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, 2013

Commission File Number 1-34073

Huntington Bancshares Incorporated

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

41 South High Street, Columbus, Ohio 43287

Registrant's telephone number (614) 480-8300

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

There were 830,517,677 shares of Registrant's common stock ($0.01 par value) outstanding on October 31, 2013.

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:

2012 Form 10-K	Annual Report on Form 10-K for the year ended December 31, 2012
ABL	Asset Based Lending
ACL	Allowance for Credit Losses
AFCRE	Automobile Finance and Commercial Real Estate
ABS	Asset-Backed Securities
AFS	Available-for-Sale
ALCO	Asset & Liability Management Committee
ALLL	Allowance for Loan and Lease Losses
ARM	Adjustable Rate Mortgage
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	Automated Teller Machine
AULC	Allowance for Unfunded Loan Commitments
AVM	Automated Valuation Methodology
C&I	Commercial and Industrial
CapPR	Capital Plan Review
CCAR	Comprehensive Capital Analysis and Review
CDO	Collateralized Debt Obligations
CDs	Certificates of Deposit
CFPB	Bureau of Consumer Financial Protection
CMO	Collateralized Mortgage Obligations
CRE	Commercial Real Estate
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EPS	Earnings Per Share
EVE	Economic Value of Equity
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FHA	Federal Housing Administration
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FICA	Federal Insurance Contributions Act
FICO	Fair Isaac Corporation
FNMA	Federal National Mortgage Association
FRB	Federal Reserve Bank
FTE	Fully-Taxable Equivalent
FTP	Funds Transfer Pricing
GAAP	Generally Accepted Accounting Principles in the United States of America
HAMP	Home Affordable Modification Program
HARP	Home Affordable Refinance Program
HTM	Held-to-Maturity
IRS	Internal Revenue Service
ISE	Interest Sensitive Earnings
LCR	Liquidity Coverage Ratio
LIBOR	London Interbank Offered Rate

LGD	Loss-Given-Default
LTV	Loan to Value
MBS	Mortgage-Backed Security
MD&A	Management’s Discussion and Analysis of Financial Condition and Results of Operations
MSA	Metropolitan Statistical Area
MSR	Mortgage Servicing Rights
NALs	Nonaccrual Loans
NCO	Net Charge-off
NIM	Net interest margin
NPAs	Nonperforming Assets
NPR	Notice of Proposed Rulemaking
N.R.	Not relevant. Denominator of calculation is a gain in the current period compared with a loss in the prior period, or vice-versa.
OCC	Office of the Comptroller of the Currency
OCI	Other Comprehensive Income (Loss)
OCR	Optimal Customer Relationship
OLEM	Other Loans Especially Mentioned
OREO	Other Real Estate Owned
OTTI	Other-Than-Temporary Impairment
PD	Probability-Of-Default
Plan	Huntington Bancshares Retirement Plan
Problem Loans	Includes nonaccrual loans and leases (Table 18), troubled debt restructured loans (Table 19), accruing loans and leases past due 90 days or more (aging analysis section of Footnote 3), and Criticized commercial loans (credit quality indicators section of Footnote 3).
REIT	Real Estate Investment Trust
ROC	Risk Oversight Committee
SAD	Special Assets Division
SBA	Small Business Administration
SEC	Securities and Exchange Commission
SERP	Supplemental Executive Retirement Plan
SRIP	Supplemental Retirement Income Plan
TDR	Troubled Debt Restructured Loan
U.S. Treasury	U.S. Department of the Treasury
UCS	Uniform Classification System
UPB	Unpaid Principal Balance
USDA	U.S. Department of Agriculture
VA	U.S. Department of Veteran Affairs
VIE	Variable Interest Entity
WGH	Wealth Advisors, Government Finance, and Home Lending

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PART I. FINANCIAL INFORMATION

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

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

INTRODUCTION

We are a multi-state diversified regional bank holding company organized under Maryland law in 1966 and headquartered in Columbus, Ohio. Through the Bank, we have 147 years of serving the financial needs of our customers. Through our subsidiaries, we provide full-service commercial and consumer banking services, mortgage banking services, automobile financing, equipment leasing, investment management, trust services, brokerage services, customized insurance service programs, and other financial products and services. Our over 700 banking offices are located in Indiana, Kentucky, Michigan, Ohio, Pennsylvania, and West Virginia. Selected financial services and other activities are also conducted in various other states. International banking services are available through the headquarters office in Columbus, Ohio and a limited purpose office located in the Cayman Islands and another limited purpose office located in Hong Kong. Our foreign banking activities, in total or with any individual country, are not significant.

This MD&A provides information we believe necessary for understanding our financial condition, changes in financial condition, results of operations, and cash flows. The MD&A included in our 2012 Form 10-K should be read in conjunction with this MD&A as this discussion provides only material updates to the 2012 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 discussion is divided into key segments:

- **Executive Overview**—Provides a summary of our current financial performance and business overview, including our thoughts on the impact of the economy, legislative and regulatory initiatives, and recent industry developments. This section also provides our outlook regarding our expectations for the next several quarters.
- **Discussion of Results of Operations**—Reviews financial performance from a consolidated Company perspective. It also includes a Significant Items section that summarizes key issues helpful for understanding performance trends. Key consolidated average balance sheet and income statement trends are also discussed in this section.
- **Risk Management and Capital**—Discusses credit, market, liquidity, operational, and compliance risks, including how these are managed, as well as performance trends. It also includes a discussion of liquidity policies, how we obtain funding, and related performance. In addition, there is a discussion of guarantees and / or commitments made for items such as standby letters of credit and commitments to sell loans, and a discussion that reviews the adequacy of capital, including regulatory capital requirements.
- **Business Segment Discussion**—Provides an overview of financial performance for each of our major business segments and provides additional discussion of trends underlying consolidated financial performance.
- **Additional Disclosures**—Provides comments on important matters including forward-looking statements, critical accounting policies and use of significant estimates, recent accounting pronouncements and developments, and acquisitions.

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

EXECUTIVE OVERVIEW

Summary of 2013 Third Quarter Results

For the quarter, we reported net income of $178.5 million, or $0.20 per common share, compared with $150.7 million, or $0.17 per common share, in the prior quarter (*see Table 1*).

Fully-taxable equivalent net interest income was $431.5 million for the quarter, unchanged from the prior quarter. The results reflected a $0.1 billion increase in average earning assets, as well as an additional day in the quarter. These were offset by a 4 basis point decrease in the net interest margin. The primary items affecting the net interest margin were a 4 basis point negative impact from the mix and yield of earning assets, a 3 basis point negative impact of the $750 million of debt issued during the quarter, and a 3 basis point positive impact from lower cost of deposits.

The provision for credit losses decreased $13.3 million, or 54%, from the prior quarter. This quarter, we introduced an enhanced allowance methodology, which incorporates an enhanced commercial risk rating system. The combination of the enhanced methodology and continued improvement in overall asset quality resulted in a reduction in the ACL to loans ratio of 1.72%, compared to 1.86% in the prior quarter. The ACL as a percentage of period-end NALs increased 6 percentage points to 220%. NALs declined by $30.4 million, or 8%, to $333.1 million, or 0.78% of total loans. The decreases primarily reflected meaningful improvement in both C&I and CRE NALs.

Noninterest income increased $1.8 million, or 1%, from the prior quarter. The increase reflected the $8.0 million, or 31%, increase in other noninterest income, primarily related to fees associated with commercial loan activity, and the $4.9 million, or 7%, increase in service charges on deposit accounts, resulting from household and commercial relationship growth. These were offset by a $10.0 million, or 30%, decrease in mortgage banking income due to lower origination volume, and the $3.0 million, or 15%, decrease in brokerage income due to typical seasonal trends.

Noninterest expense decreased $22.5 million, or 5%, from the prior quarter. The decrease reflected the $34.5 million, or 13%, decrease in personnel costs, which included a significant item of $33.9 million from the pension curtailment gain and $6.6 million of branch consolidation and severance expense. These were partially offset by a $7.9 million, or 29%, increase in net occupancy, and a $3.2 million, or 13%, increase in equipment, which combined included a significant item of $9.5 million for branch consolidation and facilities optimization related costs. In addition, outside services included a significant item of $0.5 million for branch consolidation and facilities optimization related costs.

The tangible common equity to tangible asset ratio increased to 9.02% from 8.78% at the end of the prior quarter, resulting primarily from earnings retention. Our Tier 1 common risk-based capital ratio at quarter end was 10.85%, up from 10.71% at the end of the prior quarter. The regulatory Tier 1 risk-based capital ratio at September 30, 2013 was 12.36%, up from 12.24% at June 30, 2013. All capital ratios were impacted by the repurchase of 2.0 million common shares over the quarter at an average price per share of $8.18.

Business Overview

General

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

Our third-quarter results demonstrated that our unique products and services are driving robust organic customer acquisition across our commercial and consumer customer base, while delivering stable returns to shareholders. Through our disciplined investments in fee-income businesses in conjunction with prudent expense management, we have been able to deliver modest positive operating leverage for the first nine months of the year.

During the quarter, we successfully launched our consumer credit card product. The third quarter was also a time of continuing household growth, particularly within our in-store branches, and marked a return to stability for our commercial real estate loan portfolio. Our performance benefited from ongoing improvement within our core Midwestern economies. We also made progress in managing expenses, including one-time savings attributable to pension curtailment, rightsizing of some investments, and the consolidation of 22 branch locations.

Economy

While we are optimistic about continuing indicators of economic improvement supporting our performance for the next several quarters, we must face the headwinds related to the yield curve, regulatory environment, and ongoing uncertainty in Washington.

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Legislative and Regulatory

Regulatory reforms continue to be issued, which impose additional restrictions on current business practices. Recent items affecting us include the Federal Reserve's Capital Plan Review and the recently issued final Basel III capital rule.

Capital Plans Rule / Supervisory and Company-Run Stress Test Requirements – The Federal Reserve issued two interim final rules on September 24, 2013, that are intended to clarify how we should incorporate the Basel III regulatory capital reforms into our capital projections during the next cycle of capital plan submissions and stress tests. The planning horizon for the next capital planning and stress testing cycle encompasses the 2013 fourth quarter through the 2015 fourth quarter. Rules to implement the Basel III capital reforms in the United States were finalized in July 2013, and will be phased-in beginning in 2015 for us under the standardized approach. As such, the next CCAR cycle, which began October 1, 2013, overlaps with the implementation of the Basel III capital reforms based on the required 9-quarter capital projections. The interim final rules clarify that banking organizations with $50 billion or more in total consolidated assets, including us, must incorporate the revised capital framework into the capital planning projections and into the stress tests required under the Dodd-Frank Act using the transition paths established in the Basel III final rule. The rule also clarifies that for the upcoming cycle, capital adequacy at large banking organizations, including us, would continue to be assessed against a minimum 5 percent tier 1 common ratio calculated in the same manner as under previous stress tests and capital plan submissions, ensuring consistency with those previous exercises. The interim final rules became effective upon issuance, but the Federal Reserve will accept comments on the rules through November 25, 2013.

Basel III Capital rules for U.S. banking organizations– On July 2, 2013, the Federal Reserve voted to adopt final Basel III capital rules for U.S. Banking organizations. The final rules establish an integrated regulatory capital framework and will implement in the United States the Basel III regulatory capital reforms from the Basel Committee on Banking Supervision and certain changes required by the Dodd-Frank Act. Under the final rule, minimum requirements will increase for both the quantity and quality of capital held by banking organizations. Consistent with the international Basel framework, the final rule includes a new minimum ratio of common equity tier 1 capital (Tier I Common) to risk-weighted assets and a Tier 1 Common capital conservation buffer of 2.5% of risk-weighted assets that will apply to all supervised financial institutions. The rule also raises the minimum ratio of tier 1 capital to risk-weighted assets and includes a minimum leverage ratio of 4% for all banking organizations. These new minimum capital ratios will become effective for us on January 1, 2015, and will be fully phased-in on January 1, 2019.

Following are the Basel III regulatory capital levels that we must satisfy to avoid limitations on capital distributions and discretionary bonus payments during the applicable transition period, from January 1, 2015 until January 1, 2019:

	Basel III Regulatory Capital Levels				
	January 1, 2015	January 1, 2016	January 1, 2017	January 1, 2018	January 1, 2019
Tier 1 Common	4.5%	5.125%	5.75%	6.375%	7.0%
Tier 1 risk-based capital ratio	6.0%	6.625%	7.25%	7.875%	8.5%
Total risk-based capital ratio	8.0%	8.625%	9.25%	9.875%	10.5%

The final rule emphasizes Tier 1 Common capital, the most loss-absorbing form of capital, and implements strict eligibility criteria for regulatory capital instruments. The final rule also improves the methodology for calculating risk-weighted assets to enhance risk sensitivity. Banks and regulators use risk weighting to assign different levels of risk to different classes of assets.

We have evaluated the impact of the Basel III final rule on our regulatory capital ratios and estimate a reduction of approximately 60 basis points to our Basel I Tier I Common risk-based capital ratio based on our June 30, 2013 balance sheet composition. The estimate is based on management's current interpretation, expectations, and understanding of the final U.S. Basel III rules. We anticipate that our capital ratios, on a Basel III basis, will continue to exceed the well capitalized minimum capital requirements. We are evaluating options to mitigate the capital impact of the final rule prior to its effective implementation date.

Approximately $50.0 million of our Tier 1 risk-based capital of $6.0 billion at September 30, 2013 consisted of the outstanding Class C preferred securities of our REIT subsidiary, Huntington Preferred Capital, Inc. (HPCI). Based on our review of the Basel III final rule, it is likely that when Basel III becomes effective, the HPCI Class C preferred securities will no longer constitute Tier 1 capital for us or the Bank. In the event we determine that a "regulatory capital event" has occurred, based on an opinion of counsel rendered by a law firm experienced in such matters, HPCI would have the right to redeem the outstanding Class C preferred securities. In the event HPCI redeems the Class C preferred securities, holders of such securities will be entitled to receive the redemption price of $25.00 per share plus accrued and unpaid dividends on such shares. The redemption price may differ from the redemption date market price of the Class C preferred securities. There can be no assurance as to if or when HPCI would redeem the Class C preferred securities.

Expectations

Net interest income is expected to modestly grow over the next several quarters. We anticipate an increase in earning assets as total loans modestly grow and investment securities increase in preparation for the new liquidity rules. However, those benefits to net interest income are expected to be partially offset by continued modest downward pressure on NIM until the short end of the yield curve begins to move higher. Full-year 2013 NIM is not expected to fall below the mid 3.30%'s. While we are maintaining a disciplined approach to loan pricing, asset yields remain under pressure, and that is partially offset by the continued deposit repricing and mix shift.

The C&I portfolio is expected to see growth consistent with an anticipated increase in customer activity. Our C&I loan pipeline remains robust with much of this reflecting the positive impact from our investments in specialized commercial verticals, focused OCR sales process, and continued support of middle market and small business lending. Automobile loan originations remain strong, and we currently do not anticipate any automobile securitizations in the near future. Residential mortgages, home equity, and CRE loan balances are expected to increase modestly.

We anticipate the increase in total loans will outpace growth in total deposits. This reflects our continued focus on the overall cost of funds, as well as the continued shift towards low- and no-cost demand deposits and money market deposit accounts.

Noninterest income, when compared to recent levels, is expected to be relatively flat, excluding the impact of any automobile loan sales, any net MSR activity, and typical first quarter seasonality.

Expenses, excluding the $17 million of Significant Items, are expected to modestly increase due to higher depreciation, personnel, occupancy, and equipment expense related to our continued modest pace of investments. We continue to evaluate additional cost saving opportunities, and an additional $6 million of branch consolidation expense is expected in the 2013 fourth quarter from previously announced actions. We remain committed to posting positive operating leverage for the 2013 full year.

NPAs are expected to show continued improvement. This quarter, NCOs were at the high end of our expected normalized range of 35 to 55 basis points. The level of provision for credit losses was below our long-term expectation, and we continue to expect some quarterly volatility.

The effective tax rate for 2013 is expected to be in the range of 25% to 27%, primarily reflecting the impacts of tax-exempt income, tax-advantaged investments, and general business credits.

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DISCUSSION OF RESULTS OF OPERATIONS

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

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Table 1—Selected Quarterly Income Statement Data (1)

(dollar amounts in thousands, except per share amounts)	2013 Third	2013 Second	2013 First	2012 Fourth	2012 Third
Interest income	**$462,912**	$462,582	$465,319	$478,995	$483,787
Interest expense	**38,060**	37,645	41,149	44,940	53,489
Net interest income	**424,852**	424,937	424,170	434,055	430,298
Provision for credit losses	**11,400**	24,722	29,592	39,458	37,004
Net interest income after provision for credit losses	**413,452**	400,215	394,578	394,597	393,294
Service charges on deposit accounts	**72,918**	68,009	60,883	68,083	67,806
Mortgage banking income	**23,621**	33,659	45,248	61,711	44,614
Trust services	**30,470**	30,666	31,160	31,388	29,689
Electronic banking	**24,282**	23,345	20,713	21,011	22,135
Brokerage income	**16,532**	19,546	17,995	17,415	16,526
Insurance income	**17,269**	17,187	19,252	17,268	17,792
Gain on sale of loans	**5,063**	3,348	2,616	20,690	6,591
Bank owned life insurance income	**13,740**	15,421	13,442	13,767	14,371
Capital markets fees	**12,825**	12,229	7,834	12,694	11,596
Securities gains (losses)	**98**	(410)	(509)	863	4,169
Other income	**33,685**	25,655	33,575	32,761	25,778
Total noninterest income	**250,503**	248,655	252,209	297,651	261,067
Personnel costs	**229,326**	263,862	258,895	253,952	247,709
Outside data processing and other services	**49,313**	49,898	49,265	48,699	50,396
Net occupancy	**35,591**	27,656	30,114	29,008	27,599
Equipment	**28,191**	24,947	24,880	26,580	25,950
Deposit and other insurance expense	**11,155**	13,460	15,490	16,327	15,534
Professional services	**12,487**	9,341	7,192	22,514	17,510
Marketing	**12,271**	14,239	10,971	16,456	16,842
Amortization of intangibles	**10,362**	10,362	10,320	11,647	11,431
OREO and foreclosure expense	**2,053**	(271)	2,666	4,233	4,982
Loss (Gain) on early extinguishment of debt	**—**	—	—	—	1,782
Other expense	**32,587**	32,371	33,000	41,212	38,568
Total noninterest expense	**423,336**	445,865	442,793	470,628	458,303
Income before income taxes	**240,619**	203,005	203,994	221,620	196,058
Provision for income taxes	**62,132**	52,354	52,214	54,341	28,291
Net income	**$178,487**	$150,651	$151,780	$167,279	$167,767
Dividends on preferred shares	**7,967**	7,967	7,970	7,973	7,983
Net income applicable to common shares	**$170,520**	$142,684	$143,810	$159,306	$159,784
Average common shares—basic	**830,398**	834,730	841,103	847,220	857,871
Average common shares—diluted	**841,025**	843,840	848,708	853,306	863,588
Net income per common share—basic	**$ 0.21**	$ 0.17	$ 0.17	$ 0.19	$ 0.19
Net income per common share—diluted	**0.20**	0.17	0.17	0.19	0.19
Cash dividends declared per common share	**0.05**	0.05	0.04	0.04	0.04
Return on average total assets	**1.27%**	1.08%	1.10%	1.19%	1.19%
Return on average common shareholders' equity	**12.3**	10.4	10.7	11.6	11.9
Return on average tangible common shareholders' equity (2)	**14.1**	12.0	12.4	13.5	13.9
Net interest margin (3)	**3.34**	3.38	3.42	3.45	3.38
Efficiency ratio (4)	**60.6**	64.0	63.3	62.3	64.5
Effective tax rate	**25.8**	25.8	25.6	24.5	14.4
Revenue—FTE					
Net interest income	**$424,852**	$424,937	$424,170	$434,055	$430,298
FTE adjustment	**6,634**	6,587	5,923	5,470	5,254
Net interest income (3)	**431,486**	431,524	430,093	439,525	435,552
Noninterest income	**250,503**	248,655	252,209	297,651	261,067
Total revenue (3)	**$681,989**	$680,179	$682,302	$737,176	$696,619

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

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

(3) On a fully-taxable equivalent (FTE) basis assuming a 35% tax rate.

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

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

(dollar amounts in thousands, except per share amounts)	Nine Months Ended September 30, 2013	2012	Change Amount	Percent
Interest income	**$ 1,390,813**	$ 1,451,268	$(60,455)	(4)%
Interest expense	**116,854**	174,799	(57,945)	(33)
Net interest income	**1,273,959**	1,276,469	(2,510)	—
Provision for credit losses	**65,714**	107,930	(42,216)	(39)
Net interest income after provision for credit losses	**1,208,245**	1,168,539	39,706	3
Service charges on deposit accounts	**201,810**	194,096	7,714	4
Mortgage banking income	**102,528**	129,381	(26,853)	(21)
Trust services	**92,296**	90,509	1,787	2
Electronic banking	**68,340**	61,279	7,061	12
Brokerage income	**54,073**	54,811	(738)	(1)
Insurance income	**53,708**	54,051	(343)	(1)
Gain on sale of loans	**11,027**	37,492	(26,465)	(71)
Bank owned life insurance income	**42,603**	42,275	328	1
Capital markets fees	**32,888**	34,652	(1,764)	(5)
Securities gains (losses)	**(821)**	3,906	(4,727)	(121)
Other income	**92,915**	97,754	(4,839)	(5)
Total noninterest income	**751,367**	800,206	(48,839)	(6)
Personnel costs	**752,083**	734,241	17,842	2
Outside data processing and other services	**148,476**	141,556	6,920	5
Net occupancy	**93,361**	82,152	11,209	14
Equipment	**78,018**	76,367	1,651	2
Deposit and other insurance expense	**40,105**	52,003	(11,898)	(23)
Professional services	**29,020**	43,244	(14,224)	(33)
Marketing	**37,481**	47,807	(10,326)	(22)
Amortization of intangibles	**31,044**	34,902	(3,858)	(11)
OREO and foreclosure expense	**4,448**	14,038	(9,590)	(68)
Gain on early extinguishment of debt	**—**	(798)	798	(100)
Other expense	**97,958**	139,736	(41,778)	(30)
Total noninterest expense	**1,311,994**	1,365,248	(53,254)	(4)
Income before income taxes	**647,618**	603,497	44,121	7
Provision for income taxes	**166,700**	129,754	36,946	28
Net income	**$ 480,918**	$ 473,743	$ 7,175	2%
Dividends declared on preferred shares	**23,904**	24,016	(112)	—
Net income applicable to common shares	**$ 457,014**	$ 449,727	$ 7,287	2%
Average common shares—basic	**835,410**	861,543	(26,133)	(3)%
Average common shares—diluted	**844,524**	866,768	(22,244)	(3)
Per common share				
Net income per common share—basic	**$ 0.55**	$ 0.52	$ 0.03	6%
Net income per common share—diluted	**0.54**	0.52	0.02	4
Cash dividends declared	**0.14**	0.12	0.02	17
Revenue—FTE				
Net interest income	**$ 1,273,959**	$ 1,276,469	$ (2,510)	— %
FTE adjustment	**19,144**	14,936	4,208	28
Net interest income (2)	**1,293,103**	1,291,405	1,698	—
Noninterest income	**751,367**	800,206	(48,839)	(6)
Total revenue (2)	**$ 2,044,470**	$ 2,091,611	$(47,141)	(2)%

(1) Comparisons for presented periods are impacted by a number of factors. Refer to the "Significant Items" for additional discussion regarding these key factors.
(2) On a fully taxable equivalent (FTE) basis assuming a 35% tax rate.

