant's benefits under the Plan, the Committee shall have the right to immediately distribute the spouse's or former spouse's interest in the Participant's benefits under the Plan to such spouse or former spouse.

14.16 **Distribution in the Event of Income Inclusion Under Code Section 409A .** If any portion of a Participant's Account Balance under this Plan is required to be included in income by the Participant prior to receipt due to a failure of this Plan to comply with the requirements of Code Section 409A and related Treasury Regulations, the Committee may determine that such Participant shall receive a distribution from the Plan in an amount equal to the lesser of (i) the portion of his or her Account Balance required to be included in income as a result of the failure of the Plan to comply with the requirements of Code Section 409A and related Treasury Regulations, or (ii) the unpaid vested Account Balance.

14.17 **Deduction Limitation on Benefit Payments .** If an Employer reasonably anticipates that the Employer's deduction with respect to any distribution from this Plan would be limited or eliminated by application of Code Section 162(m), then to the extent permitted by Treas. Reg. §1.409A-2(b)(7)(i), payment shall be delayed as deemed necessary to ensure that the entire amount of any distribution from this Plan is deductible. Any amounts for which distribution is delayed pursuant to this Section shall continue to be credited/debited with additional amounts in accordance with Section 3.6. The delayed amounts (and any amounts credited thereon) shall be distributed to the Participant (or his or her Beneficiary in the event of the Participant's death) at the earliest date the Employer reasonably anticipates that the deduction of the payment of the amount will not be limited or eliminated by application of Code Section 162(m). In the event that such date is determined to be after a Participant's Separation from Service and the Participant to whom the payment relates is determined to be a Specified Employee, then to the extent deemed necessary to comply with Treas. Reg. §1.409A-3(i)(2), the delayed payment shall not made before the end of the six-month period following such Participant's Separation from Service.

14.18 **Permitted Delays for Potential Federal Securities Laws or Other Violations** Notwithstanding any provision of the Plan to the contrary, any payment to a Participant under the Plan shall be delayed where the Company reasonably anticipates that making such payment will violate Federal securities laws or other applicable law; provided that any payment that is delayed under this section shall be made at the earliest date at which the Company reasonably anticipates that the making of the payment will not cause a violation of Federal securities laws or other applicable law.

14.19 **Forfeiture**. Federal law and regulations (including but not limited to the Dodd-Frank Wall Street Reform and Consumer Protection Act and any guidance thereunder) may impose restrictions or penalties on the ability of the Company to pay certain amounts deferred under this Plan. The Company also has established recoupment policies under which employees of the Company must forfeit amounts of compensation previously earned if the Company later learns of wrongdoing on the part of the employee. Notwithstanding any provision of the Plan to the contrary, to the extent necessary to comply with any such law or regulation, or to the extent necessary to comply with any other forfeiture or recoupment policy of the Company, the Company may reduce the amount of a Participant's Account Balance or take such other actions that the Company deems necessary. In such an event, the Company shall not have any liability for such reduction in the Participant's Account Balance.

14.20 **Compliance with Code Section 409A** To the extent that rights or payments under this Plan are subject to Code Section 409A, this Plan shall be interpreted and administered in compliance with the conditions of Code Section 409A and the regulations and guidance thereunder. Any deferral or payment election that would not comply with Code Section 409A's requirements shall not be effective. To the extent that a provision of this Plan does not comply with Code Section 409A, such provision shall be void and without effect.If an Employer unintentionally fails to operate this Plan or follow the terms of this Plan in such a way that is not compliant with Code Section 409A, the Employer may take any steps necessary to correct the error, as provided in Internal Revenue Service guidance for correcting operational and document errors, or other applicable guidance.

Neither the Company nor any Employer represent or warrant that this Plan and any Election Form comply with Code Section 409A with respect to any Participant, deferral, or payment. In no event shall the Company, any Employer, any director, officer, or employee of any Employer (other than the Participant), or any member of the Committee be liable for any additional tax, interest, or penalty incurred by a Participant or Beneficiary as a result of this Plan's failure to satisfy the requirements of Code Section 409A, or as a result of this Plan's failure to satisfy any other requirements of applicable tax law.

Exhibit 31.1

CERTIFICATION

I, Stephen D. Steinour, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Huntington Bancshares Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2018

/s/ Stephen D. Steinour

Stephen D. Steinour
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Howell D. McCullough III, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Huntington Bancshares Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2018

/s/ Howell D. McCullough III

Howell D. McCullough III
Chief Financial Officer

Exhibit 32.1

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of Huntington Bancshares Incorporated (the “Company”) on Form 10-Q for the three months ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stephen D. Steinour, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Stephen D. Steinour

Stephen D. Steinour
Chief Executive Officer
October 30, 2018

Exhibit 32.2

SECTION 1350 CERTIFICATION

In connection with the Quarterly Report of Huntington Bancshares Incorporated (the "Company") on Form 10-Q for the three months ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Howell D. McCullough III, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Howell D. McCullough III

Howell D. McCullough III
Chief Financial Officer
October 30, 2018