Significant Items

Definition of Significant Items

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

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

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

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

Significant Items Influencing Financial Performance Comparisons

Earnings comparisons were impacted by the Significant Items summarized below:

1. **Pension Curtailment Gain.** During the 2013 third quarter, a $33.9 million pension curtailment gain was recorded in personnel costs. This resulted in a positive impact of $0.03 per common share for both the quarterly and year-to-date basis.
2. **Franchise Repositioning Related Expense.** During the 2013 third quarter, $16.6 million of franchise repositioning related expense was recorded. This resulted in a negative impact of $0.01 per common share for both the quarterly and year-to-date basis.
3. **Litigation Reserve.** During the 2012 first quarter, $23.5 million of additions to litigation reserves were recorded as other noninterest expense. This resulted in a negative impact of $0.02 per common share in 2012 for both the quarterly and year-to-date basis.
4. **Bargain Purchase Gain.** During the 2012 first quarter, an $11.4 million bargain purchase gain associated with the FDIC-assisted Fidelity Bank acquisition was recorded in noninterest income. This resulted in a positive impact of $0.01 per common share for both the quarterly and year-to-date basis.
5. **State deferred tax asset valuation allowance adjustment.** During the 2012 third quarter, a valuation allowance of $19.5 million (net of tax) was released for the portion of the deferred tax asset and state net operating loss carryforwards expected to be realized. This resulted in a positive impact of $0.02 per common share for both the quarterly and year-to-date basis.

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

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Table 3—Significant Items Influencing Earnings Performance Comparison (1)

	Three Months Ended					
	September 30, 2013		June 30, 2013		September 30, 2012	
(dollar amounts in thousands, except per share amounts)	**After-tax**	**EPS (2)**	After-tax	EPS (2)	After-tax	EPS (2)
Net income	**$178,487**		$150,651		$167,767	
Earnings per share, after-tax		**$ 0.20**		$0.17		$0.19
Change from prior quarter—$		**0.03**		—		0.02
Change from prior quarter—%		**18%**		— %		12%
Change from year-ago—$		**$ 0.01**		$ —		$0.03
Change from year-ago—%		**5%**		— %		19%
Pension curtailment gain	**33,926**	**0.03**	—	—	—	—
Franchise repositioning related expense	**(16,552)**	**(0.01)**	—	—	—	—

(1) Pretax unless otherwise noted.
(2) After-tax.

	Nine Months Ended			
	September 30, 2013		September 30, 2012	
(dollar amounts in thousands)	**After-tax**	**EPS (2)**	After-tax	EPS (2)
Net income	**$ 480,918**		$473,743	
Earnings per share, after-tax		**$ 0.54**		$ 0.52
Change from a year-ago—$		**0.02**		0.07
Change from a year-ago—%		**4%**		16%
Significant Items - favorable (unfavorable) impact:	**Earnings (1)**	**EPS (2)**	Earnings (1)	EPS (2)
Pension curtailment gain	**$ 33,926**	**$ 0.03**	$ —	$ —
Franchise repositioning related expense	**(16,552)**	**(0.01)**	—	—
State deferred tax asset valuation allowance adjustment (2)	—	—	19,513	0.02
Bargain purchase gain	—	—	11,409	0.01
Litigation reserves addition	—	—	(23,500)	(0.02)

(1) Pretax unless otherwise noted.
(2) After-tax.

Net Interest Income / Average Balance Sheet

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

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Table 4—Consolidated Quarterly Average Balance Sheets

	Average Balances					Change	
	2013			2012		3Q13 vs. 3Q12	
(dollar amounts in millions)	**Third**	Second	First	Fourth	Third	Amount	Percent
Assets:							
Interest-bearing deposits in banks	**$ 54**	$ 84	$ 72	$ 73	$ 82	$ (28)	(34)%
Loans held for sale	**379**	678	709	840	1,829	(1,450)	(79)
Securities:							
Available-for-sale and other securities:							
Taxable	**6,040**	6,728	6,964	7,131	8,014	(1,974)	(25)
Tax-exempt	**565**	591	549	492	423	142	34
Total available-for-sale and other securities	**6,605**	7,319	7,513	7,623	8,437	(1,832)	(22)
Trading account securities	**76**	84	85	97	66	10	15
Held-to-maturity securities—taxable	**2,139**	1,711	1,717	1,652	796	1,343	169
Total securities	**8,820**	9,114	9,315	9,372	9,299	(479)	(5)
Loans and leases: (1)							
Commercial:							
Commercial and industrial	**17,032**	17,033	16,954	16,507	16,343	689	4
Commercial real estate:							
Construction	**565**	586	598	576	569	(4)	(1)
Commercial	**4,345**	4,429	4,694	4,897	5,153	(808)	(16)
Commercial real estate	**4,910**	5,015	5,292	5,473	5,722	(812)	(14)
Total commercial	**21,942**	22,048	22,246	21,980	22,065	(123)	(1)
Automobile	6,075	5,283	4,833	4,486	4,065	2,010	49
Home equity	**8,341**	8,263	8,395	8,345	8,369	(28)	—
Residential mortgage	**5,256**	5,225	4,978	5,155	5,177	79	2
Other consumer	**380**	461	412	431	444	(64)	(14)
Total consumer	**20,052**	19,232	18,618	18,417	18,055	1,997	11
Total loans and leases	**41,994**	41,280	40,864	40,397	40,120	1,874	5
Allowance for loan and lease losses	**(717)**	(746)	(772)	(783)	(855)	138	(16)
Net loans and leases	**41,277**	40,534	40,092	39,614	39,265	2,012	5
Total earning assets	**51,247**	51,156	50,960	50,682	51,330	(83)	—
Cash and due from banks	**944**	940	904	1,459	960	(16)	(2)
Intangible assets	**552**	563	571	581	597	(45)	(8)
All other assets	**3,889**	3,976	4,065	4,115	4,106	(217)	(5)
Total assets	**$55,915**	$55,889	$55,728	$56,054	$56,138	$ (223)	— %
Liabilities and Shareholders' Equity:							
Deposits:							
Demand deposits—noninterest-bearing	**$13,088**	$12,879	$12,165	$13,121	$12,329	$ 759	6%
Demand deposits—interest-bearing	**5,763**	5,927	5,977	5,843	5,814	(51)	(1)
Total demand deposits	**18,851**	18,806	18,142	18,964	18,143	708	4
Money market deposits	**15,739**	15,069	15,045	14,749	14,515	1,224	8
Savings and other domestic deposits	**5,007**	5,115	5,083	4,960	4,975	32	1
Core certificates of deposit	**4,176**	4,778	5,346	5,637	6,131	(1,955)	(32)
Total core deposits	**43,773**	43,768	43,616	44,310	43,764	9	—
Other domestic time deposits of $250,000 or more	**268**	324	360	359	300	(32)	(11)
Brokered deposits and negotiable CDs	**1,553**	1,779	1,697	1,756	1,878	(325)	(17)
Deposits in foreign offices	**376**	316	340	342	356	20	6
Total deposits	**45,970**	46,187	46,013	46,767	46,298	(328)	(1)
Short-term borrowings	**710**	701	762	1,012	1,329	(619)	(47)
Federal Home Loan Bank advances	**549**	757	686	42	107	442	413
Subordinated notes and other long-term debt	**1,753**	1,292	1,348	1,374	1,638	115	7
Total interest-bearing liabilities	**35,894**	36,058	36,644	36,074	37,043	(1,149)	(3)
All other liabilities	**1,054**	1,064	1,085	1,017	1,035	19	2
Shareholders' equity	**5,879**	5,888	5,834	5,842	5,731	148	3
Total liabilities and shareholders' equity	**$55,915**	$55,889	$55,728	$56,054	$56,138	$ (223)	— %

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

Table 5—Consolidated Quarterly Net Interest Margin Analysis

	Average Rates (2)				
	2013			2012	
Fully-taxable equivalent basis (1)	**Third**	Second	First	Fourth	Third
Assets					
Interest-bearing deposits in banks	**0.07%**	0.27%	0.16%	0.28%	0.21%
Loans held for sale	**3.89**	3.39	3.22	3.18	3.18
Securities:					
Available-for-sale and other securities:					
Taxable	**2.34**	2.29	2.31	2.32	2.29
Tax-exempt	**4.04**	3.94	3.96	4.03	4.15
Total available-for-sale and other securities	**2.48**	2.42	2.43	2.43	2.39
Trading account securities	**0.23**	0.60	0.50	1.01	1.07
Held-to-maturity securities—taxable	**2.29**	2.29	2.29	2.24	2.81
Total securities	**2.41**	2.38	2.39	2.38	2.41
Loans and leases: (3)					
Commercial:					
Commercial and industrial	**3.68**	3.75	3.83	3.88	3.90
Commercial real estate:					
Construction	**3.91**	3.93	4.05	4.13	3.84
Commercial	**4.10**	4.13	4.00	4.20	3.85
Commercial real estate	**4.08**	4.09	4.01	4.19	3.85
Total commercial	**3.77**	3.83	3.87	3.96	3.89
Consumer:					
Automobile	**3.80**	3.96	4.28	4.52	4.87
Home equity	**4.10**	4.16	4.20	4.24	4.27
Residential mortgage	**3.81**	3.82	3.97	4.07	4.02
Other consumer	**6.98**	6.66	7.05	7.16	7.16
Total consumer	**3.99**	4.07	4.22	4.33	4.40
Total loans and leases	**3.87**	3.95	4.03	4.13	4.12
Total earning assets	**3.64%**	3.68%	3.75%	3.80%	3.79%
Liabilities					
Deposits:					
Demand deposits—noninterest-bearing	**— %**	— %	— %	— %	— %
Demand deposits—interest-bearing	**0.04**	0.04	0.04	0.05	0.07
Total demand deposits	**0.01**	0.01	0.01	0.02	0.02
Money market deposits	**0.26**	0.24	0.23	0.27	0.33
Savings and other domestic deposits	**0.25**	0.27	0.30	0.33	0.37
Core certificates of deposit	**1.05**	1.13	1.19	1.21	1.25
Total core deposits	**0.32**	0.34	0.37	0.41	0.47
Other domestic time deposits of $250,000 or more	**0.44**	0.50	0.52	0.61	0.68
Brokered deposits and negotiable CDs	**0.55**	0.62	0.67	0.71	0.71
Deposits in foreign offices	**0.14**	0.14	0.17	0.18	0.18
Total deposits	**0.33**	0.36	0.38	0.42	0.48
Short-term borrowings	**0.09**	0.10	0.12	0.14	0.16
Federal Home Loan Bank advances	**0.14**	0.14	0.18	1.20	0.50
Subordinated notes and other long-term debt	**2.29**	2.35	2.54	2.55	2.91
Total interest-bearing liabilities	**0.42%**	0.42%	0.45%	0.50%	0.58%
Net interest rate spread	**3.20%**	3.26%	3.30%	3.30%	3.21%
Impact of noninterest-bearing funds on margin	**0.14**	0.12	0.12	0.15	0.17
Net interest margin	**3.34%**	3.38%	3.42%	3.45%	3.38%

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

Table 6—Average Loans/Leases and Deposits

(dollar amounts in millions)	Third Quarter 2013	Third Quarter 2012	Second Quarter 2013	3Q13 vs 3Q12 Amount	3Q13 vs 3Q12 Percent	3Q13 vs 2Q13 Amount	3Q13 vs 2Q13 Percent
Loans/Leases:							
Commercial and industrial	**$17,032**	$16,343	$ 17,033	$ 689	4%	$ (1)	(0)%
Commercial real estate	**4,910**	5,722	5,015	(812)	(14)	(105)	(2)
Total commercial	**21,942**	22,065	22,048	(123)	(1)	(106)	(0)
Automobile	**6,075**	4,065	5,283	2,010	49	792	15
Home equity	**8,341**	8,369	8,263	(28)	(0)	78	1
Residential mortgage	**5,256**	5,177	5,225	79	2	31	1
Other loans	**380**	444	461	(64)	(14)	(81)	(18)
Total consumer	**20,052**	18,055	19,232	1,997	11	820	4
Total loans and leases	**$41,994**	$40,120	$ 41,280	$ 1,874	5%	$ 714	2%
Deposits:							
Demand deposits—noninterest-bearing	**$13,088**	$12,329	$ 12,879	$ 759	6%	$ 209	2%
Demand deposits—interest-bearing	**5,763**	5,814	5,927	(51)	(1)	(164)	(3)
Total demand deposits	**18,851**	18,143	18,806	708	4	45	0
Money market deposits	**15,739**	14,515	15,069	1,224	8	670	4
Savings and other domestic time deposits	**5,007**	4,975	5,115	32	1	(108)	(2)
Core certificates of deposit	**4,176**	6,131	4,778	(1,955)	(32)	(602)	(13)
Total core deposits	**43,773**	43,764	43,768	9	0	5	0
Other deposits	**2,197**	2,534	2,419	(337)	(13)	(222)	(9)
Total deposits	**$45,970**	$46,298	$ 46,187	$ (328)	(1)%	$ (217)	(0)%

2013 Third Quarter versus 2012 Third Quarter

Fully-taxable equivalent net interest income decreased $4.1 million, or 1%, from the year-ago quarter. This reflected a 4 basis point decrease in the FTE net interest margin to 3.34% as average earning assets were essentially unchanged with 5% loan growth offset by the planned reduction in investment securities. The primary items impacting the decrease in the NIM were:

- 16 basis point negative impact from the mix and yield of earning assets primarily reflecting a decrease in consumer loan yields.

Partially offset by:

- 15 basis point positive impact from the mix and yield of deposits reflecting the strategic focus on changing the funding sources from higher rate time deposits to no cost demand deposits and low cost money market deposits.

Average earning assets decreased $0.1 billion, or less than 1% from the year-ago quarter, driven by:

- $1.5 billion, or 79%, decrease in loans held for sale, reflecting the impact of our intended securitization of automobile loans in the 2012 fourth quarter.
- $0.8 billion, or 14%, decrease in average CRE loans. This decrease reflected continued runoff of the noncore portfolio and a slight decrease of the core portfolio as acceptable returns for new core originations were balanced against internal concentration limits and increased competition for projects sponsored by high quality developers.
- $0.5 billion, or 5%, decrease in securities.

Partially offset by:

- $2.0 billion, or 49%, increase in average on balance sheet automobile loans, as originations remained strong and our investments in the Northeast and upper Midwest continued to grow as planned.
- $0.7 billion, or 4%, increase in average C&I loans and leases. This reflected the continued growth within the middle market healthcare vertical, equipment finance, and dealer floorplan.

Average noninterest bearing deposits increased \$0.8 billion, or 6%, while average interest-bearing liabilities decreased \$1.1 billion, or 3%, from the 2012 third quarter, primarily reflecting:

- \$2.0 billion, or 32%, decrease in average core certificates of deposit due to the strategic focus on changing the funding sources to no cost demand deposits and low cost money markets deposits.

Partially offset by:

- \$1.2 billion, or 8%, increase in money market deposits reflecting the strategic focus on increased share of wallet and the customer's, both consumer and commercial, preference for increased liquidity.

2013 Third Quarter versus 2013 Second Quarter

Compared to the 2013 second quarter, fully-taxable equivalent net interest income was unchanged, reflecting a \$0.1 billion increase in average earnings assets, partially offset by a 4 basis point decrease in NIM. The primary items affecting the NIM were a 4 basis point negative impact from the mix and yield of earning assets and a 3 basis point negative impact of the \$750.0 million of long-term debt issued during the quarter, partially offset by the 3 basis point benefit from lower cost deposits and increased equity.

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Table 7—Consolidated YTD Average Balance Sheets and Net Interest Margin Analysis

Fully-taxable equivalent basis (1) *(dollar amounts in millions)*	YTD Average Balances: Nine Months Ended September 30, 2013	2012	Change Amount	Change Percent	YTD Average Rates (2): Nine Months Ended September 30, 2013	2012
Assets:						
Interest-bearing deposits in banks	**$ 70**	$ 102	$ (32)	(31)%	**0.18%**	0.20%
Loans held for sale	**588**	1,170	(582)	(50)	**3.47**	3.43
Securities:						
Available-for-sale and other securities:						
Taxable	**6,574**	8,156	(1,582)	(19)	**2.31**	2.34
Tax-exempt	**568**	405	163	40	**3.98**	4.18
Total available-for-sale and other securities	**7,142**	8,561	(1,419)	(17)	**2.45**	2.42
Trading account securities	**82**	57	25	44	**0.45**	1.42
Held-to-maturity securities—taxable	**1,857**	680	1,177	173	**2.29**	2.91
Total securities	**9,081**	9,298	(217)	(2)	**2.39**	2.45
Loans and leases: (3)						
Commercial:						
Commercial and industrial	**17,007**	15,756	1,251	8	**3.75**	3.97
Commercial real estate:						
Construction	**583**	584	(1)	—	**3.96**	3.78
Commercial	**4,488**	5,299	(811)	(15)	**4.08**	3.87
Commercial real estate	**5,071**	5,883	(812)	(14)	**4.06**	3.86
Total commercial	**22,078**	21,639	439	2	**3.82**	3.94
Consumer:						
Automobile	**5,402**	4,540	862	19	**3.99**	4.80
Home equity	**8,299**	8,305	(6)	—	**4.15**	4.29
Residential mortgage	**5,154**	5,201	(47)	(1)	**3.86**	4.11
Other consumer	**451**	463	(12)	(3)	**6.82**	7.35
Total consumer	**19,306**	18,509	797	4	**4.09**	4.44
Total loans and leases	**41,384**	40,148	1,236	3	**3.95**	4.17
Allowance for loan and lease losses	**(745)**	(908)	163	(18)		
Net loans and leases	**40,639**	39,240	1,399	4		
Total earning assets	**51,123**	50,718	405	1	**3.69%**	3.86%
Cash and due from banks	**930**	967	(37)	(4)		
Intangible assets	**562**	606	(44)	(7)		
All other assets	**3,974**	4,163	(189)	(5)		
Total assets	**$ 55,844**	$ 55,546	$ 298	1%		
Liabilities and Shareholders' Equity:						
Deposits:						
Demand deposits—noninterest-bearing	**$ 12,714**	$ 11,890	$ 824	7%	**— %**	— %
Demand deposits—interest-bearing	**5,888**	5,800	88	2	**0.04**	0.07
Total demand deposits	**18,602**	17,690	912	5	**0.01**	0.02
Money market deposits	**15,287**	13,616	1,671	12	**0.24**	0.30
Savings and other domestic deposits	**5,068**	4,924	144	3	**0.27**	0.40
Core certificates of deposit	**4,761**	6,418	(1,657)	(26)	**1.13**	1.41
Total core deposits	**43,718**	42,648	1,070	3	**0.35**	0.50
Other domestic time deposits of $250,000 or more	**317**	315	2	1	**0.49**	0.67
Brokered deposits and negotiable CDs	**1,676**	1,535	141	9	**0.62**	0.74
Deposits in foreign offices	**344**	381	(37)	(10)	**0.15**	0.18
Total deposits	**46,055**	44,879	1,176	3	**0.36**	0.51
Short-term borrowings	**724**	1,410	(686)	(49)	**0.11**	0.16
Federal Home Loan Bank advances	**663**	383	280	73	**0.15**	0.24
Subordinated notes and other long-term debt	**1,467**	2,179	(712)	(33)	**2.39**	2.81
Total interest-bearing liabilities	**36,195**	36,961	(766)	(2)	**0.43**	0.63
All other liabilities	**1,068**	1,081	(13)	(1)		
Shareholders' equity	**5,867**	5,614	253	5		
Total liabilities and shareholders' equity	**$ 55,844**	$ 55,546	$ 298	1%		
Net interest rate spread					**3.26**	3.23
Impact of noninterest-bearing funds on margin					**0.12**	0.17
Net interest margin					**3.38%**	3.40%

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

2013 First Nine Months versus 2012 First Nine Months

Fully-taxable equivalent net interest income for the first nine-month period of 2013 was unchanged from the comparable year-ago period. This reflected the benefit of a $0.4 billion, or 1%, increase in average total earning assets. The fully-taxable equivalent net interest margin decreased to 3.38% from 3.40%. The increase in average earning assets reflected:

- $1.2 billion, or 3%, increase in average total loans and leases.

Partially offset by:

- $0.6 billion, or 50%, decrease in loans held for sale.
- The following table details the change in our reported loans and deposits:

Table 8—Average Loans/Leases and Deposits— 2013 First Nine Months vs. 2012 First Nine Months

	Nine Months Ended September 30,		Change	
(dollar amounts in millions)	**2013**	2012	Amount	Percent
Loans/Leases:				
Commercial and industrial	**$ 17,007**	$ 15,756	$ 1,251	8%
Commercial real estate	**5,071**	5,883	(812)	(14)
Total commercial	**22,078**	21,639	439	2
Automobile	**5,402**	4,540	862	19
Home equity	**8,299**	8,305	(6)	—
Residential mortgage	**5,154**	5,201	(47)	(1)
Other consumer	**451**	463	(12)	(3)
Total consumer	**19,306**	18,509	797	4
Total loans and leases	**$ 41,384**	$ 40,148	$ 1,236	3%
Deposits:				
Demand deposits—noninterest-bearing	**$ 12,714**	$ 11,890	$ 824	7%
Demand deposits—interest-bearing	**5,888**	5,800	88	2
Total demand deposits	**18,602**	17,690	912	5
Money market deposits	**15,287**	13,616	1,671	12
Savings and other domestic deposits	**5,068**	4,924	144	3
Core certificates of deposit	**4,761**	6,418	(1,657)	(26)
Total core deposits	**43,718**	42,648	1,070	3
Other deposits	**2,337**	2,231	106	5
Total deposits	**$ 46,055**	$ 44,879	$ 1,176	3%

The $1.2 billion, or 3%, increase in average total loans and leases primarily reflected:

- $1.3 billion, or 8%, increase in the average C&I portfolio, primarily reflecting a combination of factors, including growth across multiple business lines including the healthcare vertical, dealer floorplan, and equipment finance.
- $0.9 billion, or 19%, increase in the average automobile portfolio as originations remained strong.

Partially offset by:

- $0.8 billion, or 14%, decline in the average CRE loans. This reflected continued runoff of the noncore and core portfolios as we balanced acceptable returns for new core origination against internal concentration limits and increased competition, particularly pricing, for high quality developers and projects.

The $1.2 billion, or 3%, increase in average total deposits reflected:

- $1.7 billion, or 12%, increase in money market deposits.
- $0.9 billion, or 5%, increase in total demand deposits.

Partially offset by:

- $1.7 billion, or 26%, decline in core certificates of deposit.

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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 inherent credit losses in the loan and lease portfolio and the portfolio of unfunded loan commitments and letters-of-credit.

The provision for credit losses for the 2013 third quarter declined $13.3 million, or 54%, from the prior quarter and declined $25.6 million, or 69%, from the year-ago quarter. The 2013 third quarter included the implementation of enhancements to our commercial allowance for loan and lease losses (ALLL) model. In addition, as a result of a review of the existing consumer portfolios, the current quarter includes $13.1 million of Chapter 7 bankruptcy-related losses that were not identified in the 2012 third quarter implementation of the OCC’s regulatory guidance. We will finalize this review during the 2013 fourth quarter. The provision for credit losses for the first nine-month period of 2013 declined $42.2 million, or 39%, compared with the first nine-month period of 2012. The current quarter’s provision for credit losses was $44.3 million less than total NCOs, and the provision for credit losses for the first nine-month period of 2013 was $76.5 million less than total NCOs for the same period. *(See Credit Quality discussion).* Given the absolute low level of the provision for credit losses and the uncertain and uneven nature of the economic recovery, some degree of volatility on a quarter-to-quarter basis is expected.

Noninterest Income

(This section should be read in conjunction with Significant Item 4.)

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

Table 9—Noninterest Income

	2013			2012		3Q13 vs 3Q12		3Q13 vs 2Q13	
(dollar amounts in thousands)	**Third**	Second	First	Fourth	Third	Amount	Percent	Amount	Percent
Service charges on deposit accounts	**$ 72,918**	$ 68,009	$ 60,883	$ 68,083	$ 67,806	$ 5,112	8%	$ 4,909	7%
Mortgage banking income	**23,621**	33,659	45,248	61,711	44,614	(20,993)	(47)	(10,038)	(30)
Trust services	**30,470**	30,666	31,160	31,388	29,689	781	3	(196)	(1)
Electronic banking	**24,282**	23,345	20,713	21,011	22,135	2,147	10	937	4
Brokerage income	**16,532**	19,546	17,995	17,415	16,526	6	0	(3,014)	(15)
Insurance income	**17,269**	17,187	19,252	17,268	17,792	(523)	(3)	82	0
Gain on sale of loans	**5,063**	3,348	2,616	20,690	6,591	(1,528)	(23)	1,715	51
Bank owned life insurance income	**13,740**	15,421	13,442	13,767	14,371	(631)	(4)	(1,681)	(11)
Capital markets fees	**12,825**	12,229	7,834	12,694	11,596	1,229	11	596	5
Securities gains (losses)	**98**	(410)	(509)	863	4,169	(4,071)	(98)	508	N.M.
Other income	**33,685**	25,655	33,575	32,761	25,778	7,907	31	8,030	31
Total noninterest income	**$250,503**	$248,655	$252,209	$297,651	$261,067	$(10,564)	(4)%	$ 1,848	1%

2013 Third Quarter versus 2012 Third Quarter

In the 2013 third quarter, noninterest income decreased $10.6 million, or 4%, from the year ago quarter, primarily reflecting:

- $21.0 million, or 47%, decrease in mortgage banking income primarily driven by lower gain on sale margin and a higher percentage of originations held on balance sheet.
- $4.1 million, or 98%, decrease in security gains as the year ago quarter had certain securities designated as available-for-sale that were sold and the proceeds from those sales were reinvested into the held-to-maturity portfolio.

Partially offset by:

- $7.9 million, or 31%, increase in other noninterest income primarily related to fees associated with commercial loan activity.
- $5.1 million, or 8%, increase in service charges on deposit accounts reflecting 9% household and 7% commercial relationship growth and changing customer account utilization patterns.

2013 Third Quarter versus 2013 Second Quarter

Compared to the 2013 second quarter, noninterest income increased $1.8 million, or 1%, reflecting similar activity within other noninterest income and service charges on deposit accounts, which increased $8.0 million, or 31%, and $4.9 million, or 7%, respectively. These were partially offset by the $10.0 million, or 30%, decrease in mortgage banking income on 5% lower origination volume with tighter gain on sale margin and a $3.0 million, or 15%, decrease in brokerage income due to typical seasonal trends.

2013 First Nine Months versus 2012 First Nine Months

Noninterest income for the first nine-month period of 2013 decreased $48.8 million, or 6%, from the comparable year-ago period.

Table 10—Noninterest Income—2013 First Nine Months vs. 2012 First Nine Months

	Nine Months Ended September 30,		Change	
(dollar amounts in thousands)	**2013**	2012	Amount	Percent
Service charges on deposit accounts	**$ 201,810**	$ 194,096	$ 7,714	4%
Mortgage banking income	**102,528**	129,381	(26,853)	(21)
Trust services	**92,296**	90,509	1,787	2
Electronic banking	**68,340**	61,279	7,061	12
Brokerage income	**54,073**	54,811	(738)	(1)
Insurance income	**53,708**	54,051	(343)	(1)
Gain on sale of loans	**11,027**	37,492	(26,465)	(71)
Bank owned life insurance income	**42,603**	42,275	328	1
Capital markets fees	**32,888**	34,652	(1,764)	(5)
Securities gains (losses)	**(821)**	3,906	(4,727)	N.M.
Other income	**92,915**	97,754	(4,839)	(5)
Total noninterest income	**$ 751,367**	$ 800,206	$(48,839)	(6)%

N.M.—Not relevant, as numerator of calculation is a loss in current period compared with gain in prior period.

The $48.8 million, or 6%, decrease in total noninterest income reflected:

- $26.9 million, or 21%, decrease in mortgage banking income. This primarily reflected a $31.5 million, or 31%, decrease in origination and secondary marketing income.
- $26.5 million, or 71%, decrease in gain on sale of loans, primarily related to the year-ago period's automobile loan securitization.
- $4.8 million, or 5%, decrease in other noninterest income, primarily related to the prior year's $11.4 million bargain purchase gain from the FDIC-assisted Fidelity Bank acquisition and due to automobile operating lease portfolio run off.

Partially offset by:

- $7.7 million, or 4%, increase in service charges on deposit accounts.
- $7.1 million, or 12%, increase in electronic banking income, primarily reflecting increased debit card usage.

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Noninterest Expense

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

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

Table 11—Noninterest Expense

	2013			2012		3Q13 vs 3Q12		3Q13 vs 2Q13	
(dollar amounts in thousands)	**Third**	Second	First	Fourth	Third	Amount	Percent	Amount	Percent
Personnel costs	**$229,326**	$263,862	$258,895	$253,952	$247,709	$(18,383)	(7)%	$(34,536)	(13)%
Outside data processing and other services	**49,313**	49,898	49,265	48,699	50,396	(1,083)	(2)	(585)	(1)
Net occupancy	**35,591**	27,656	30,114	29,008	27,599	7,992	29	7,935	29
Equipment	**28,191**	24,947	24,880	26,580	25,950	2,241	9	3,244	13
Deposit and other insurance expense	**11,155**	13,460	15,490	16,327	15,534	(4,379)	(28)	(2,305)	(17)
Professional services	**12,487**	9,341	7,192	22,514	17,510	(5,023)	(29)	3,146	34
Marketing	**12,271**	14,239	10,971	16,456	16,842	(4,571)	(27)	(1,968)	(14)
Amortization of intangibles	**10,362**	10,362	10,320	11,647	11,431	(1,069)	(9)	—	—
OREO and foreclosure expense	**2,053**	(271)	2,666	4,233	4,982	(2,929)	(59)	2,324	(858)
Loss (Gain) on early extinguishment of debt	**—**	—	—	—	1,782	(1,782)	(100)	—	N.R.
Other expense	**32,587**	32,371	33,000	41,212	38,568	(5,981)	(16)	216	1
Total noninterest expense	**$423,336**	$445,865	$442,793	$470,628	$458,303	$(34,967)	(8)%	$(22,529)	(5)%
Number of employees (full-time equivalent), at period-end	**11,956**	12,155	12,052	11,806	11,731	225	2%	(199)	(2)%

2013 Third Quarter versus 2012 Third Quarter

In the 2013 third quarter, noninterest expense decreased $35.0 million, or 8%, from the year-ago quarter. When adjusting for the $17.4 million of Significant Items, noninterest expense decreased $17.6 million. The decrease in the reported noninterest expenses primarily reflect:

- $18.4 million, or 7%, decrease in personnel costs, including a $33.9 million one-time, noncash gain related to the pension curtailment. This was partially offset by the $6.6 million one-time branch consolidation and severance expenses, as well as an $7.9 million increase in salaries due to a 2% increase in the number of full-time equivalent employees.
- $6.0 million, or 16%, decline in other expense, reflecting lower representations and warranties related expenses and lower automobile operating lease expense.
- $5.0 million, or 29%, decrease in professional services, reflecting a decrease in legal and outside consultant expenses.
- $4.6 million, or 27%, decrease in marketing, primarily reflecting the refinement of targeted marketing programs and reduced promotional offers.
- $4.4 million, or 28%, decrease in deposit and other insurance expense due to lower insurance premiums.
- $2.9 million, or 59%, decrease in OREO and foreclosure expense as OREO properties have declined 46%.

Partially offset by:

- $8.0 million, or 29%, increase in net occupancy, reflecting the branch consolidation and facilities optimization initiated this quarter.

2013 Third Quarter versus 2013 Second Quarter

Noninterest expense decreased $22.5 million, or 5%, from the prior quarter. When adjusting for the $16.6 million of Significant Items, noninterest expense decreased $5.9 million. Personnel costs decreased $34.5 million, or 13%, as it included $27.3 million of net benefit from the aforementioned significant items. Net occupancy and equipment increased $7.9 million and $3.2 million, respectively, primarily from branch consolidation and facilities optimization related expenses.

2013 First Nine Months versus 2012 First Nine Months

Noninterest expense for the first nine-month period of 2013 decreased $53.3 million, or 4%, from the comparable year-ago period.

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Table 12—Noninterest Expense—2013 First Nine Months vs. 2012 First Nine Months

(dollar amounts in thousands)	Nine Months Ended September 30, 2013	2012	Change Amount	Percent
Personnel costs	**$ 752,083**	$ 734,241	$ 17,842	2%
Outside data processing and other services	**148,476**	141,556	6,920	5
Net occupancy	**93,361**	82,152	11,209	14
Equipment	**78,018**	76,367	1,651	2
Deposit and other insurance expense	**40,105**	52,003	(11,898)	(23)
Professional services	**29,020**	43,244	(14,224)	(33)
Marketing	**37,481**	47,807	(10,326)	(22)
Amortization of intangibles	**31,044**	34,902	(3,858)	(11)
OREO and foreclosure expense	**4,448**	14,038	(9,590)	(68)
Gain on early extinguishment of debt	**—**	(798)	798	(100)
Other expense	**97,958**	139,736	(41,778)	(30)
Total noninterest expense	**$ 1,311,994**	$ 1,365,248	$(53,254)	(4)%

The $53.3 million, or 4%, decrease in total noninterest expense reflected:

- $41.8 million, or 30%, decrease in other expense, primarily reflecting a decrease in operating lease expense and in the provision for mortgage representations and warranties. The year-ago period included a $23.5 million addition to litigation reserves.
- $14.2 million, or 33%, decrease in professional services, reflecting a decrease in legal and outside consulting expense.
- $11.9 million, or 23%, decrease in deposit and other insurance, reflecting lower insurance premiums.
- $10.3 million, or 22%, decrease in marketing expense, primarily reflecting the refinement of targeted marketing programs and reduced promotional offers.
- $9.6 million, or 68%, decrease in OREO and foreclosure expense, as OREO properties have declined 45%.

Partially offset by:

- $17.8 million, or 2%, increase in personnel costs, primarily reflecting an increase in bonuses, commissions, and full-time equivalent employees, as well as increased salaries and benefits. In addition, the 2013 third quarter included $6.6 million of branch consolidation and severance expenses. This was partially offset by the $33.9 million one-time, non-cash gain related to the pension curtailment in the 2013 third quarter.
- $11.2 million, or 14%, increase in net occupancy, reflecting $7.9 million related to branch consolidation and facilities optimization.
- $6.9 million, or 5%, increase in outside data processing and other services, primarily related to continued IT infrastructure investments.

Provision for Income Taxes

(This section should be read in conjunction with Significant Item 5.)

The provision for income taxes in the 2013 third quarter was $62.1 million compared to $28.3 million in the 2012 third quarter. The provision for income taxes for the nine month periods ended September 30, 2013 and September 30, 2012 was $166.7 million and $129.8 million, respectively. The provision for income taxes for the three months ended September 30, 2013 and nine months ended September 30, 2013 were higher than the corresponding periods of 2012 due to higher levels of pre-tax income and a state deferred tax asset valuation allowance adjustment in the three months ended September 30, 2012. Both periods included the benefits from tax-exempt income, tax-advantaged investments, and general business credits. At September 30, 2013, we had a net federal deferred tax asset of $152.2 million and a net state deferred tax asset of $37.1 million. At December 31, 2012, we had a net federal deferred tax asset of $171.4 million and a net state deferred tax asset of $32.4 million. Based on both positive and negative evidence and our level of forecasted future taxable income, there was no impairment to the net deferred tax asset at September 30, 2013 and December 31, 2012. As of September 30, 2013 and December 31, 2012, there was no disallowed deferred tax asset for regulatory capital purposes.

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. We have appealed certain proposed adjustments resulting from the IRS examination of our 2006, 2007, 2008 and 2009 tax returns. We believe the tax positions taken related to such proposed adjustments are correct and supported by applicable statutes, regulations, and judicial authority, and intend to vigorously defend them. It is possible the ultimate resolution of the proposed adjustments, if unfavorable, may be material to the results of operations in the period it occurs. Nevertheless, although no assurances can be given, we believe the resolution of these examinations will not, individually or in the aggregate, have a material adverse impact on our consolidated financial position. In the first quarter of 2013, the IRS began an examination of our 2010 and 2011 consolidated federal income tax returns. Various state and other jurisdictions remain open to examination, including Kentucky, Indiana, Michigan, Pennsylvania, West Virginia, and Illinois.

RISK MANAGEMENT AND CAPITAL

Risk awareness, identification and assessment, reporting, and active management are key elements in overall risk management. We manage risk to an aggregate moderate-to-low risk profile through a control framework and by monitoring and responding to identified potential risks. Controls include, among others, effective segregation of duties, access, authorization and reconciliation procedures, as well as staff education and a disciplined assessment process.

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

We believe that our primary risk exposures are credit, market, liquidity, operational, and compliance oriented. More information on risk can be found in the Risk Factors section included in Item 1A of our 2012 Form 10-K and subsequent filings with the SEC. Additionally, the MD&A included in our 2012 Form 10-K should be read in conjunction with this MD&A as this discussion provides only material updates to the 2012 Form 10-K. Our definition, philosophy, and approach to risk management have not materially changed from the discussion presented in the 2012 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 significant credit risk associated with our available-for-sale and other investment and held-to-maturity securities portfolios *(see Note 4 and Note 5 of the Notes to the Unaudited Condensed Consolidated Financial Statements)*. We engage with other financial counterparties for a variety of purposes including investing, asset and liability management, mortgage banking, and trading activities. While there is credit risk associated with derivative activity, we believe this exposure is minimal.

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

Loan and Lease Credit Exposure Mix

At September 30, 2013, loans and leases totaled $42.6 billion, representing a $1.8 billion, or 4%, increase compared to $40.7 billion at December 31, 2012, primarily reflecting growth in the automobile portfolio, partially offset by a decline in the non-core CRE portfolio. The automobile portfolio increase reflected a continued focus on high quality originations.

At September 30, 2013, commercial loans and leases totaled $22.2 billion and represented 52% of our total loan and lease credit exposure. Our commercial portfolio is diversified along product type, customer size, and geography across our footprint, and is comprised of the following loan types (*see Commercial Credit discussion)*:

C&I – C&I loans and leases are made to commercial customers for use in normal business operations to finance working capital needs, equipment purchases, or other projects. The majority of these borrowers are customers doing business within our geographic regions. C&I loans and leases are generally underwritten individually and secured with the assets of the company and/or the personal guarantee of the business owners. The financing of owner occupied facilities is considered a C&I loan even though there is improved real estate as collateral. This treatment is a result of the credit decision process, which focuses on cash flow from operations of the business to repay the debt. The operation, sale, rental, or refinancing of the real estate is not considered the primary repayment source for these types of loans. As we have expanded our C&I portfolio, we have developed a "vertical" strategy to ensure that new products or lending types are embedded within a structured, centralized Commercial Lending area with designated experienced credit officers.

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

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

Total consumer loans and leases were $20.3 billion at September 30, 2013, and represented 48% of our total loan and lease credit exposure. The consumer portfolio is comprised primarily of automobile, home equity loans and lines-of-credit, and residential mortgages *(see Consumer Credit discussion).*

Automobile – Automobile loans are comprised primarily of loans made through automotive dealerships and include exposure in selected states outside of our primary banking markets. The exposure outside of our primary banking markets represents 22% of the total exposure, with no individual state representing more than 5%. Applications are underwritten utilizing an automated underwriting system that applies consistent policies and processes across the portfolio.

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

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

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

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

Table 13—Loan and Lease Portfolio Composition

	2013						2012			
(dollar amounts in millions)	**September 30,**		**June 30,**		March 31,		December 31,		September 30,	
Commercial:(1)										
Commercial and industrial	**$17,335**	**41%**	**$17,113**	**41%**	$17,267	42%	$16,971	42%	$16,478	41%
Commercial real estate:										
Construction	**544**	**1**	**607**	**1**	574	1	648	2	541	1
Commercial	**4,328**	**10**	**4,286**	**10**	4,485	11	4,751	12	4,956	12
Total commercial real estate	**4,872**	**11**	**4,893**	**11**	5,059	12	5,399	14	5,497	13
Total commercial	**22,207**	**52**	**22,006**	**52**	22,326	54	22,370	56	21,975	54
Consumer:										
Automobile	**6,317**	**15**	**5,810**	**14**	5,036	12	4,634	11	4,276	11
Home equity	**8,347**	**20**	**8,369**	**20**	8,474	21	8,335	20	8,381	21
Residential mortgage	**5,307**	**12**	**5,168**	**12**	5,051	12	4,970	12	5,192	13
Other consumer	**378**	**1**	**387**	**2**	397	1	419	1	436	1
Total consumer	**20,349**	**48**	**19,734**	**48**	18,958	46	18,358	44	18,285	46
Total loans and leases	**$42,556**	**100%**	**$41,740**	**100%**	$41,284	100%	$40,728	100%	$40,260	100%

(1) As defined by regulatory guidance, there were no commercial loans outstanding that would be considered a concentration of lending to a particular industry or group of industries.

As shown in the table above, our loan portfolio is diversified by consumer and commercial credit. We manage the credit exposure via a corporate level credit concentration policy. The policy designates specific loan types, collateral types, and loan structures to be formally tracked and assigned limits as a percentage of capital. C&I lending by segment, specific limits for CRE primary project types, loans secured by residential real estate, shared national credit exposure, unsecured lending, and designated high risk loan definitions represent examples of specifically tracked components of our concentration management process. Our concentration management process is approved by our board level Risk Oversight Committee and is one of the strategies utilized to ensure a high quality, well diversified portfolio that is consistent with our overall objective of maintaining an aggregate moderate-to-low risk profile.

The table below provides our total loan and lease portfolio segregated by the type of collateral securing the loan or lease:

Table 14—Loan and Lease Portfolio by Collateral Type

	2013						2012			
(dollar amounts in millions)	**September 30,**		**June 30,**		March 31,		December 31,		September 30,	
Secured loans:										
Real estate—commercial	**$ 8,769**	**21%**	**$ 8,749**	**21%**	$ 9,041	22%	$ 9,128	22%	$ 9,278	23%
Real estate—consumer	**13,654**	**32**	**13,537**	**32**	13,525	33	13,305	33	13,573	33
Vehicles	**8,275**	**19**	**7,763**	**19**	6,924	17	6,659	16	6,096	15
Receivables/Inventory	**5,367**	**13**	**5,260**	**13**	5,383	13	5,178	13	5,046	13
Machinery/Equipment	**2,778**	**7**	**2,831**	**7**	2,815	7	2,749	7	2,639	7
Securities/Deposits	**905**	**2**	**924**	**2**	840	2	826	2	717	2
Other	**948**	**2**	**1,020**	**2**	1,014	2	1,090	3	1,110	3
Total secured loans and leases	**40,696**	**96**	**40,084**	**96**	39,542	96	38,935	96	38,459	96
Unsecured loans and leases	**1,860**	**4**	**1,656**	**4**	1,742	4	1,793	4	1,801	4
Total loans and leases	**$42,556**	**100%**	**$41,740**	**100%**	$41,284	100%	$40,728	100%	$40,260	100%

Commercial Credit

Refer to the "Commercial Credit" section of our 2012 Form 10-K for our commercial credit underwriting and on-going credit management processes.

C&I PORTFOLIO

The C&I portfolio continues to have strong origination activity as evidenced by the growth over the past 12 months. The credit quality of the portfolio continues to improve as we maintain focus on high quality originations. Problem loans have trended downward, reflecting a combination of proactive risk identification and effective workout strategies implemented by the SAD. Nevertheless, we continue to proactively identify borrowers that may be facing financial difficulty to assess all potential solutions.

CRE PORTFOLIO

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

In 2010, we segregated our CRE portfolio into core and noncore segments. We believe segregating noncore CRE from core CRE improved our ability to understand the nature, performance prospects, and problem resolution opportunities of these segments, thus allowing us to continue to deal proactively with any emerging credit issues.

A CRE loan is generally considered core when the borrower is an experienced, well-capitalized developer in our Midwest footprint, and has either an established meaningful relationship with us that generated an acceptable return on capital or demonstrates the prospect of establishing one. The core CRE portfolio was $3.8 billion at September 30, 2013, representing 78% of total CRE loans. The performance of the core portfolio has met our expectations based on the consistency of the asset quality metrics within the portfolio. Based on our extensive project level assessment process, including forward-looking collateral valuations, we continue to believe the credit quality of the core portfolio is stable. Loans are not reclassified between the core and noncore segments based on performance.

Credit quality data regarding the ACL and NALs, segregated by core CRE loans and noncore CRE loans, is presented in the following table:

Table 15—Commercial Real Estate—Core vs. Noncore Portfolios

	September 30, 2013					
(dollar amounts in millions)	Ending Balance	Prior NCOs	ACL $	ACL %	Credit Mark (1)	Nonaccrual Loans
Total core	**$3,789**	**$ 28**	**$ 50**	**1.32%**	**2.04%**	**$ 29**
Noncore—SAD (2)	**450**	**128**	**82**	**18.22**	**36.33**	**49**
Noncore—Other	**633**	**9**	**45**	**7.11**	**8.41**	**2**
Total noncore	**1,083**	**137**	**127**	**11.73**	**21.64**	**51**
Total commercial real estate	**$4,872**	**$ 165**	**$177**	**3.63%**	**6.79%**	**$ 80**

	December 31, 2012					
(dollar amounts in millions)	Ending Balance	Prior NCOs	ACL $	ACL %	Credit Mark (1)	Nonaccrual Loans
Total core	$3,937	$ 21	$100	2.54%	3.06%	$ 41
Noncore—SAD (2)	597	145	129	21.61	36.93	82
Noncore—Other	865	18	61	7.05	8.95	4
Total noncore	1,462	163	190	13.00	21.72	86
Total commercial real estate	$5,399	$ 184	$290	5.37%	8.49%	$ 127

(1) Calculated as (Prior NCOs + ACL $) / (Ending Balance + Prior NCOs).
(2) Noncore loans managed by SAD, the area responsible for managing loans and relationships designated as Classified Loans.

As shown in the above table, the ending balance of the CRE portfolio at September 30, 2013, declined $0.5 billion, or 10%, compared with December 31, 2012. The decline in the noncore segment primarily reflected amortization and payoffs as we actively focus on the noncore portfolio to reduce our overall CRE exposure. This reduction demonstrates our continued commitment to achieving a lower risk profile in the CRE portfolio, consistent with our overall objective of maintaining an aggregate moderate-to-low risk profile. The decline in the core segment primarily reflected continued payoffs, partially offset by originations. We continue to support our core developer customers as appropriate, however, new core originations are balanced against internal concentration limits and profitability hurdles.

Also, as shown above, substantial reserves for the noncore portfolio have been established. At September 30, 2013, the ACL related to the noncore portfolio was 11.73%. The combination of the existing ACL and prior NCOs represents the total credit actions taken on each segment of the portfolio. From this data, we calculate a credit mark that provides a consistent measurement of the cumulative credit actions taken against a specific portfolio segment. The 36.33% credit mark associated with the SAD-managed noncore portfolio is an indicator of the proactive portfolio management strategy employed for this portfolio.

Consumer Credit

Refer to the “Consumer Credit” section of our 2012 Form 10-K for our consumer credit underwriting and on-going credit management processes.

During a 2013 third quarter review of our consumer portfolios, we identified additional loans associated with borrowers who had filed Chapter 7 bankruptcy and had not reaffirmed their debt, thus meeting the definition of collateral dependent per OCC regulatory guidance. These loans were not identified in the 2012 third quarter implementation of the OCC’s regulatory guidance. The bankruptcy court’s discharge of the borrower’s debt is considered a concession when the discharged debt is not reaffirmed, and as such, the loan is placed on nonaccrual status, and written down to collateral value, less anticipated selling costs. As a result of the review of our existing consumer portfolios, NCOs increased by $13.1 million and the ALLL increased by $6.0 million based on our estimated exposure. The majority of the NCO impact was in the home equity portfolio as our policy is to fully charge-off junior-lien loans that meet the regulatory guidance. We will finalize this review during the 2013 fourth quarter.

AUTOMOBILE PORTFOLIO

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

We have continued to consistently execute our value proposition and take advantage of available market opportunities. Importantly, we have maintained our high credit quality standard while expanding the portfolio. We have developed and implemented a successful loan securitization strategy to ensure we remain within our established portfolio concentration limits.

During the 2013 third quarter, we expanded further into our Upper Midwest markets by entering into the Iowa market. Consistent with our expansion process, the Iowa market is managed by seasoned professionals with local market knowledge.

RESIDENTIAL REAL ESTATE SECURED PORTFOLIOS

The properties securing our residential mortgage and home equity portfolios are primarily located within our geographic footprint. The continued stress on home prices has caused the performance in these portfolios to remain weaker than historical levels. The residential-secured portfolio originations continue to be of high quality, with the majority of the negative credit impact coming from loans originated in 2006 and earlier. We continue to evaluate all of our policies and processes associated with managing these portfolios. Our loss mitigation and foreclosure activities are consolidated in one location under common management. This structure allows us to focus on effectively helping our customers with appropriate solutions for their specific circumstances.

Table 16—Selected Home Equity and Residential Mortgage Portfolio Data

	Home Equity				Residential Mortgage	
	Secured by first-lien		Secured by junior-lien			
(dollar amounts in millions)	**09/30/13**	12/31/12	**09/30/13**	12/31/12	**09/30/13**	12/31/12
Ending balance	**$4,753**	$4,380	**$3,593**	$3,955	**$ 5,307**	$ 4,970
Portfolio weighted average LTV ratio(1)	**71%**	71%	**81%**	81%	**75%**	76%
Portfolio weighted average FICO score(2)	**756**	755	**744**	741	**740**	738

	Home Equity				Residential Mortgage (3)	
	Secured by first-lien		Secured by junior-lien			
	Nine Months Ended September 30,					
	2013	2012	**2013**	2012	**2013**	2012
Originations	**$1,342**	$1,302	**$ 346**	$ 446	**$ 1,336**	$ 818
Origination weighted average LTV ratio(1)	**67%**	72%	**81%**	80%	**78%**	84%
Origination weighted average FICO score(2)	**775**	771	**755**	758	**758**	754

(1) The LTV ratios for home equity loans and home equity lines-of-credit are cumulative and reflect the balance of any senior loans. LTV ratios reflect collateral values at the time of loan origination.
(2) Portfolio weighted average FICO scores reflect currently updated customer credit scores whereas origination weighted average FICO scores reflect the customer credit scores at the time of loan origination.
(3) Represents only owned-portfolio originations.

Home Equity Portfolio

Our home equity portfolio (loans and lines-of-credit) consists of both first-lien and junior-lien mortgage loans with underwriting criteria based on minimum credit scores, debt-to-income ratios, and LTV ratios. We offer closed-end home equity loans which are generally fixed-rate with principal and interest payments, and variable-rate interest-only home equity lines-of-credit which do not require payment of principal during the 10-year revolving period of the line-of-credit. Applications are underwritten centrally in conjunction with an automated underwriting system.

Given the low interest rate environment over the past several years, many borrowers have utilized the line-of-credit home equity product as the primary source of financing their home versus residential mortgages. The proportion of the home equity portfolio secured by a first-lien has increased significantly over the past three years, positively impacting the portfolio's risk profile. At September 30, 2013, $4.8 billion or 57% of our total home equity portfolio was secured by first-lien mortgages. The first-lien position, combined with continued high average FICO scores, significantly reduces the credit risk associated with these loans.

Within the home equity line-of-credit portfolio, the standard product is a 10-year interest-only draw period with a 20-year fully amortizing term at the end of the draw period. Prior to 2007, the standard product was a 10-year draw period with a balloon payment, while subsequent originations convert to a 20-year amortizing loan structure. After the 10-year draw period, the borrower must reapply to extend the existing structure or begin repaying the debt in a traditional term structure.

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

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

Table 17—Maturity Schedule of Home Equity Line-of-Credit Portfolio

	September 30, 2013					
(dollar amounts in millions)	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	More than 4 years	Total
Secured by first-lien	**$ 51**	**$ 47**	**$ —**	**$ —**	**$ 2,286**	**$2,384**
Secured by junior-lien	**267**	**257**	**125**	**140**	**2,269**	**3,058**
Total home equity line-of-credit	**$ 318**	**$ 304**	**$ 125**	**$ 140**	**$ 4,555**	**$5,442**

The amounts in the above table maturing in four years or less primarily consist of balloon payment structures and represent the most significant maturity risk. The amounts maturing in more than four years primarily consist of home equity lines-of-credit with a 20-year amortization period after the 10-year draw period.

Historically, less than 30% of our home equity lines-of-credit that are one year or less from maturity actually reach the maturity date as borrowers apply to re-establish the revolving period under current underwriting standards. We anticipate this percentage will decline in future periods as our proactive approach to managing maturity risk continues to evolve.

Residential Mortgages Portfolio

At September 30, 2013, 45% of our total residential mortgage portfolio were ARMs. These ARMs primarily consist of a fixed-rate of interest for the first 3 to 5 years and then adjust annually. At September 30, 2013, ARM loans that were expected to have rates reset through 2015 totaled $1.2 billion. These loans scheduled to reset are primarily associated with loans originated subsequent to 2007, and as such, are not subject to the most significant declines in underlying property value. Given the quality of our borrowers, the relatively low current interest rates, and the results of our continued analysis (including possible impacts of changes in interest rates), we believe that we have a relatively limited exposure to ARM reset risk. Nonetheless, we have taken actions to mitigate our risk exposure. We initiate borrower contact at least six months prior to the interest rate resetting and have been successful in converting many ARMs to fixed-rate loans through this process. Given the relatively low current interest rates, many fixed-rate products currently offer a better interest rate to our ARM borrowers.

Several government programs continued to impact the residential mortgage portfolio, including various refinance programs such as HARP and HAMP, which positively affected the availability of credit for the industry. During the nine-month period ended September 30, 2013, we closed $480 million in HARP residential mortgages and $5 million in HAMP residential mortgages. The HARP and HAMP residential mortgage loans are part of our residential mortgage portfolio or serviced for others. We are subject to repurchase risk associated with residential mortgage loans sold in the secondary market. An appropriate level of reserve for representations and warranties related to residential mortgage loans sold has been established to address this repurchase risk inherent in the portfolio *(see Operational Risk discussion).*

Credit Quality

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

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

Credit quality performance in the 2013 third quarter reflected overall continued improvement. Our overall credit quality performance is returning to normalized, pre-recession levels. NALs declined 8% compared to the prior quarter as both the C&I and CRE portfolio segments showed declines, and there was also some improvement across the consumer portfolios. NCOs increased to 0.53% in the quarter, as a result of activity in the CRE and home equity portfolios. The CRE increase reflected the impact of one relationship, and is an example of the potential quarterly volatility given the absolute low level of losses incurred last quarter. The home equity impact was related to the Chapter 7 bankruptcy review conducted during the quarter. We will finalize this review during the 2013 fourth quarter. Absent the Chapter 7 bankruptcy impact, the portfolio performed as expected. Other than the CRE and home equity portfolios, the remaining portfolios were relatively consistent compared to the prior quarter. Commercial criticized loans increased compared to the prior quarter, reflecting our continued focus on proactively identifying potential problem credits. There was no specific industry or region that drove the increase in the quarter. Commercial classified loans declined, reflecting the continued improvement across the portfolio, however, OLEM increased from the prior quarter. The ACL to total loans ratio declined to 1.72%, but our coverage ratios as demonstrated by the ACL to NAL ratio of 220% remained strong.

NPAs, NALs, AND TDRs

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

NPAs and NALs

NPAs consist of (1) NALs, which represent loans and leases no longer accruing interest, (2) impaired loans held for sale, (3) OREO properties, and (4) other NPAs. Any loan in our portfolio may be placed on nonaccrual status prior to the policies described below when collection of principal or interest is in doubt. Also, when a borrower with discharged non-reaffirmed debt in a Chapter 7 bankruptcy is identified and the loan is determined to be collateral dependent, the consumer loan is placed on nonaccrual status.

C&I and CRE loans are placed on nonaccrual status at 90-days past due, or when repayment of principal and interest is in doubt. With the exception of residential mortgage loans guaranteed by government organizations which continue to accrue interest, residential mortgage loans are placed on nonaccrual status at 150-days past due. First-lien home equity loans are placed on nonaccrual status at 150-days past due. Junior-lien home equity loans are placed on nonaccrual status at the earlier of 120-days past due or when the related first-lien loan has been identified as nonaccrual. Automobile and other consumer loans are generally charged-off when the loan is 120-days past due.

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

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

Table 18—Nonaccrual Loans and Leases and Nonperforming Assets

	2013			2012	
(dollar amounts in thousands)	**September 30,**	**June 30,**	March 31,	December 31,	September 30,
Nonaccrual loans and leases:					
Commercial and industrial	**$ 68,034**	**$ 80,037**	$ 80,928	$ 90,705	$ 109,452
Commercial real estate	**80,295**	**93,643**	110,803	127,128	148,986
Automobile	**5,972**	**7,743**	6,770	7,823	11,814
Residential mortgage	**116,260**	**122,040**	118,405	122,452	123,140
Home equity	**62,545**	**60,083**	63,405	59,525	51,654
Total nonaccrual loans and leases(1)	**333,106**	**363,546**	380,311	407,633	445,046
Other real estate owned, net					
Residential	**16,610**	**17,353**	19,538	21,378	23,640
Commercial	**12,544**	**3,713**	5,601	6,719	30,566
Total other real estate owned, net	**29,154**	**21,066**	25,139	28,097	54,206
Other nonperforming assets(2)	**12,000**	**12,087**	10,045	10,045	10,476
Total nonperforming assets	**$ 374,260**	**$396,699**	$415,495	$ 445,775	$ 509,728
Nonaccrual loans as a % of total loans and leases	**0.78%**	**0.87%**	0.92%	1.00%	1.11%
Nonperforming assets ratio(3)	**0.88**	**0.95**	1.01	1.09	1.26
(NPA+90days)/(Loan+OREO)(4)	**1.29**	**1.38**	1.48	1.59	1.75

(1) Nonaccrual loans and leases related to Chapter 7 bankruptcy loans were $57.9 million, $59.6 million, $59.9 million, $60.1 million, and $63.0 million at September 30, 2013, June 30, 2013, March 31, 2013, December 31, 2012, and September 30, 2012, respectively.

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

(3) This ratio is calculated as nonperforming assets divided by the sum of loans and leases, other nonperforming assets, and net other real estate owned.

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

The $22.4 million, or 6%, decline in NPAs compared with June 30, 2013, primarily reflected:

- $12.0 million, or 15%, decline in C&I NALs and problem credit resolutions, including return to accrual status and payoffs resulting from successful workout strategies implemented by our commercial loan workout group. We expect that the overall trend will continue to be lower.
- $13.3 million, or 14%, decline in CRE NALs, reflecting both NCO activity and problem credit resolutions, including borrower payments and payoffs partially resulting from successful workout strategies implemented by our commercial loan workout group.
- $5.8 million, or 5%, decline in residential mortgage NALs, reflecting continued improvement in the overall residential portfolio, particularly the continued decline in the inflow of newly distressed borrowers.

Partially offset by:

- $8.1 million or 38%, increase in net OREO properties, primarily reflecting one large commercial OREO property.
- $2.5 million, or 4%, increase in home equity NALs. We continue to work with troubled borrowers to take advantage of the current low interest-rate environment and the recent stabilization of home prices. The NAL balances have been written down to collateral value, less anticipated selling costs. This substantially limits any significant future risk of additional loss on these loans and makes a modification more likely for borrowers with consistent cash flow.

Compared with December 31, 2012, NPAs decreased $71.5 million, or 16%, primarily reflecting:

- $22.7 million, or 25%, decline in C&I NALs, reflecting both NCO and problem credit resolutions, including payoffs partially resulting from successful workout strategies implemented by our commercial loan workout group. The decline was associated with loans throughout our footprint, with no specific industry concentration.

- $46.8 million, or 37%, decline in CRE NALs, reflecting both NCO and problem credit resolutions, including borrower payments and payoffs partially resulting from successful workout strategies implemented by our commercial loan workout group.
- $6.2 million, or 5%, decrease in residential mortgage NALs.

TDR Loans

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

TDRs are modified loans in which a concession is provided to a borrower experiencing financial difficulties. TDRs can be classified as either accrual or nonaccrual loans. Nonaccrual TDRs are included in NALs whereas accruing TDRs are excluded from NALs, as it is probable that all contractual principal and interest due under the restructured terms will be collected. TDRs primarily reflect our loss mitigation efforts to proactively work with borrowers having difficulty making their payments.

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

Table 19—Accruing and Nonaccruing Troubled Debt Restructured Loans

	2013			2012	
(dollar amounts in thousands)	**September 30,**	**June 30,**	March 31,	December 31,	September 30,
Troubled debt restructured loans—accruing:					
Commercial and industrial	**$ 85,687**	**$ 94,583**	$ 90,642	$ 76,586	$ 55,809
Commercial real estate	**204,597**	**184,372**	192,167	208,901	222,155
Automobile	**30,981**	**32,768**	34,379	35,784	33,719
Home equity	**153,591**	**135,759**	162,087(1)	110,581	92,763
Residential mortgage	**300,809**	**293,933**	288,041	290,011	280,890
Other consumer	**959**	**3,383**	2,514	2,544	2,644
Total troubled debt restructured loans—accruing	**776,624**	**744,798**	769,830	724,407	687,980
Troubled debt restructured loans—nonaccruing:					
Commercial and industrial	**8,643**	**14,541**	14,970	19,268	28,859
Commercial real estate	**22,695**	**26,118**	26,588	32,548	20,284
Automobile	**5,972**	**7,743**	6,770	7,823	11,814
Home equity	**11,434**	**10,227**	11,235	6,951	7,756
Residential mortgage	**77,525**	**80,563**	84,317	84,515	83,163
Other consumer	**—**	**—**	—	113	113
Total troubled debt restructured loans—nonaccruing	**126,269**	**139,192**	143,880	151,218	151,989
Total troubled debt restructured loans	**$ 902,893**	**$883,990**	$913,710	$ 875,625	$ 839,969

(1) Included $43,068 thousand incorrectly reflected as TDRs in the 2013 first quarter.

The increase in the accruing TDR home equity portfolio from the 2012 third quarter is primarily related to the refinancing of certain maturing lines-of-credit structured as a 10-year draw period with a balloon payment to a new loan with a 20-year amortization period. Based on the borrower's financial condition, we believe the new 20-year amortizing loan would not have been available to the borrower through normal channels or other sources. As such, we view this as a concession and have designated the new loan as a TDR.

Our strategy is to structure commercial TDRs in a manner that avoids new concessions subsequent to the initial TDR terms. However, there are times when subsequent modifications are required, such as when the modified loan matures. Often the loans are performing in accordance with the TDR terms, and a new note is originated with similar modified terms. These loans are subjected to the normal underwriting standards and processes for other similar credit extensions, both new and existing. If the loan is not performing in accordance with the existing TDR terms, typically an individualized approach to repayment is established. In accordance with ASC 310-20-35, the refinanced note is evaluated to determine if it is considered a new loan or a continuation of the prior loan. A new loan is considered for removal of the TDR designation. A continuation of the prior note requires the continuation of the TDR designation, and because the refinanced note constitutes a new or amended debt instrument, it is included in our TDR activity table (below) as a new TDR and a restructured TDR removal during the period.

The types of concessions granted are consistent with those granted on new TDRs and include interest rate reductions, amortization or maturity date changes beyond what the collateral supports, and principal forgiveness based on the borrower's specific needs at a point in time. Our policy does not limit the number of times a loan may be modified. A loan may be modified multiple times if it is considered to be in the best interest of both the borrower and us.

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

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

Table 20—Troubled Debt Restructured Loan Activity

	2013			2012	
(dollar amounts in thousands)	**Third**	**Second**	First	Fourth	Third
TDRs, beginning of period	**$883,990**	**$913,710**	$875,625	$839,968	$782,035
New TDRs	**161,812**	**115,955**	164,407(2)	169,850	196,707
Payments	**(60,392)**	**(39,818)**	(44,183)	(61,491)	(51,125)
Charge-offs	**(10,439)**	**(8,083)**	(5,395)	(16,985)	(22,537)
Sales	**(2,999)**	**(2,738)**	(4,814)	(2,933)	(3,978)
Transfer to OREO	**(2,056)**	**(2,453)**	(1,124)	(3,403)	(15,974)
Restructured TDRs—accruing(1)	**(58,499)**	**(46,987)**	(53,936)	(40,682)	(30,439)
Restructured TDRs—nonaccruing(1)	**(6,163)**	**(2,520)**	(10,674)	(7,138)	(14,721)
Other	**(2,361)**	**(43,076)(2)**	(6,196)	(1,561)	—
TDRs, end of period	**$902,893**	**$883,990**	$913,710	$875,625	$839,968

(1) Represents existing TDRs that were re-underwritten with new terms providing a concession. A corresponding amount is included in the New TDRs amount above.
(2) Included a $43,068 thousand reduction of home equity TDRs incorrectly reflected as new TDRs in the 2013 first quarter.

ACL

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

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

A provision for credit losses is recorded to adjust the ACL to the level we have determined to be appropriate to absorb credit losses inherent in our loan and lease portfolio. The provision for credit losses in the 2013 third quarter was $11.4 million, compared with $24.7 million in the prior quarter and $37.0 million in the year-ago quarter. The provision for credit losses during the nine-month period ended September 30, 2013 was $65.7 million, compared with $107.9 million in the comparable year-ago period. *(See Provision for Credit Losses discussion within Results of Operations section).*

We regularly evaluate the appropriateness of the ACL by performing on-going evaluations of the loan and lease portfolio, including such factors as the differing economic risks associated with each loan category, the financial condition of specific borrowers, the level of delinquent loans, the value of any collateral and, where applicable, the existence of any guarantees or other documented support. We evaluate the impact of changes in interest rates and overall economic conditions on the ability of borrowers to meet their financial obligations when quantifying our exposure to credit losses and assessing the appropriateness of our ACL at each reporting date. In addition to general economic conditions and the other factors described above, we also consider the impact of collateral value trends and portfolio diversification.

In the 2013 third quarter, we implemented an enhanced commercial risk rating system and ACL calculation process. In addition, we enhanced some of our qualitative assessments, specifically around the impact of the prevailing economic conditions. These enhancements had an immaterial impact on the overall credit reserve and the overall decline in the ACL was primarily due to an improvement in underlying credit quality across the portfolio. However, the enhanced commercial risk rating system resulted in an increase in the allocated reserves associated with the C&I portfolio and a decline associated with the CRE portfolio. The portfolio level changes are more fully described below.

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

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

Table 21—Allocation of Allowance for Credit Losses (1)

	2013						2012			
(dollar amounts in thousands)	**September 30,**		**June 30,**		March 31,		December 31,		September 30,	
Commercial										
Commercial and industrial	**$262,048**	**41%**	**$233,679**	**41%**	$238,098	42%	$241,051	42%	$257,081	41%
Commercial real estate	**164,522**	**11**	**255,849**	**11**	267,436	12	285,369	14	280,376	13
Total commercial	**426,570**	**52**	**489,528**	**52**	505,534	54	526,420	56	537,457	54
Consumer										
Automobile	**27,087**	**15**	**39,990**	**14**	35,973	12	34,979	11	33,281	11
Home equity	**124,068**	**20**	**115,626**	**20**	115,858	21	118,764	20	122,605	21
Residential mortgage	**51,252**	**12**	**63,802**	**12**	63,062	12	61,658	12	67,220	13
Other consumer	**37,053**	**1**	**24,130**	**2**	26,342	1	27,254	1	28,579	1
Total consumer	**239,460**	**48**	**243,548**	**48**	241,235	46	242,655	44	251,685	46
Total allowance for loan and lease losses	**666,030**	**100%**	**733,076**	**100%**	746,769	100%	769,075	100%	789,142	100%
Allowance for unfunded loan commitments	**66,857**		**44,223**		40,855		40,651		53,563	
Total allowance for credit losses	**$732,887**		**$777,299**		$787,624		$809,726		$842,705	
Total allowance for loan and leases losses as % of:										
Total loans and leases		**1.57%**		**1.76%**		1.81%		1.89%		1.96%
Nonaccrual loans and leases		**200**		**202**		196		189		177
Nonperforming assets		**178**		**185**		180		173		155
Total allowance for credit losses as % of:										
Total loans and leases		**1.72%**		**1.86%**		1.91%		1.99%		2.09%
Nonaccrual loans and leases		**220**		**214**		207		199		189
Nonperforming assets		**196**		**196**		190		182		165

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

The C&I ACL increased $28 million from the 2013 second quarter, primarily due to the enhancements to the risk rating system, an increase in criticized loans, and enhanced assumptions regarding the unfunded portion of loan commitments. The CRE ACL decreased $91 million from the 2013 second quarter, due to charge-offs of previously reserved loans related to a large CRE relationship and the impact of incorporating the current collateral value in the calculation of the expected loss in addition to a property type analysis. This provides a more specific assessment of the potential Loss Given Default. The current portfolio management practices focus on increasing borrower equity in the projects, and recent underwriting includes meaningful lower LTV's. The 2013 third quarter CRE ACL covers NALs by more than two times and represents 13 quarters of the average 4 quarter charge-off level. The decrease associated with the auto portfolio is based on the continued positive performance metrics and the high quality origination strategy. The home equity ALLL increased slightly as the junior-lien lien component remains the riskiest portion of the portfolio.

The residential mortgage portfolio ALLL declined, consistent with the improving credit quality metrics. The ALLL for the other consumer portfolio is consistent with expectations given the increasing level of overdraft exposure. The reduction in the ACL, compared with both June 30, 2013 and December 31, 2012, is primarily a function of the decline in the CRE portfolio. The AULC increase in the quarter represents the impact of a an enhanced assessment of the unfunded commercial exposure.

The ACL to total loans declined to 1.72% at September 30, 2013, compared to 1.99% at December 31, 2012. We believe the decline in the ratio is appropriate given the significant continued improvement in the risk profile of our loan portfolio. Further, we believe that early identification of loans with changes in credit metrics and aggressive action plans for these loans, combined with originating high quality new loans will contribute to continued improvement in our key credit quality metrics.

We have significant exposure to loans secured by residential real estate and continue to be an active lender in our communities. Recently, real estate values have begun to slowly rise from their 2011 levels. Industry indices, as well as our own view of our primary markets, indicate home prices continued to slowly increase across our primary markets. In aggregate, the housing markets in our footprint states have continued to mirror the national recovery trend.

Given the combination of these noted factors, we believe that our ACL is appropriate and its coverage level is reflective of the quality of our portfolio and the current operating environment.

NCOs

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

C&I and CRE loans are either charged-off or written down to net realizable value at 90-days past due. Automobile loans and other consumer loans are charged-off at 120-days past due. First-lien and junior-lien home equity loans are charged-off to the estimated fair value of the collateral, less anticipated selling costs, at 150-days past due and 120-days past due, respectively. Residential mortgages are charged-off to the estimated fair value of the collateral, less anticipated selling costs, at 150-days past due.

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

Table 22—Quarterly Net Charge-off Analysis

	2013			2012	
(dollar amounts in thousands)	**Third**	**Second**	First	Fourth	Third
Net charge-offs by loan and lease type:					
Commercial:					
Commercial and industrial	**$ 1,661**	**$ 1,586**	$ 3,317	$ 7,052	$ 13,023
Commercial real estate:					
Construction	**6,165**	**1,079**	(798)	11,038	(280)
Commercial	**6,398**	**1,305**	13,575	10,333	17,654
Commercial real estate	**12,563**	**2,384**	12,777	21,371	17,374
Total commercial	**14,224**	**3,970**	16,094	28,423	30,397
Consumer:					
Automobile	**2,721**	**1,463**	2,594	1,896	4,019
Home equity	**27,175**	**14,654**	19,983	25,013	46,592
Residential mortgage	**4,789**	**8,620**	6,148	9,687	16,880
Other consumer	**6,833**	**6,083**	6,868	5,111	7,207
Total consumer	**41,518**	**30,820**	35,593	41,707	74,698
Total net charge-offs	**$55,742**	**$34,790**	$51,687	$70,130	$105,095
Net charge-offs—annualized percentages:					
Commercial:					
Commercial and industrial	**0.04%**	**0.04%**	0.08%	0.17%	0.32%
Commercial real estate:					
Construction	**4.36**	**0.74**	(0.53)	7.67	(0.20)
Commercial	**0.59**	**0.12**	1.16	0.84	1.37
Commercial real estate	**1.02**	**0.19**	0.97	1.56	1.21
Total commercial	**0.26**	**0.07**	0.29	0.52	0.55
Consumer:					
Automobile	**0.18**	**0.11**	0.21	0.17	0.40
Home equity	**1.30**	**0.71**	0.95	1.20	2.23
Residential mortgage	**0.36**	**0.66**	0.49	0.75	1.30
Other consumer	**7.19**	**5.28**	6.67	4.74	6.49
Total consumer	**0.83**	**0.64**	0.76	0.91	1.65
Net charge-offs as a % of average loans	**0.53%**	**0.34%**	0.51%	0.69%	1.05%

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

Our overall NCOs are returning to pre-recession levels, however, we anticipate NCO levels for both the residential mortgage and home equity portfolios will remain at elevated levels in the near future. The home equity portfolio will continue to be impacted by borrowers that are seeking to refinance, but are in a negative equity position because of the junior-lien loan. Right-sizing and debt forgiveness associated with these situations are becoming more frequent as borrowers realize the impact to their credit is minor, and that a default on a junior-lien loan is not likely to cause borrowers to lose their home.

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

2013 Third Quarter versus 2013 Second Quarter

NCOs increased $21.0 million in the current quarter to $55.7 million as a result of the CRE and home equity portfolios. There was one significant charge-off in the quarter associated with a CRE relationship, and the home equity portfolio was impacted by the Chapter 7 bankruptcy-related losses. NCOs were an annualized 0.53% of average loans and leases in the current quarter, up from 0.34% in the 2013 second quarter, although still within our long term expectation of 0.35%—0.55%. Given the absolute low level of commercial NCO’s, there will continue to be some volatility on a quarter to quarter comparison basis.

C&I NCOs were essentially flat with the prior quarter. Given the relatively low absolute level of NCOs in this portfolio, some degree of volatility on a quarter-to-quarter basis is expected.

CRE NCOs increased $10.2 million, or 427%, reflecting a charge-off associated with one CRE relationship. As with the C&I portfolio, given the low absolute level of NCOs in the portfolio, some degree of volatility on a quarter-to-quarter basis is expected.

Automobile NCOs increased $1.3 million, or 86%, reflecting a more normalized charge-off level for the portfolio. We do not believe the increase to be a reversal of the positive trends experienced in the portfolio over the past year. The relatively low levels of NCOs reflected the continued high credit quality of originations and a strong resale market for used automobiles. We anticipate continued strength in the used automobile market well into 2014.

Residential mortgage NCOs decreased $3.8 million, or 44%, reflecting a continuation of the positive trends evident over the past year. As the absolute level of NCOs continues to decline, the portfolio will be subject to some degree of volatility on a quarter-to-quarter basis.

Home equity NCOs increased $12.5 million, or 85%, primarily reflecting the impact of our review of the Chapter 7 bankruptcy-related losses. We will finalize this review during the 2013 fourth quarter. Excluding the Chapter 7 impact, home equity losses were consistent with our expectations. Additionally, the continued improvement in the underlying mortgage market and rising home prices had a positive impact.

The table below reflects NCO activity for the first nine-month periods ended September 30, 2013 and 2012:

Table 23—Year to Date Net Charge-off Analysis

(dollar amounts in thousands)	Nine Months Ended September 30, 2013	2012
Net charge-offs by loan and lease type:		
Commercial:		
Commercial and industrial	**$ 6,564**	$ 57,196
Commercial real estate:		
Construction	**6,446**	(2,997)
Commercial	**21,278**	60,055
Commercial real estate	**27,724**	57,058
Total commercial	**34,288**	114,254
Consumer:		
Automobile	**6,778**	7,546
Home equity	**61,812**	91,370
Residential mortgage	**19,557**	38,236
Other consumer	**19,784**	20,926
Total consumer	**107,931**	158,078
Total net charge-offs	**$ 142,219**	$ 272,332
Net charge-offs—annualized percentages:		
Commercial:		
Commercial and industrial	**0.05%**	0.48%
Commercial real estate:		
Construction	**1.47**	(0.68)
Commercial	**0.63**	1.51
Commercial real estate	**0.73**	1.29
Total commercial	**0.21**	0.70
Consumer:		
Automobile	**0.17**	0.22
Home equity	**0.99**	1.47
Residential mortgage	**0.51**	0.98
Other consumer	**5.85**	6.03
Total consumer	**0.75**	1.14
Net charge-offs as a % of average loans	**0.46%**	0.90%

<u>2013 First Nine Months versus 2012 First Nine Months</u>

C&I NCOs decreased $50.6 million, or 89%, primarily reflecting credit quality improvement in the underlying portfolio, as well as our on-going proactive credit management practices. Also, the first nine-month period of 2013 reflected significant recoveries from prior charge-offs.

CRE NCOs decreased $29.3 million, or 51%, reflecting significant recoveries during the first nine-month period of 2013. This performance is consistent with our expectations for the portfolio, as some degree of quarterly volatility is expected given the low absolute levels of NCOs in the portfolio. There was no concentration in either geography or project type.

Automobile NCOs decreased $0.8 million, or 10%. The relatively low levels of NCOs reflected the continued high credit quality of originations and a strong resale market for used vehicles.

Home equity NCOs decreased $29.6 million, or 32%, primarily reflecting improved delinquency rates and fewer significant dollar size losses compared to the year-ago period. The performance of the portfolio is consistent with our expectations.

Residential mortgage NCOs declined $18.7 million, or 49%, and reflected improvement in the overall housing market compared to the year-ago period.

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Market Risk

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

Interest Rate Risk

OVERVIEW

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

INCOME SIMULATION AND ECONOMIC VALUE ANALYSIS

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

Huntington uses two approaches to model interest rate risk: Interest Sensitive Earnings at Risk (ISE analysis) and Economic Value of Equity (EVE analysis). Under ISE analysis, net interest income is modeled utilizing various assumptions for assets, liabilities, and derivative positions under various interest rate scenarios over a one-year time horizon. Market implied forward rates and various likely and extreme interest rate scenarios are used for ISE analysis. These likely and extreme scenarios include rapid and gradual interest rate ramps, rate shocks and yield curve twists. EVE analysis measures the market value of assets minus the market value of liabilities, and the change in this value as rates change.

We continue to evaluate and enhance our analysis related to non-maturity deposit modeling. During the 2013 third quarter, we made several enhancements, including expanding the sample used to model deposit maturity and rates, to include the most recent ten year period. This more comprehensive data set will allow the model to better predict the maturity of and interest paid on actual deposit balances. The net result of these enhancements has been an extension of anticipated demand deposit maturities and an increase in anticipated re-pricing sensitivity for money market deposit accounts.

Deposit rates impact ISE and EVE. Due to the modeled increase in re-pricing sensitivity, the interest rate for money market deposits will more fully reflect the actual changes in market rates. Also, as the anticipated maturity for demand deposits extends, their change in value should more fully offset the change in the value of asset balances, all else being equal. The result is an ISE that is more sensitive to market rates, but an EVE that is less sensitive.

Table 24—Interest Sensitive Earnings at Risk

	Interest Sensitive Earnings at Risk (%)		
Basis point change scenario	-25	+100	+200
Board policy limits	—	-2.0%	-4.0%
September 30, 2013	**-0.6**	**0.9**	**1.4**

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

Huntington is within Board policy limits for the +100 and +200 basis point scenarios. There is no policy limit for the -25 basis point scenario. The ISE at risk reported at September 30, 2013, shows that Huntington is asset sensitive, meaning that earnings increase (decrease) when rates rise (fall). The primary reason for these results is that more assets (primarily LIBOR-indexed loans to customers) than liabilities (primarily non-maturity deposits) will re-price over the modeled one-year period. These results reflect the impact of higher market rates, which slows prepayments on mortgage-related assets and extends their lives. However, as noted above, these non-maturity deposits are more sensitive to market rate changes, resulting in less asset sensitivity than in previous periods.

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The following table shows the income sensitivity of selected assets and liabilities to changes in market interest rates. The table compares the ISE analysis for selected Huntington portfolios to a portfolio that assumes 100% sensitivity to changes in interest rates. We calculate the percent change in interest income/expense as the change in the base Huntington portfolio divided by the change in the 100% sensitive portfolio.

The asset sensitive nature of the portfolio has become less pronounced in recent periods, as fixed rate auto loans and floating rate borrowings have increased as a percentage of assets and liabilities, respectively. However, because interest sensitive liabilities account for only 65% of total funding, the table below does not reflect the contribution to asset sensitivity from non-interest bearing deposits and equity.

Table 25—Interest Income/Expense Sensitivity

	Percent of Total Earning Assets (1)	Percent Change in Interest Income/Expense For a Given Change in Interest Rates Over / (Under) Base Case Parallel Ramp		
Basis point change scenario		-25	+100	+200
Total loans	82%	-22.3%	36.7%	38.6%
Total investments and other earning assets	18	-15.1	21.3	19.7
Total interest-sensitive income		-20.3	33.2	34.4
Total interest-bearing deposits	59	-2.6	35.5	39.2
Total borrowings	6	-57.8	67.0	70.8
Total interest-sensitive expense		-8.9	39.1	42.8

(1) At September 30, 2013

Table 26—Economic Value of Equity at Risk

	Economic Value of Equity at Risk (%)		
Basis point change scenario	-25	+100	+200
Board policy limits	—	-5.0%	-12.0%
September 30, 2013	**0.1**	**-2.2**	**-6.3**

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

Huntington is within Board policy limits for the +100 and +200 basis point scenarios. There is no policy limit for the -25 basis point scenario. The EVE at risk reported at September 30, 2013 shows that as interest rates increase (decrease) immediately, the economic value of equity position will decrease (increase) since the amount and duration of the assets are longer than the amount and duration of liabilities. When interest rates rise, fixed rate assets generally lose economic value; the longer the duration, the greater the value lost. The opposite is true when interest rates fall.

Compared to recent periods, the EVE results for September 30, 2013 reflect higher market rates during the year, which served to slow prepayments on mortgage-related assets and extend their lives. On the other hand, the retention on balance sheet of indirect automobile loans and the reduction of reinvestment in longer term, agency mortgage-backed securities has partly offset the impact of higher rates.

The following table details the economic value sensitivity to changes in market interest rates at September 30, 2013 for loans, investments, deposits, and borrowings. The change in economic value for each portfolio is measured as the percent change from the base economic value for that portfolio. The analysis reflects that, in a sharply higher rate scenario, total tangible assets are more sensitive to market rates than total tangible liabilities. Investments and other earning assets contribute to this sensitivity, largely due to fixed rate securities investments.

Table 27—Economic Value Sensitivity

	Percent of Total Net Tangible Assets (1)	Percent Change in Economic Value For a Given Change in Interest Rates Over / (Under) Base Case Parallel Shocks		
Basis point change scenario		-25	+100	+200
Total loans	76%	0.5%	-1.8%	-3.7%
Total investments and other earning assets	16	0.9	-4.1	-8.2
Total net tangible assets (2)		0.5	-2.1	-4.3
Total deposits	83	-0.7	2.2	4.0
Total borrowings	5	-0.3	1.0	1.9
Total net tangible liabilities (3)		-0.6	2.1	3.8

(1) At September 30, 2013.
(2) Tangible assets excluding ALLL.
(3) Tangible liabilities excluding AULC.

MSRs

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

At September 30, 2013 we had a total of $158.8 million of capitalized MSRs representing the right to service $15.2 billion in mortgage loans. Of this $158.8 million, $34.1 million was recorded using the fair value method and $124.7 million was recorded using the amortization method.

MSR fair values are very sensitive to movements in interest rates as expected future net servicing income depends on the projected outstanding principal balances of the underlying loans, which can be greatly reduced by prepayments. Prepayments usually increase when mortgage interest rates decline and decrease when mortgage interest rates rise. We have employed strategies to reduce the risk of MSR fair value changes or impairment. In addition, we engage a third party to provide valuation tools and assistance with our strategies with the objective to decrease the volatility from MSR fair value changes. However, volatile changes in interest rates can diminish the effectiveness of these hedges. We typically report MSR fair value adjustments net of hedge-related trading activity in the mortgage banking income category of noninterest income. Changes in fair value between reporting dates are recorded as an increase or a decrease in mortgage banking income.

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

Price Risk

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

Liquidity Risk

Liquidity risk is the risk of loss due to the possibility that funds may not be available to satisfy current or future commitments resulting from external macro market issues, investor and customer perception of financial strength, and events unrelated to us, such as war, terrorism, or financial institution market specific issues. In addition, the mix and maturity structure of Huntington's balance sheet, the amount of on-hand cash and unencumbered securities, and the availability of contingent sources of funding can have an impact on Huntington's ability to satisfy current or future funding commitments. We manage liquidity risk at both the Bank and the parent company.

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

Investment securities portfolio

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

Table 28—Expected life of investment securities

	September 30, 2013			
	Available-for-Sale & Other Securities		Held-to-Maturity Securities	
(dollar amounts in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Under 1 year	$ 468,482	$ 466,620	$ —	$ —
1 - 5 years	3,765,867	3,831,322	679,017	672,423
6 - 10 years	1,681,488	1,646,788	1,557,104	1,544,936
Over 10 years	239,626	165,195	—	—
Other securities	336,427	336,756	—	—
Total	$ 6,491,890	$ 6,446,681	$ 2,236,121	$ 2,217,359

Bank Liquidity and Sources of Liquidity

Our primary sources of funding for the Bank are retail and commercial core deposits. At September 30, 2013, these core deposits funded 79% of total assets (105% of total loans). At September 30, 2013 and December 31, 2012, total core deposits represented 96% and 95% of total deposits, respectively.

Core deposits are comprised of interest-bearing and noninterest-bearing demand deposits, money market deposits, savings and other domestic deposits, consumer certificates of deposit both over and under $250,000, and nonconsumer certificates of deposit less than $250,000. Noncore deposits consist of brokered money market deposits and certificates of deposit, foreign time deposits, and other domestic deposits of $250,000 or more comprised primarily of public fund certificates of deposit greater than $250,000.

Core deposits may increase our need for liquidity as certificates of deposit mature or are withdrawn before maturity and as nonmaturity deposits, such as checking and savings account balances, are withdrawn. Noninterest-bearing demand deposits increased $0.8 billion from December 31, 2012, but include certain large commercial deposits that may be more short-term in nature.

Demand deposit overdrafts that have been reclassified as loan balances were $19.7 million and $17.2 million at September 30, 2013 and December 31, 2012, respectively. Other domestic time deposits of $250,000 or more and brokered deposits and negotiable CDs totaled $1.6 billion and $1.9 billion at September 30, 2013 and December 31, 2012, respectively.

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

Table 29—Deposit Composition

(dollar amounts in millions)	**2013**						**2012**			
	September 30,		June 30,		March 31,		December 31,		September 30,	
By Type										
Demand deposits—noninterest-bearing	**$13,421**	**29%**	$13,491	29%	12,757	27%	$12,600	27%	$12,680	27%
Demand deposits—interest-bearing	**5,856**	**13**	5,977	13	6,135	13	6,218	13	5,909	13
Money market deposits	**16,212**	**34**	15,131	33	15,165	32	14,691	32	14,926	32
Savings and other domestic deposits	**4,946**	**11**	5,054	11	5,174	11	5,002	11	4,949	11
Core certificates of deposit	**4,108**	**9**	4,353	9	5,170	11	5,516	12	5,817	12
Total core deposits	**44,543**	**96**	44,006	95	44,401	94	44,027	95	44,281	95
Other domestic deposits of $250,000 or more	**268**	**1**	283	1	355	1	354	1	352	1
Brokered deposits and negotiable CDs	**1,366**	**3**	1,695	4	1,807	4	1,594	3	1,795	4
Deposits in foreign offices	**387**	**—**	347	—	304	1	278	1	313	—
Total deposits	**$46,564**	**100%**	$46,331	100%	46,867	100%	$46,253	100%	$46,741	100%
Total core deposits:										
Commercial	**$19,526**	**44%**	$18,922	43%	18,502	42%	$18,358	42%	$19,207	43%
Consumer	**25,017**	**56**	25,084	57	25,899	58	25,669	58	25,074	57
Total core deposits	**$44,543**	**100%**	$44,006	100%	44,401	100%	$44,027	100%	$44,281	100%

Table 30—Federal Funds Purchased and Repurchase Agreements

(dollar amounts in millions)	**2013**			**2012**	
	September 30,	June 30,	March 31,	December 31,	September 30,
Balance at period-end					
Federal Funds purchased and securities sold under agreements to repurchase	**$ 655**	$ 627	$ 725	$ 576	$ 1,249
Other short-term borrowings	**6**	3	8	14	11
Weighted average interest rate at period-end					
Federal Funds purchased and securities sold under agreements to repurchase	**0.07%**	0.09%	0.09%	0.15%	0.14%
Other short-term borrowings	**1.41**	3.63	2.50	1.98	1.99
Maximum amount outstanding at month-end during the period					
Federal Funds purchased and securities sold under agreements to repurchase	**$ 787**	$ 757	$ 781	$ 1,166	$ 1,464
Other short-term borrowings	**9**	10	9	26	16
Average amount outstanding during the period					
Federal Funds purchased and securities sold under agreements to repurchase	**$ 703**	$ 693	$ 752	$ 996	$ 1,315
Other short-term borrowings	**7**	9	10	16	15
Weighted average interest rate during the period					
Federal Funds purchased and securities sold under agreements to repurchase	**0.08%**	0.08%	0.10%	0.12%	0.15%
Other short-term borrowings	**1.32**	1.91	2.13	1.52	1.67

To the extent we are unable to obtain sufficient liquidity through core deposits, we may meet our liquidity needs through sources of wholesale funding or asset securitization or sale. Sources of wholesale funding include other domestic time deposits of $250,000 or more, brokered deposits and negotiable CDs, deposits in foreign offices, short-term borrowings, FHLB advances, other long-term debt, and subordinated notes. In August 2013, the Bank issued $350.0 million of senior notes at 99.865% of face value. The senior bank note issuances mature on August 2, 2016 and have a fixed coupon rate of 1.35%. The senior note issuance may be redeemed one month prior to the maturity date at 100% of principal plus accrued and unpaid interest. At September 30, 2013, total wholesale funding was $5.2 billion, unchanged from $5.2 billion at December 31, 2012.

The Bank also has access to the Federal Reserve's discount window. These borrowings are secured by commercial loans and home equity lines-of-credit. The Bank is also a member of the FHLB, and as such, has access to advances from this facility. These advances are generally secured by residential mortgages, other mortgage-related loans, and available-for-sale securities. Information regarding amounts pledged, for the ability to borrow if necessary, and the unused borrowing capacity at both the Federal Reserve Bank and the FHLB, is outlined in the following table:

Table 31—Federal Reserve and FHLB Borrowing Capacity

(dollar amounts in billions)	**September 30, 2013**	December 31, 2012
Loans and securities pledged:		
Federal Reserve Bank	**$ 10.7**	$ 10.2
FHLB	**8.5**	8.2
Total loans and securities pledged	**$ 19.2**	$ 18.4
Total unused borrowing capacity at Federal Reserve Bank and FHLB	**$ 11.2**	$ 10.3

At September 30, 2013, we believe the Bank had sufficient liquidity to meet its cash flow obligations for the foreseeable future.

Parent Company Liquidity

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

At September 30, 2013 and December 31, 2012, the parent company had $1.0 billion and $0.9 billion, respectively, in cash and cash equivalents.

On October 18, 2013, we announced that the board of directors had declared a quarterly common stock cash dividend of $0.05 per common share. The dividend is payable on January 2, 2014, to shareholders of record on December 19, 2013. Based on the current quarterly dividend of $0.05 per common share, cash demands required for common stock dividends are estimated to be approximately $41.5 million per quarter. Based on the current dividend, cash demands required for Series A Preferred Stock are estimated to be approximately $7.7 million per quarter. Cash demands required for Series B Preferred Stock are expected to be approximately $0.3 million per quarter.

Based on a regulatory dividend limitation, the Bank could not have declared and paid a dividend to the parent company at September 30, 2013, without regulatory approval due to the deficit position of its undivided profits. We do not anticipate that the Bank will need to pay dividends in the near future as we continue to build Bank regulatory capital above its already well-capitalized level. To help meet any additional liquidity needs, we have an open-ended, automatic shelf registration statement filed and effective with the SEC, which permits us to issue an unspecified amount of debt or equity securities.

With the exception of the items discussed above, the parent company does not have any significant cash demands. It is our policy to keep operating cash on hand at the parent company to satisfy cash demands for the next 18 months.

In August 2013, the parent company issued $400.0 million of senior notes at 99.8% of face value. The senior note issuances mature on August 2, 2018 and have a fixed coupon rate of 2.60%. The senior note issuance may be redeemed one month prior to the maturity date at 100% of principal plus accrued and unpaid interest.

On October 24, 2013, the OCC, U.S. Treasury, FRB, and the FDIC, issued a NPR regarding the implementation of a quantitative liquidity requirement consistent with the LCR standard established by the Basel Committee on Banking Supervision. The requirements are designed to promote the short term resilience of the liquidity risk profile of banks, to which it applies. Comments on the requirement may be submitted until January 31, 2014. If implemented as proposed, the requirement will likely cause some banks, including us, to purchase additional amounts of unencumbered, high quality liquid assets, which can easily be converted into cash.

Considering the factors discussed above, and other analyses that we have performed, we believe the parent company has sufficient liquidity to meet its cash flow obligations for the foreseeable future.

Off-Balance Sheet Arrangements

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

Standby letters-of-credit are conditional commitments issued to guarantee the performance of a customer to a third party. These guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. Most of these arrangements mature within two years and are expected to expire without being drawn upon. Standby letters-of-credit are included in the determination of the amount of risk-based capital that the parent company and the Bank are required to hold.

Through our credit process, we monitor the credit risks of outstanding standby letters-of-credit. When it is probable that a standby letter-of-credit will be drawn and not repaid in full, a loss is recognized in the provision for credit losses. At September 30, 2013, we had $456.6 million of standby letters-of-credit outstanding, of which 82% were collateralized. Included in this $456.6 million are letters-of-credit issued by the Bank that support securities that were issued by our customers and remarketed by The Huntington Investment Company, our broker-dealer subsidiary.

We enter into forward contracts relating to the mortgage banking business to hedge the exposures we have from commitments to extend new residential mortgage loans to our customers and from our mortgage loans held for sale. At September 30, 2013 and December 31, 2012, we had commitments to sell residential real estate loans of $571.7 million and $849.8 million, respectively. These contracts mature in less than one year.

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

Operational Risk

As with all companies, we are subject to operational risk. Operational risk is the risk of loss due to human error; inadequate or failed internal systems and controls; violations of, or noncompliance with, laws, rules, regulations, prescribed practices, or ethical standards; and external influences such as market conditions, fraudulent activities, disasters, and security risks. We continuously strive to strengthen our system of internal controls to ensure compliance with laws, rules, and regulations, and to improve the oversight of our operational risk. For example, we actively and continuously monitor cyber-attacks such as attempts related to eFraud and loss of sensitive customer data. We evaluate internal systems, processes and controls to mitigate loss from cyber-attacks and, to date, have not experienced any material losses.

To mitigate operational risks, we have established a senior management Operational Risk Committee and a senior management Legal, Regulatory, and Compliance Committee. The responsibilities of these committees, among other duties, include establishing and maintaining management information systems to monitor material risks and to identify potential concerns, risks, or trends that may have a significant impact and ensuring that recommendations are developed to address the identified issues. Both of these committees report any significant findings and recommendations to the Risk Management Committee. Additionally, potential concerns may be escalated to our ROC, as appropriate.

The goal of this framework is to implement effective operational risk techniques and strategies, minimize operational and fraud losses, and enhance our overall performance.

Representation and Warranty Reserve

We primarily conduct our mortgage loan sale and securitization activity with FNMA and FHLMC. In connection with these and other securitization transactions, we make certain representations and warranties that the loans meet certain criteria, such as collateral type and underwriting standards. We may be required to repurchase individual loans and / or indemnify these organizations against losses due to a loan not meeting the established criteria. As part of the consumer portfolio review that was initiated during the 2013 third quarter (see Consumer Credit section for description), we continue to evaluate representation and warranty exposure of loans sold with servicing retained associated with borrowers who filed bankruptcy. We have a reserve for such losses and exposure, which is included in accrued expenses and other liabilities. The reserves are estimated based on historical and expected repurchase activity, average loss rates, and current economic trends. The level of mortgage loan repurchase losses depends upon economic factors, investor demand strategies and other external conditions containing a level of uncertainty and risk that may change over the life of the underlying loans. We currently do not have sufficient information to estimate the range of reasonably possible loss related to representation and warranty exposure.

The table below reflects activity in the representations and warranties reserve:

Table 32—Summary of Reserve for Representations and Warranties on Mortgage Loans Serviced for Others

(dollar amounts in thousands)	2013			2012	
	Third	Second	First	Fourth	Third
Reserve for representations and warranties, beginning of period	**$28,039**	$28,932	$28,588	$27,468	$26,298
Reserve charges	**(2,490)**	(1,531)	(2,470)	(3,062)	(2,833)
Provision for representations and warranties	**1,952**	638	2,814	4,182	4,003
Reserve for representations and warranties, end of period	**$27,501**	$28,039	$28,932	$28,588	$27,468

Table 33—Mortgage Loan Repurchase Statistics

(dollar amounts in thousands)	2013			2012	
	Third	Second	First	Fourth	Third
Number of loans sold	**5,839**	5,747	5,798	7,696	6,093
Amount of loans sold (UPB)	**$861,897**	$921,458	$846,419	$1,124,286	$992,310
Number of loans repurchased (1)	**40**	32	46	79	44
Amount of loans repurchased (UPB) (1)	**$ 4,055**	$ 2,969	$ 5,874	$ 9,563	$ 5,721
Number of claims received	**222**	71	146	166	139
Successful dispute rate (2)	**36%**	45%	62%	45%	44
Number of make whole payments (3)	**28**	19	29	48	39
Amount of make whole payments (3)	**$ 2,125**	$ 1,304	$ 2,274	$ 2,876	$ 2,815

(1) Loans repurchased are loans that fail to meet the purchaser's terms.
(2) Successful disputes are a percent of close out requests.
(3) Make whole payments are payments to reimburse for losses on foreclosed properties.

Foreclosure Documentation

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

Compliance Risk

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

Capital

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

Regulatory Capital

Basel III and the Dodd-Frank Act

On July 2, 2013, the FRB voted to adopt final Basel III Capital rules for U.S. banking organizations. The final rules establish an integrated regulatory capital framework and will implement in the United States the Basel III regulatory capital reforms from the Basel Committee on Banking Supervision and certain changes required by the Dodd-Frank Act. Under the final rule, minimum requirements will increase for both the quantity and quality of capital held by banking organizations. Consistent with the international Basel framework, the final rule includes a new minimum ratio of common equity tier 1 capital (Tier I Common) to risk-weighted assets and a common equity tier 1 capital conservation buffer of 2.5 percent of risk-weighted assets that will apply to all supervised financial institutions. The rule also raises the minimum ratio of tier 1 capital to risk-weighted assets and includes a minimum leverage ratio of 4 percent for all banking organizations. These new minimum capital ratios will become effective for us on January 1, 2015, and will be fully phased-in on January 1, 2019.

The final rule emphasizes Tier I Common equity, the most loss-absorbing form of capital, and implements strict eligibility criteria for regulatory capital instruments. The final rule also improves the methodology for calculating risk-weighted assets to enhance risk sensitivity. Banks and regulators use risk weighting to assign different levels of risk to different classes of assets.

We have evaluated the impact of the Basel III final rule on our regulatory capital ratios and estimate a reduction of approximately 60 basis points to our Basel I Tier I Common risk-based capital ratio based on our June 30, 2013, balance sheet composition. This estimate is based on management’s current understanding, expectation, and understanding of the final U.S. Basel III rules. We anticipate that our capital ratios, on a Basel III basis, will continue to exceed the well-capitalized minimum requirements. We are evaluating options to mitigate the capital impact of the final rule prior to its effective implementation date.

Approximately $50.0 million of our Tier 1 risk-based capital of $6.0 billion at September 30, 2013 consisted of the outstanding Class C preferred securities of our REIT subsidiary, Huntington Preferred Capital, Inc. (HPCI). Based on our review of the Basel III final rule, it is likely that when Basel III becomes effective, the HPCI Class C preferred securities will no longer constitute Tier 1 capital for us or the Bank. In the event we determine that a “regulatory capital event” has occurred, based on an opinion of counsel rendered by a law firm experienced in such matters, HPCI would have the right to redeem the outstanding Class C preferred securities. In the event HPCI redeems the Class C preferred securities, holders of such securities will be entitled to receive the redemption price of $25.00 per share plus accrued and unpaid dividends on such shares. The redemption price may differ from the redemption date market price of the Class C preferred securities. There can be no assurance as to if or when HPCI would redeem the Class C preferred securities.

Capital Planning

In 2012, we participated in the FRB’s CapPR process and made our capital plan submission in January 2013. On March 14, 2013, we announced that the FRB had completed its review of our capital plan submission and did not object to our proposed capital actions. The planned actions included the potential repurchase of up to $227.0 million of common stock and an increase of our common per share dividend from $0.04 to $0.05 through the 2014 first quarter.

Beginning with our Capital Plan submission in January 2014, we will be subject to the FRB’s CCAR process. One of the primary additional elements of CCAR will be supervisory stress tests conducted by the FRB under different hypothetical macro-economic scenarios in addition to the stress tests routinely conducted by management. After completing its review, the FRB may object or not object to our proposed capital actions, such as plans to pay or increase common stock dividends or increase common stock repurchase programs. Beginning with our January 2014 submission, we will also be subject to the OCC’s Annual Stress Test at the bank-level. The OCC stipulated that it will consult closely with the FRB to provide common stress scenarios which can be used at both the depository institution and bank holding company levels.

Capital Adequacy

The FRB establishes capital adequacy requirements, including well-capitalized standards for the Company. The OCC establishes similar capital adequacy requirements and standards for the Bank. Regulatory capital primarily consists of Tier 1 risk-based capital and Tier 2 risk-based capital. The sum of Tier 1 risk-based capital and Tier 2 risk-based capital equals our total risk-based capital.

Risk-based capital guidelines require a minimum level of capital as a percentage of “risk-weighted assets”. Risk-weighted assets consist of total assets plus certain off-balance sheet and market items, subject to adjustment for predefined credit risk factors. At September 30, 2013, both the Company and the Bank were well-capitalized under applicable regulatory capital adequacy guidelines.

Tier 1 common equity, a non-GAAP financial measure, is used by banking regulators, investors and analysts to assess and compare the quality and composition of our capital with the capital of other financial services companies. We use Tier 1 common equity, along with the other capital measures, to assess and monitor our capital position. Tier 1 common equity is defined as Tier 1 capital less elements of Tier 1 capital not in the form of common equity (e.g. perpetual preferred stock, noncontrolling interests in subsidiaries, and trust preferred capital debt securities).

The following table presents risk-weighted assets and other financial data necessary to calculate certain financial ratios, including the Tier 1 common equity ratio, which we use to measure capital adequacy.

Table 34—Capital Adequacy

(dollar amounts in millions)	**2013**			2012	
	September 30,	June 30,	March 31,	December 31,	September 30,
Consolidated capital calculations:					
Common shareholders' equity	**$ 5,576**	$ 5,398	$ 5,481	$ 5,404	$ 5,422
Preferred shareholders' equity	**386**	386	386	386	386
Total shareholders' equity	**5,962**	5,784	5,867	5,790	5,808
Goodwill	**(444)**	(444)	(444)	(444)	(444)
Other intangible assets	**(104)**	(114)	(124)	(132)	(144)
Other intangible assets deferred tax liability (1)	**36**	40	43	46	50
Total tangible equity (2)	**5,450**	5,266	5,342	5,260	5,270
Preferred shareholders' equity	**(386)**	(386)	(386)	(386)	(386)
Total tangible common equity (2)	**$ 5,064**	$ 4,880	$ 4,956	$ 4,874	$ 4,884
Total assets	**$ 56,648**	$56,114	$56,055	$ 56,153	$ 56,443
Goodwill	**(444)**	(444)	(444)	(444)	(444)
Other intangible assets	**(104)**	(114)	(124)	(132)	(144)
Other intangible assets deferred tax liability (1)	**36**	40	43	46	50
Total tangible assets (2)	**$ 56,136**	$55,596	$55,530	$ 55,623	$ 55,905
Tier 1 capital	**$ 6,018**	$ 5,885	$ 5,829	$ 5,741	$ 5,720
Preferred shareholders' equity	**(386)**	(386)	(386)	(386)	(386)
Trust preferred securities	**(299)**	(299)	(299)	(299)	(335)
REIT preferred stock	**(50)**	(50)	(50)	(50)	(50)
Tier 1 common equity (2)	**$ 5,283**	$ 5,150	$ 5,094	$ 5,006	$ 4,949
Risk-weighted assets (RWA)	**$ 48,687**	$48,080	$47,937	$ 47,773	$ 48,147
Tier 1 common equity / RWA ratio (2)	**10.85%**	10.71%	10.62%	10.48%	10.28%
Tangible equity / tangible asset ratio (2)	**9.71**	9.47	9.62	9.46	9.43
Tangible common equity / tangible asset ratio (2)	**9.02**	8.78	8.92	8.76	8.74
Tangible common equity / RWA ratio (2)	**10.40**	10.15	10.34	10.20	10.14

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

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

Our Tier 1 common equity risk-based ratio improved 37 basis points to 10.85% at September 30, 2013, compared with 10.48% at December 31, 2012. This increase primarily reflected the increase in retained earnings, partially offset by the repurchase of 16.7 million common shares and the impacts related to the payments of dividends.

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

Table 35—Regulatory Capital Data

		2013			2012	
(dollar amounts in millions)		**September 30,**	June 30,	March 31,	December 31,	September 30,
Total risk-weighted assets	Consolidated	**$ 48,687**	$48,080	$47,937	$ 47,773	$ 48,147
	Bank	**48,570**	48,026	47,842	47,676	48,033
Tier 1 risk-based capital	Consolidated	**6,017**	5,885	5,829	5,741	5,720
	Bank	**5,540**	5,343	5,162	5,003	4,818
Tier 2 risk-based capital	Consolidated	**1,127**	1,120	1,144	1,187	1,192
	Bank	**825**	819	947	1,091	1,196
Total risk-based capital	Consolidated	**7,144**	7,005	6,973	6,928	6,912
	Bank	**6,365**	6,162	6,109	6,094	6,014
Tier 1 leverage ratio	Consolidated	**10.85%**	10.64%	10.57%	10.36%	10.29%
	Bank	**10.01**	9.68	9.38	9.05	8.68
Tier 1 risk-based capital ratio	Consolidated	**12.36**	12.24	12.16	12.02	11.88
	Bank	**11.41**	11.13	10.79	10.49	10.03
Total risk-based capital ratio	Consolidated	**14.67**	14.57	14.55	14.50	14.36
	Bank	**13.11**	12.83	12.77	12.78	12.52

The increase in our consolidated Tier 1 risk-based capital ratios compared with December 31, 2012, primarily reflected an increase in retained earnings, partially offset by the repurchase of 16.7 million common shares and the impacts related to the payments of dividends.

Shareholders' Equity

We generate shareholders' equity primarily through the retention of earnings, net of dividends. Other potential sources of shareholders' equity include issuances of common and preferred stock. Our objective is to maintain capital at an amount commensurate with our risk profile and risk tolerance objectives, to meet both regulatory and market expectations, and to provide the flexibility needed for future growth and business opportunities. Shareholders' equity totaled $6.0 billion at September 30, 2013, an increase of $0.2 billion when compared with December 31, 2012.

Dividends

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

On October 17, 2013, our board of directors declared a quarterly cash dividend of $0.05 per common share, payable on January 2, 2014. Also, cash dividends of $0.05, $0.05 and $0.04 per common share were declared on July 18, 2013, April 17, 2013 and January 17, 2013, respectively. Our 2013 capital plan to the FRB *(see Capital Planning section above)* included quarterly common dividends of $0.05 per common share through the 2014 first quarter.

On October 17, 2013, our board of directors declared a quarterly cash dividend on our 8.50% Series A Non-Cumulative Perpetual Convertible Preferred Stock of $21.25 per share. The dividend is payable on January 15, 2014. Also, cash dividends of $21.25 per share were declared on July 18, 2013, April 17, 2013 and January 17, 2013.

On October 17, 2013, our board of directors also declared a quarterly cash dividend on our Floating Rate Series B Non-Cumulative Perpetual Preferred Stock of $7.36 per share. The dividend is payable on January 15, 2014. Also, cash dividends of $7.42, $7.44 and $7.51 per share were declared on July 18, 2013, April 17, 2013 and January 17, 2013, respectively.

Share Repurchases

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

Our board of directors has authorized a share repurchase program consistent with our capital plan of the potential repurchase of up to $227.0 million of common stock. During the three-month period ended September 30, 2013, we repurchased 2.0 million common shares at a weighted average share price of $8.18. During the nine-month period ended September 30, 2013, we repurchased 16.7 million common shares at a weighted average share price of $7.46. Although Huntington has the ability to repurchase up to $136 million of additional shares of common stock through the first quarter of 2014, we intend to continue disciplined repurchase activity consistent with our annual capital plan, our capital return objectives, and market conditions especially as those conditions impact the trading price of our common stock. We do not anticipate that the pending transaction with Camco will materially impact our repurchase activities except during the relatively limited time we will be required to be out of the market under the SEC's Regulation M.

Fair Value

Fair Value Measurements

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

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

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs include quoted prices for similar assets and liabilities in active markets, quoted prices of identical or similar assets or liabilities in markets that are not active, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs that are unobservable and significant to the fair value measurement. Financial instruments are considered Level 3 when values are determined using pricing models, discounted cash flow methodologies, or similar techniques, and at least one significant model assumption or input is unobservable.

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

BUSINESS SEGMENT DISCUSSION

Overview

We have four major business segments: Retail and Business Banking; Regional and Commercial Banking; Automobile Finance and Commercial Real Estate; and Wealth Advisors, Government Finance, and Home Lending. A Treasury / Other function also includes our insurance business and other unallocated assets, liabilities, revenue, and expenses. While this section reviews financial performance from a business segment perspective, it should be read in conjunction with the Discussion of Results of Operations, Note 19 of the Notes to Unaudited Condensed Consolidated Financial Statements, and other sections for a full understanding of our consolidated financial performance.

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

Optimal Customer Relationship (OCR)

Our OCR initiative is a cross-business segment strategy designed to increase overall customer profitability and retention by deepening product and service penetration to consumer and commercial customers. We believe this can be accomplished by taking our broad array of services and products and delivering them through a rigorous and disciplined sales management process that is consistent across all business segments and regions. It is also supported by robust sales and referral technology.

OCR was introduced in late 2009. Through 2010, much of the effort was spent on defining processes, sales training, and systems development to fully capture and measure OCR performance metrics. In 2011, we introduced OCR-related metrics for commercial relationships, which complements the previously disclosed consumer OCR-related metrics. In 2013, we continue to experience strong consumer household and commercial relationship growth.

CONSUMER OCR PERFORMANCE

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

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

We use the checking account since it typically represents the primary banking relationship product. We count additional products by type, not number of products. For example, a household that has one checking account and one mortgage, we count as having two services. A household with four checking accounts, we count as having one service. The household relationship utilizing four or more services is viewed to be more profitable and loyal. The overall objective, therefore, is to decrease the percentage of 1-3 services per consumer checking account household, while increasing the percentage of those with 4 or more services. Since we have made significant strides toward having the vast majority of our customers with 4+ products, during the 2013 second quarter, we changed our measurement to 6+ products. We are holding ourselves to a higher performance standard.

The following table presents consumer checking account household OCR metrics:

Table 36—Consumer Checking Household OCR Cross-sell Report

	2013			2012	
	Third	Second	First	Fourth	Third
Number of households	**1,314,587**	1,291,177	1,265,086	1,228,812	1,203,508
Product Penetration by Number of Services (1)					
1 Service	**3.2%**	3.3%	2.7%	3.1%	4.3%
2-3 Services	**19.5**	19.9	17.3	18.6	19.8
4-5 Services	**30.0**	30.1	29.3	31.1	31.3
6+ Services	**47.3**	46.7	50.7	47.2	44.6
Total revenue *(in millions)*	**$ 237.1**	$ 239.1	$ 239.4	$ 251.2	$ 246.0

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

Our emphasis on cross-sell, coupled with customers increasingly being attracted by our "Fair Play" banking philosophy with benefits such as 24-Hour Grace® on overdrafts and Asterisk-Free Checking™, are having a positive effect as the number of households increased by 7% from the end of last year. The percent of consumer households with 6 or more products at the end of the 2013 third quarter was 47.3%, up from 46.7% at June 30, 2013 and 47.2% at December 31, 2012 due to increased product sales and services provided. Total consumer checking account household revenue in the 2013 third quarter was $237.1 million, down less than 1% from the 2013 second quarter, primarily related to typical seasonality. Total consumer checking account household revenue was down $8.9 million, or 4%, from the year-ago quarter, primarily due to the February 2013 implementation of a new posting order for consumer transaction accounts.

COMMERCIAL OCR PERFORMANCE

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

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

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

The following table presents commercial relationship OCR metrics:

Table 37—Commercial Relationship OCR Cross-sell Report

	2013			2012	
	Third	Second	First	Fourth	Third
Commercial Relationships (1)	**159,878**	158,010	155,584	151,083	149,333
Product Penetration by Number of Services (2)					
1 Service	**22.1%**	22.8%	23.7%	24.6%	25.9%
2-3 Services	**41.1**	40.9	40.2	40.4	40.6
4+ Services	**36.8**	36.3	36.1	35.0	33.5
Total revenue *(in millions)*	**$ 193.9**	$ 178.6	$ 175.1	$ 189.8	$ 175.7

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

By focusing on targeted relationships we are able to achieve higher product service distribution among our commercial relationships, but leverage these relationships to generate a deeper share of wallet. The percent of commercial relationships utilizing 4 or more products at the end of 2013 third quarter was 36.8%, up from 33.5% from the end of last year. For the first nine-month period of 2013, commercial relationships grew 7%. Total commercial relationship revenue in the 2013 third quarter was $193.9 million, up $15.3 million, or 9%, from the 2013 second quarter, and up $18.2 million, or 10%, from the year-ago quarter. This reflects a $0.4 billion, or 2%, increase in commercial loans and increased customer transaction activity.

Revenue Sharing

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

Expense Allocation

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

Funds Transfer Pricing (FTP)

We use an active and centralized FTP methodology to attribute appropriate net interest income to the business segments. The intent of the FTP methodology is to eliminate all 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 and liquidity 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), and includes an estimate for the cost of liquidity (liquidity premium). Deposits of an indeterminate maturity receive an FTP credit based on a combination of vintage-based average lives and replicating portfolio pool rates. Other assets, liabilities, and capital are charged (credited) with a four-year moving average FTP rate. The denominator in the net interest margin calculation has been modified to add the amount of net funds provided by each business segment for all periods presented.

Treasury / Other

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

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

The $41.6 million, or 44%, year over year increase in net income for Treasury/Other was primarily the result of the FTP process described above partially offset by an increase in personnel costs.

Net Income by Business Segment

We reported net income of $480.9 million during the first nine-month period of 2013. This compared with net income of $473.7 million during the first nine-month period of 2012. The segregation of net income by business segment for the first nine-month period of 2013 and 2012 is presented in the following table:

Table 38—Net Income by Business Segment

(dollar amounts in thousands)	Nine Months Ended September 30, 2013	2012
Retail and Business Banking	**$ 51,785**	$ 72,957
Regional and Commercial Banking	**74,614**	72,851
AFCRE	**168,708**	173,557
WGH	**48,728**	58,885
Treasury/Other	**137,083**	95,493
Total net income	**$ 480,918**	$ 473,743

Average Loans/Leases and Deposits by Business Segment

The segregation of total average loans and leases and total average deposits by business segment for the first nine-month period of 2013 and 2012 is presented in the following table:

Table 39—Average Loans/Leases and Deposits by Business Segment

	Nine Months Ended September 30, 2013					
(dollar amounts in millions)	Retail and Business Banking	Regional and Commercial Banking	AFCRE	WGH	Treasury / Other	TOTAL
Average Loans/Leases						
Commercial and industrial	**$ 3,409**	**$ 10,702**	**$ 2,234**	**$ 596**	**$ 66**	**$17,007**
Commercial real estate	**411**	**344**	**4,103**	**213**	**—**	**5,071**
Total commercial	**3,820**	**11,046**	**6,337**	**809**	**66**	**22,078**
Automobile	**—**	**—**	**5,403**	**—**	**(1)**	**5,402**
Home equity	**7,508**	**7**	**1**	**860**	**(77)**	**8,299**
Residential mortgage	**1,056**	**7**	**—**	**4,138**	**(47)**	**5,154**
Other consumer	**289**	**4**	**54**	**18**	**86**	**451**
Total consumer	**8,853**	**18**	**5,458**	**5,016**	**(39)**	**19,306**
Total loans and leases	**$ 12,673**	**$ 11,064**	**$11,795**	**$5,825**	**$ 27**	**$41,384**
Average Deposits						
Demand deposits—noninterest-bearing	**$ 5,306**	**$ 3,272**	**$ 575**	**$3,272**	**$ 289**	**$12,714**
Demand deposits—interest-bearing	**4,709**	**92**	**51**	**1,029**	**7**	**5,888**
Money market deposits	**8,573**	**2,074**	**251**	**4,381**	**8**	**15,287**
Savings and other domestic deposits	**4,893**	**14**	**13**	**150**	**(2)**	**5,068**
Core certificates of deposit	**4,667**	**20**	**2**	**70**	**2**	**4,761**
Total core deposits	**28,148**	**5,472**	**892**	**8,902**	**304**	**43,718**
Other deposits	**134**	**225**	**73**	**809**	**1,095**	**2,337**
Total deposits	**$ 28,282**	**$ 5,697**	**$ 965**	**$9,711**	**$ 1,399**	**$46,055**

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(dollar amounts in millions)	Retail and Business Banking	Regional and Commercial Banking	AFCRE	WGH	Treasury / Other	TOTAL
	Nine Months Ended September 30, 2012					
Average Loans/Leases						
Commercial and industrial	$ 3,318	$ 9,549	$ 2,029	$ 785	$ 75	$15,756
Commercial real estate	554	385	4,776	169	(1)	5,883
Total commercial	3,872	9,934	6,805	954	74	21,639
Automobile	—	—	4,540	—	—	4,540
Home equity	7,446	22	1	825	11	8,305
Residential mortgage	1,033	8	—	4,155	5	5,201
Other consumer	354	5	89	40	(25)	463
Total consumer	8,833	35	4,630	5,020	(9)	18,509
Total loans and leases	$ 12,705	$ 9,969	$11,435	$5,974	$ 65	$40,148
Average Deposits						
Demand deposits—noninterest-bearing	$ 4,667	$ 2,919	$ 492	$3,591	$ 221	$11,890
Demand deposits—interest-bearing	4,598	105	48	1,042	7	5,800
Money market deposits	7,541	1,776	248	4,050	1	13,616
Savings and other domestic deposits	4,740	13	15	156	—	4,924
Core certificates of deposit	6,280	25	2	105	6	6,418
Total core deposits	27,826	4,838	805	8,944	235	42,648
Other deposits	167	218	64	712	1,070	2,231
Total deposits	$ 27,993	$ 5,056	$ 869	$9,656	$ 1,305	$44,879

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Retail and Business Banking

Table 40—Key Performance Indicators for Retail and Business Banking

(dollar amounts in thousands unless otherwise noted)	Nine Months Ended September 30, 2013	2012	Change Amount	Percent
Net interest income	**$ 611,849**	$ 656,216	$(44,367)	(7)%
Provision for credit losses	**101,196**	103,233	(2,037)	(2)
Noninterest income	**288,446**	286,745	1,701	1
Noninterest expense	**719,430**	727,486	(8,056)	(1)
Provision for income taxes	**27,884**	39,285	(11,401)	(29)
Net income	**$ 51,785**	$ 72,957	$(21,172)	(29)%
Number of employees (full-time equivalent)	**5,236**	5,745	(509)	(9)%
Total average assets *(in millions)*	**$ 14,394**	$ 14,283	$ 111	1
Total average loans/leases *(in millions)*	**12,673**	12,705	(32)	—
Total average deposits *(in millions)*	**28,282**	27,993	289	1
Net interest margin	**2.92%**	3.14%	(0.22)%	(7)
NCOs	**$ 89,679**	$ 121,826	$(32,147)	(26)
NCOs as a % of average loans and leases	**0.94%**	1.28%	(0.34)%	(27)
Return on average common equity	**4.8**	6.9	(2.1)	(30)

2013 First Nine Months vs. 2012 First Nine Months

Retail and Business Banking reported net income of $51.8 million in the first nine-month period of 2013. This was a decrease of $21.2 million, or 29%, when compared to the year-ago period. The decrease in net income reflected a combination of factors described below.

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

- 22 basis point decrease in the net interest margin. This decrease was mainly due to a 26 basis point decrease in deposit spreads that resulted from a reduction in the funds transfer prices rates assigned to those deposits.

Partially offset by:

- $0.3 billion, or 1%, increase in total average deposits.
- 9 basis points increase in loan spreads, driven by a reduction in the funds transfer price assigned to loans.

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

- $52 million, or 1%, decrease in commercial loans primarily due to increased payoff activity in the acquired Fidelity portfolio.

Partially offset by:

- $20 million, or 0.2%, increase in consumer loans which reflected growth in residential mortgages and consumer first-lien refinance loans.

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

- $1.0 billion, or 14%, increase in money market deposits.
- $0.8 billion, or 8%, increase in demand deposits.

Partially offset by:

- $1.6 billion, or 26%, decrease in core certificates of deposit, which reflected continued focus on product mix in reducing the overall cost of deposits.

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

- A continued improvement in the credit quality of the portfolio, as evidenced by a 34 basis point reduction in net charge-offs and a $16 million decline in nonaccrual loans.

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

- $9.6 million, or 6%, increase in deposit service charge income due to strong household and account growth.
- $7.1 million, or 12%, increase in electronic banking income due to strong consumer household growth combined with increased consumer debit card activity.

Partially offset by:

- $5.8 million decline related to other fee income items.
- $5.7 million, or 12.6%, decrease in fee share revenue.
- $3.5 million, or 28%, decrease in gain on sale of loans.

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

- $9.6 million, or 4%, decrease in personnel expenses in the branch network primarily related to branch consolidations and expense initiatives.
- $9.0 million, or 20%, reduction in marketing expense.
- $3.0 million, or 49%, reduction in professional services.

Partially offset by:

- $15.9 million increase in expenses related to the continued expansion of our Giant Eagle and Meijer In-stores branch network, and the development of our credit card product.

Regional and Commercial Banking

Table 41—Key Performance Indicators for Regional and Commercial Banking

	Nine Months Ended September 30,		Change	
(dollar amounts in thousands unless otherwise noted)	**2013**	2012	Amount	Percent
Net interest income	**$ 206,512**	$ 202,116	$ 4,396	2%
Provision for credit losses	**34,838**	42,542	(7,704)	(18)
Noninterest income	**106,349**	100,724	5,625	6
Noninterest expense	**163,232**	148,219	15,013	10
Provision for income taxes	**40,177**	39,228	949	2
Net income	**$ 74,614**	$ 72,851	$ 1,763	2%
Number of employees (full-time equivalent)	**704**	710	(6)	(1)%
Total average assets *(in millions)*	**$ 11,873**	$ 10,850	$ 1,023	9
Total average loans/leases *(in millions)*	**11,064**	9,969	1,095	11
Total average deposits *(in millions)*	**5,697**	5,056	641	13
Net interest margin	**2.60%**	2.79%	(0.19)%	(7)
NCOs	**$ (6,267)**	$ 25,688	$(31,955)	(124)
NCOs as a% of average loans and leases	**(0.08)%**	0.34%	(0.42)%	(124)
Return on average common equity	**9.5**	11.3	(1.8)	(16)

2013 First Nine Months vs. 2012 First Nine Months

Regional and Commercial Banking reported net income of $74.6 million in the first nine-month period of 2013. This was an increase of $1.8 million, or 2%, compared to the year-ago period. The increase in net income reflected a combination of factors described below.

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

- $1.1 billion, or 11%, increase in total average loans and leases.
- $0.6 billion, or 13%, increase in average total deposits.

Partially offset by:

- 19 basis point decrease in the net interest margin due to compressed deposit spreads resulting from declining rates and reduced funds transfer prices rates, partially offset by a small increase on the commercial loan spread.

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

- $0.4 billion, or 20%, increase in the equipment finance portfolio average balance, which reflected our focus on developing vertical strategies in business aircraft, rail industry, lender finance, and syndications.
- $0.4 billion, or 39%, increase in the healthcare portfolio average balance due to strategic focus on the banking needs of the healthcare industry, specifically targeting alternate site real estate, seniors' real estate, medical technology, community hospitals, metro hospitals, and health care services.
- $0.2 billion, or 5%, in the middle market portfolio average balance primarily in our major metro markets overcoming a $0.3 billion or 7% reduction in the funded balances of lines of credit due to a reduction in the average utilization rate.

Partially offset by:

- $0.2 billion, or 42%, decrease in commercial loans managed by SAD, which reflected improved credit quality in the portfolio.

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

- $0.6 billion, or 13%, increase in core deposits, which primarily reflected a $0.3 billion increase in noninterest-bearing demand deposits. Regional and Commercial Banking initiated a strategic focus to gain a deeper share of wallet with certain key relationships. This focus was specifically targeted to liquidity solutions for these customers and resulted in significant deposit growth. Middle market accounts, such as not-for-profit universities and healthcare, contributed $0.5 billion of the balance growth, while large corporate accounts contributed $0.1 billion.

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

- A continued improvement in the credit quality of the portfolio, as evidenced by a 42 basis point reduction in NCOs and a $34 million decline in NALs.

Partially offset by:

- A 2013 third quarter increase in provision expense, as a result of our enhanced commercial risk rating system that increases the granularity of the risk ratings resulting in an increase in the portfolio risk rating profile, as well as an overall net increase in the exposure at default assumption included in the AULC component of our allowance calculation. However, there was a net reduction in loss given default rates within the C&I portfolio due to the incorporation of current collateral values in the risk determination process.

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

- $6.8 million, or 31%, increase in commitment and other loan fees primarily reflecting increased syndications activity.
- $3.3 million, or 630%, increase in equipment finance fee income primarily driven by an increase in equipment lease termination income attributed to continued growth in the portfolio.

Partially offset by:

- $3.1 million, or 10%, decrease in deposit service charge income and other Treasury Management related revenue reflecting the impact of earnings credits by our customers.
- $1.3 million, or 4%, decrease in capital markets related income attributed to a $2.2 million, or 13%, decrease in sales of customer interest rate protection products, partially offset by a $0.8 million or 10% increase in foreign exchange revenue.

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

- $10.8 million, or 14%, increase in personnel costs, primarily attributable to our strategic investments in our core footprint markets, vertical strategies, and product capabilities.
- $4.9 million, or 28%, increase in allocated overhead.
- $2.6 million, or 41%, increase in outside data processing and other services, primarily attributed to Treasury Management products and services, such as the new Commercial Card product implemented in 2013.

Partially offset by:

- $1.7 million, or 19%, decrease in credit quality related expenses reflecting the continued improvement in the commercial loan portfolio as evidenced by a 42% reduction in the average balance of the SAD portfolio compared to the year ago period.

Automobile Finance and Commercial Real Estate

Table 42—Key Performance Indicators for Automobile Finance and Commercial Real Estate

	Nine Months Ended September 30,		Change	
(dollar amounts in thousands unless otherwise noted)	**2013**	2012	Amount	Percent
Net interest income	**$ 265,733**	$ 266,765	$ (1,032)	(0)%
Provision (reduction in allowance) for credit losses	**(82,381)**	(61,030)	21,351	35
Noninterest income	**23,877**	55,018	(31,141)	(57)
Noninterest expense	**112,440**	115,802	(3,362)	(3)
Provision for income taxes	**90,843**	93,454	(2,611)	(3)
Net income	**$ 168,708**	$ 173,557	$ (4,849)	(3)%
Number of employees (full-time equivalent)	**271**	270	1	0%
Total average assets *(in millions)*	**$ 12,414**	$ 12,548	$ (134)	(1)
Total average loans/leases *(in millions)*	**11,795**	11,435	360	3
Total average deposits *(in millions)*	**965**	869	96	11
Net interest margin	**2.85%**	2.81%	0.04%	1
NCOs	**$ 30,965**	$ 69,648	$(38,683)	(56)
NCOs as a% of average loans and leases	**0.35%**	0.81%	(0.46)%	(57)
Return on average common equity	**40.9**	38.6	2.3	6

2013 First Nine Months vs. 2012 First Nine Months

AFCRE reported net income of $168.7 million in the first nine-month period of 2013. This was a decrease of $4.8 million, or 3%, compared to the year-ago period. The decrease in net income reflected a combination of factors described below.

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

- $0.6 billion, or 75%, decrease in average loans held for sale related to automobile loan securitization activities.
- $0.4 billion, or 3%, increase in average loans reflecting a $0.7 billion, or 15%, decrease in commercial real estate loans offset by a $0.9 billion, or 19%, increase in automobile loans and a $0.2 billion, or 17%, increase in automobile floor plan loans.
- 4 basis point increase in the net interest margin. This increase primarily reflected purchase accounting adjustments related to certain acquired commercial and commercial real estate loan portfolios, as well as the continuation of our risk-based pricing strategies in the CRE portfolio and maintaining our pricing discipline on automobile loan originations.

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

- A $38.7 million decrease in net charge-offs primarily due to a net overall improvement in the real estate market. The market improvement is reflected in both the number of defaults and the LGD rates, which are driven primarily by real estate recovery rates. Under our enhanced reserve methodology, these rates are now applied on a more granular basis based on type of collateral securing the loan and more fully incorporate the LTV position in the collateral.

Partially offset by:

- A $17.3 million reduction in the levels of reserve releases associated with declines in non-performing loans. During the first nine month period of 2013, NALs declined by $35.0 million as compared to $91.0 million in the year ago period.

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

- $24.9 million, or 100%, decrease in gains on sales of loans resulting from the securitization and sale of $1.5 billion of indirect auto loans during the first nine months of 2012, with no similar transactions occurring in 2013.

- $6.8 million, or 78%, decrease in operating lease income resulting from the continued runoff of that portfolio, as we exited that business at the end of 2008.

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

- $5.2 million, or 78%, decrease in operating lease expense resulting from the continued runoff of that portfolio.

Wealth Advisors, Government Finance, and Home Lending

Table 43—Key Performance Indicators for Wealth Advisors, Government Finance, and Home Lending

(dollar amounts in thousands unless otherwise noted)	Nine Months Ended September 30, 2013	2012	Change Amount	Percent
Net interest income	**$ 129,392**	$ 143,396	$(14,004)	(10)%
Provision for credit losses	**12,063**	23,185	(11,122)	(48)
Noninterest income	**234,493**	250,370	(15,877)	(6)
Noninterest expense	**276,856**	279,988	(3,132)	(1)
Provision for income taxes	**26,238**	31,708	(5,470)	(17)
Net income	**$ 48,728**	$ 58,885	$(10,157)	(17)%
Number of employees (full-time equivalent)	**2,079**	2,089	(10)	— %
Total average assets *(in millions)*	**$ 7,496**	$ 7,584	$ (88)	(1)
Total average loans/leases *(in millions)*	**5,825**	5,974	(149)	(2)
Total average deposits *(in millions)*	**9,711**	9,656	55	1
Net interest margin	**1.76%**	1.87%	(0.11)%	(6)
NCOs	**$ 18,989**	$ 32,874	$(13,885)	(42)
NCOs as a% of average loans and leases	**0.43%**	0.73%	(0.30)%	(41)
Return on average common equity	**9.1**	10.6	(1.5)	(14)
Mortgage banking origination volume (in millions)	**$ 3,625**	$ 3,672	$ (47)	(1)
Noninterest income shared with other business segments(1)	**31,408**	35,281	(3,873)	(11)
Total assets under management *(in billions)—eop*	**17.0**	15.5	1.5	10
Total trust assets *(in billions)—eop*	**78.7**	66.1	12.6	19

(1) Amount is not included in noninterest income reported above.
eop—End of Period.

2013 First Nine Months vs. 2012 First Nine Months

WGH reported net income of $48.8 million in the first nine-month period of 2013. This was a decrease of $10.2 million, or 17%, when compared to the year-ago period. The decrease in net income reflected a combination of factors described below.

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

- 11 basis point decrease in the net interest margin, primarily due to compressed deposit margins resulting from declining rates and reduced FTP rates.
- $0.1 billion, or 2%, decrease in average total loans and leases.

Partially offset by:

- $0.1 billion, or 1%, increase in average total deposits.

The decrease in provision for credit losses reflected:

- $29.7 million, or 11%, decrease in delinquencies.
- $14.0 million, or 9%, decrease in classified assets, which includes a small number of large balance loans.
- $13.9 million, or 42%, decline in NCOs.

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

- $24.7 million, or 23%, decrease in mortgage banking income due to a higher percentage of mortgages retained on the balance sheet and narrower spread on production.

Partially offset by:

- $5.5 million, or 71%, increase in other income, primarily due to a gain on sale of certain Low Income Housing Tax Credit investments.
- $1.2 million, or 18%, increase in service charges on deposit accounts.

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

- $2.3 million, or 9%, decrease in outside data processing and other services expense.
- $2.2 million, or 4%, decrease in other expenses, primarily due lower mortgage repurchase expense.

Partially offset by:

- $4.0 million, or 3%, increase in personnel costs.

ADDITIONAL DISCLOSURES

Forward-Looking Statements

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

While there is no assurance that any list of risks and uncertainties or risk factors is complete, below are certain factors which could cause actual results to differ materially from those contained or implied in the forward-looking statements: (1) worsening of credit quality performance due to a number of factors such as the underlying value of collateral that could prove less valuable than otherwise assumed and assumed cash flows may be worse than expected; (2) changes in general economic, political, or industry conditions; uncertainty in U.S. fiscal and monetary policy, including the interest rate policies of the Federal Reserve Board; volatility and disruptions in global capital and credit markets; (3) movements in interest rates; (4) competitive pressures on product pricing and services; (5) success, impact, and timing of our business strategies, including market acceptance of any new products or services implementing our “Fair Play” banking philosophy; (6) changes in accounting policies and principles and the accuracy of our assumptions and estimates used to prepare our financial statements; (7) extended disruption of vital infrastructure; (8) the final outcome of significant litigation; (9) the nature, extent, timing, and results of governmental actions, examinations, reviews, reforms, regulations, and interpretations, including those related to the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Basel III regulatory capital reforms, as well as those involving the OCC, Federal Reserve, and CFPB; and (10) the outcome of judicial and regulatory decisions regarding practices in the residential mortgage industry, including among other things the processes followed for foreclosing residential mortgages. Additional factors that could cause results to differ materially from those described above can be found in our 2012 Annual Report on Form 10-K and documents subsequently filed by us with the Securities and Exchange Commission.

All forward-looking statements speak only as of the date they are made and are based on information available at that time. We assume no obligation to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements were made or to reflect the occurrence of unanticipated events except as required by federal securities laws. As forward-looking statements involve significant risks and uncertainties, caution should be exercised against placing undue reliance on such statements.

Non-Regulatory Capital Ratios

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

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

These non-regulatory capital ratios are viewed by management as useful additional methods of reflecting the level of capital available to withstand unexpected market conditions. Additionally, presentation of these ratios allows readers to compare the Company’s capitalization to other financial services companies. These ratios differ from capital ratios defined by banking regulators principally in that the numerator excludes preferred securities, the nature and extent of which varies among different financial services companies. These ratios are not defined in Generally Accepted Accounting Principles (“GAAP”) or federal banking regulations. As a result, these non-regulatory capital ratios disclosed by the Company may be 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. Basel III Tier 1 common capital ratio estimates are based on management’s current interpretation, expectations, and understanding of the final U.S. Basel III rules adopted by the Federal Reserve Board and released on July 2, 2013.

Risk Factors

Information on risk is discussed in the Risk Factors section included in Item 1A of our 2012 Form 10-K. Additional information regarding risk factors can also be found in the Risk Management and Capital discussion of this report.

Critical Accounting Policies and Use of Significant Estimates

Our financial statements are prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires us to establish critical accounting policies and make accounting estimates, assumptions, and judgments that affect amounts recorded and reported in our financial statements. Note 1 of Notes to Consolidated Financial Statements included in our 2012 Form 10-K, as supplemented by this report, lists significant accounting policies we use in the development and presentation of our financial statements. This MD&A, the significant accounting policies, and other financial statement disclosures identify and address key variables and other qualitative and quantitative factors necessary for an understanding and evaluation of our company, financial position, results of operations, and cash flows.

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

Our most significant accounting estimates relate to our ACL, income taxes and deferred tax assets, and fair value measurements of investment securities, goodwill, pension, and other real estate owned. These significant accounting estimates and their related application are discussed in our 2012 Form 10-K.

Recent Accounting Pronouncements and Developments

Note 2 to the Unaudited Condensed Consolidated Financial Statements discusses new accounting pronouncements adopted during 2013 and the expected impact of accounting pronouncements recently issued but not yet required to be adopted. To the extent the adoption of new accounting standards materially affect financial condition, results of operations, or liquidity, the impacts are discussed in the applicable section of this MD&A and the Notes to Unaudited Condensed Consolidated Financial Statements.

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Item 1: Financial Statements

Huntington Bancshares Incorporated
Condensed Consolidated Balance Sheets
(Unaudited)

(dollar amounts in thousands, except number of shares)	2013 September 30,	2012 December 31,
Assets		
Cash and due from banks	**$ 1,107,658**	$ 1,262,806
Interest-bearing deposits in banks	**63,100**	70,921
Trading account securities	**74,167**	91,205
Loans held for sale (includes $313,099 and $452,949 respectively, measured at fair value) (1)	**345,621**	764,309
Available-for-sale and other securities	**6,446,681**	7,566,175
Held-to-maturity securities	**2,236,121**	1,743,876
Loans and leases (includes $69,780 and $142,762 respectively, measured at fair value) (2)	**42,555,833**	40,728,425
Allowance for loan and lease losses	**(666,030)**	(769,075)
Net loans and leases	**41,889,803**	39,959,350
Bank owned life insurance	**1,633,247**	1,596,056
Premises and equipment	**639,632**	617,257
Goodwill	**444,268**	444,268
Other intangible assets	**103,512**	132,157
Accrued income and other assets	**1,664,441**	1,904,805
Total assets	**$ 56,648,251**	$ 56,153,185
Liabilities and shareholders' equity		
Liabilities		
Deposits	**$ 46,564,046**	$ 46,252,683
Short-term borrowings	**660,932**	589,814
Federal Home Loan Bank advances	**333,352**	1,008,959
Other long-term debt	**904,668**	158,784
Subordinated notes	**1,111,598**	1,197,091
Accrued expenses and other liabilities	**1,112,076**	1,155,643
Total liabilities	**50,686,672**	50,362,974
Shareholders' equity		
Preferred stock—authorized 6,617,808 shares:		
Series A, 8.50% fixed rate, non-cumulative perpetual convertible preferred stock, par value of $0.01, and liquidation value per share of $1,000	**362,507**	362,507
Series B, floating rate, non-voting, non-cumulative perpetual preferred stock, par value of $0.01, and liquidation value per share of $1,000	**23,785**	23,785
Common stock	**8,315**	8,441
Capital surplus	**7,387,033**	7,475,149
Less treasury shares, at cost	**(10,893)**	(10,921)
Accumulated other comprehensive loss	**(230,767)**	(150,817)
Retained (deficit) earnings	**(1,578,401)**	(1,917,933)
Total shareholders' equity	**5,961,579**	5,790,211
Total liabilities and shareholders' equity	**$ 56,648,251**	$ 56,153,185
Common shares authorized (par value of $0.01)	**1,500,000,000**	1,500,000,000
Common shares issued	**831,516,546**	844,105,349
Common shares outstanding	**830,144,646**	842,812,709
Treasury shares outstanding	**1,371,900**	1,292,640
Preferred shares issued	**1,967,071**	1,967,071
Preferred shares outstanding	**398,007**	398,007

(1) Amounts represent loans for which Huntington has elected the fair value option.
(2) Amounts represent certain assets of a consolidated VIE for which Huntington has elected the fair value option.

See Notes to Unaudited Condensed Consolidated Financial Statements

Huntington Bancshares Incorporated
Condensed Consolidated Statements of Income
(Unaudited)

(dollar amounts in thousands, except per share amounts)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Interest and fee income:				
Loans and leases	**$408,998**	$415,322	**$1,221,322**	$1,256,229
Available-for-sale and other securities				
Taxable	**35,280**	45,937	**114,004**	143,005
Tax-exempt	**2,677**	2,224	**8,052**	6,547
Held-to-maturity securities—taxable	**12,219**	5,592	**31,835**	14,844
Other	**3,738**	14,712	**15,600**	30,643
Total interest income	**462,912**	483,787	**1,390,813**	1,451,268
Interest expense:				
Deposits	**27,655**	40,880	**89,281**	126,450
Short-term borrowings	**158**	544	**571**	1,685
Federal Home Loan Bank advances	**197**	135	**771**	690
Subordinated notes and other long-term debt	**10,050**	11,930	**26,231**	45,974
Total interest expense	**38,060**	53,489	**116,854**	174,799
Net interest income	**424,852**	430,298	**1,273,959**	1,276,469
Provision for credit losses	**11,400**	37,004	**65,714**	107,930
Net interest income after provision for credit losses	**413,452**	393,294	**1,208,245**	1,168,539
Service charges on deposit accounts	**72,918**	67,806	**201,810**	194,096
Mortgage banking	**23,621**	44,614	**102,528**	129,381
Trust services	**30,470**	29,689	**92,296**	90,509
Electronic banking	**24,282**	22,135	**68,340**	61,279
Brokerage	**16,532**	16,526	**54,073**	54,811
Insurance	**17,269**	17,792	**53,708**	54,051
Gain on sale of loans	**5,063**	6,591	**11,027**	37,492
Bank owned life insurance income	**13,740**	14,371	**42,603**	42,275
Capital markets fees	**12,825**	11,805	**32,888**	35,242
Net gains on sales of securities	**184**	4,285	**981**	5,512
Impairment losses recognized in earnings on available-for-sale securities	**(86)**	(116)	**(1,802)**	(1,606)
Other noninterest income	**33,685**	25,569	**92,915**	97,164
Total noninterest income	**250,503**	261,067	**751,367**	800,206
Personnel costs	**229,326**	247,709	**752,083**	734,241
Outside data processing and other services	**49,313**	49,880	**148,476**	140,087
Net occupancy	**35,591**	27,599	**93,361**	82,152
Equipment	**28,191**	25,950	**78,018**	76,367
Deposit and other insurance expense	**11,155**	15,534	**40,105**	52,003
Professional services	**12,487**	18,024	**29,020**	44,712
Marketing	**12,271**	20,178	**37,481**	58,319
Amortization of intangibles	**10,362**	11,431	**31,044**	34,902
OREO and foreclosure expense	**2,053**	4,982	**4,448**	14,038
Loss (Gain) on extinguishment of debt	**—**	1,782	**—**	(798)
Other noninterest expense	**32,587**	35,234	**97,958**	129,225
Total noninterest expense	**423,336**	458,303	**1,311,994**	1,365,248
Income before income taxes	**240,619**	196,058	**647,618**	603,497
Provision for income taxes	**62,132**	28,291	**166,700**	129,754
Net income	**178,487**	167,767	**480,918**	473,743
Dividends on preferred shares	**7,967**	7,983	**23,904**	24,016
Net income applicable to common shares	**$170,520**	$159,784	**$ 457,014**	$ 449,727
Average common shares—basic	**830,398**	857,871	**835,410**	861,543
Average common shares—diluted	**841,025**	863,588	**844,524**	866,768
Per common share:				
Net income—basic	**$ 0.21**	$ 0.19	**$ 0.55**	$ 0.52
Net income—diluted	**0.20**	0.19	**0.54**	0.52
Cash dividends declared	**0.05**	0.04	**0.14**	0.12
OTTI losses for the periods presented:				
Total OTTI losses	**$ (92)**	$ (253)	**$ (1,808)**	$ (1,822)
Noncredit-related portion of loss recognized in OCI	**6**	137	**6**	216
Impairment losses recognized in earnings on available-for-sale securities	**$ (86)**	$ (116)	**$ (1,802)**	$ (1,606)

See Notes to Unaudited Condensed Consolidated Financial Statements

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

(dollar amounts in thousands)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Net income	**$ 178,487**	$ 167,767	**$ 480,918**	$ 473,743
Other comprehensive income, net of tax:				
Unrealized gains on available-for-sale and other securities:				
Non-credit-related impairment recoveries on debt securities not expected to be sold	**1,934**	6,059	**9,742**	10,123
Unrealized net gains (losses) on available-for-sale and other securities arising during the period, net of reclassification for net realized gains	**4,594**	36,739	**(77,449)**	57,301
Total unrealized gains (losses) on available-for-sale and other securities	**6,528**	42,798	**(67,707)**	67,424
Unrealized gains (losses) on cash flow hedging derivatives	**15,332**	5,394	**(54,048)**	12,068
Change in accumulated unrealized losses for pension and other post-retirement obligations	**31,109**	3,243	**41,805**	9,729
Other comprehensive income (loss)	**52,969**	51,435	**(79,950)**	89,221
Comprehensive income	**$ 231,456**	$ 219,202	**$ 400,968**	$ 562,964

See Notes to Unaudited Condensed Consolidated Financial Statements

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

(All amounts in thousands, except for per share amounts)	Preferred Stock Series A Shares	Preferred Stock Series A Amount	Preferred Stock Series B Floating Rate Shares	Preferred Stock Series B Floating Rate Amount	Common Stock Shares	Common Stock Amount	Capital Surplus	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Loss	Retained Earnings (Deficit)	Total
Nine Months Ended September 30, 2012												
Balance, beginning of period	363	$362,507	35	$23,785	865,585	$ 8,656	$7,596,809	(1,178)	$(10,255)	$ (173,763)	$(2,389,639)	$5,418,100
Net income											473,743	473,743
Other comprehensive income (loss)										89,221		89,221
Repurchase of common stock					(10,168)	(102)	(65,201)					(65,303)
Cash dividends declared:												
Common ($0.12 per share)											(103,172)	(103,172)
Preferred Series A ($63.75 per share)											(23,110)	(23,110)
Preferred Series B ($25.54 per share)											(906)	(906)
Recognition of the fair value of share-based compensation							19,958					19,958
Other share-based compensation activity					1,331	13	(66)				(218)	(271)
Other							9	(85)	(562)		(103)	(656)
Balance, end of period	363	$362,507	35	$23,785	856,748	$ 8,567	$7,551,509	(1,263)	$(10,817)	$ (84,542)	$(2,043,405)	$5,807,604
Nine Months Ended September 30, 2013												
Balance, beginning of period	**363**	**$362,507**	**35**	**$23,785**	**844,105**	**$ 8,441**	**$7,475,149**	**(1,292)**	**$(10,921)**	**$ (150,817)**	**$(1,917,933)**	**$5,790,211**
Net income											**480,918**	**480,918**
Other comprehensive income (loss)										**(79,950)**		**(79,950)**
Repurchases of common stock					**(16,708)**	**(167)**	**(124,828)**					**(124,995)**
Cash dividends declared:												
Common ($0.14 per share)											**(116,648)**	**(116,648)**
Preferred Series A ($63.75 per share)											**(23,110)**	**(23,110)**
Preferred Series B ($22.37 per share)											**(794)**	**(794)**
Recognition of the fair value of share-based compensation							**27,643**					**27,643**
Other share-based compensation activity					**4,119**	**41**	**9,648**				**(817)**	**8,872**
Other							**(579)**	**(79)**	**28**		**(17)**	**(568)**
Balance, end of period	**363**	**$362,507**	**35**	**$23,785**	**831,516**	**$ 8,315**	**$7,387,033**	**(1,371)**	**$(10,893)**	**$ (230,767)**	**$(1,578,401)**	**$5,961,579**

See Notes to Unaudited Condensed Consolidated Financial Statements

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

(dollar amounts in thousands)	Nine Months Ended September 30, 2013	2012
Operating activities		
Net income	**$ 480,918**	473,743
Provision for credit losses	**65,714**	107,930
Depreciation and amortization	**210,311**	208,041
Share-based compensation expense	**27,643**	19,958
Change in deferred income taxes	**54,008**	151,449
Originations of loans held for sale	**(2,276,606)**	(2,852,920)
Principal payments on and proceeds from loans held for sale	**2,435,673**	2,724,950
Gain on sale of loans held for sale	**(42,963)**	(34,292)
Gain on early extinguishment of debt	**—**	(798)
Bargain purchase gain	**—**	(11,409)
Net gain on sales of securities	**(981)**	(5,512)
Impairment losses recognized in earnings on available-for-sale securities	**1,802**	1,606
Net change in:		
Trading account securities	**17,038**	(46,071)
Accrued income and other assets	**(36,823)**	473,451
Accrued expense and other liabilities	**(122,913)**	(535,448)
Net cash provided by (used for) operating activities	**813,294**	674,678
Investing activities		
Increase (decrease) in interest bearing deposits in banks	**103,781**	79,398
Net cash received from acquisition	**—**	40,310
Proceeds from:		
Maturities and calls of available-for-sale and other securities	**1,161,018**	1,389,995
Maturities of held-to-maturity securities	**195,369**	69,822
Sales of available-for-sale and other securities	**362,434**	830,528
Purchases of available-for-sale and other securities	**(830,992)**	(2,074,313)
Purchases of held-to-maturity securities	**(397,309)**	(734,740)
Net proceeds from sales of loans	**341,751**	1,799,770
Net loan and lease activity, excluding sales	**(2,091,670)**	(2,532,577)
Proceeds from sale of operating lease assets	**9,146**	23,634
Purchases of premises and equipment	**(89,100)**	(82,862)
Proceeds from sales of other real estate	**27,671**	26,832
Purchases of loans and leases	**(7,417)**	(451,829)
Other, net	**2,550**	3,497
Net cash provided by (used for) investing activities	**(1,212,768)**	(1,612,535)
Financing activities		
Increase (decrease) in deposits	**315,008**	2,749,959
Increase (decrease) in short-term borrowings	**155,454**	(291,267)
Maturity/redemption of subordinated notes	**(50,000)**	(202,895)
Proceeds from Federal Home Loan Bank advances	**2,600,000**	815,000
Maturity/redemption of Federal Home Loan Bank advances	**(3,275,648)**	(1,213,815)
Issuance of long-term debt	**748,727**	—
Maturity/redemption of long-term debt	**(2,086)**	(1,044,348)
Dividends paid on preferred stock	**(23,910)**	(23,736)
Dividends paid on common stock	**(109,046)**	(103,400)
Repurchases of common stock	**(124,995)**	(65,303)
Other, net	**10,822**	(705)
Net cash provided by (used for) financing activities	**244,326**	619,490
Increase (decrease) in cash and cash equivalents	**(155,148)**	(318,367)
Cash and cash equivalents at beginning of period	**1,262,806**	1,115,968
Cash and cash equivalents at end of period	**$ 1,107,658**	$ 797,601
Supplemental disclosures:		
Income taxes paid (refunded)	**$ 99,538**	5,581
Interest paid	**116,945**	180,267
Non-cash activities		
Securities transferred to held-to-maturity from available-for-sale	**292,164**	278,748
Loans transferred to held-for-sale from portfolio	**50,344**	1,656,486
Loans transferred to portfolio from held-for-sale	**307,303**	—
Dividends accrued, paid in subsequent quarter	**47,907**	47,824

See Notes to Unaudited Condensed Consolidated Financial Statements.

Huntington Bancshares Incorporated
Notes to Unaudited Condensed Consolidated Financial Statements

1. BASIS OF PRESENTATION

The accompanying Unaudited Condensed Consolidated Financial Statements of Huntington reflect all adjustments consisting of normal recurring accruals which are, in the opinion of Management, necessary for a fair presentation of the consolidated financial position, the results of operations, and cash flows for the periods presented. These Unaudited Condensed Consolidated Financial Statements have been prepared according to the rules and regulations of the SEC and, therefore, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been omitted. The Notes to Consolidated Financial Statements appearing in Huntington's 2012 Form 10-K, which include descriptions of significant accounting policies, as updated by the information contained in this report, should be read in conjunction with these interim financial statements.

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

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

2. ACCOUNTING STANDARDS UPDATE

ASU 2011-11 — Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities. The ASU amends Topic 210 by requiring additional improved information to be disclosed regarding financial instruments and derivative instruments that are offset in accordance with the conditions under ASC 210-20-45 or ASC 810-10-45 or subject to an enforceable master netting arrangement or similar agreement. The amendments are effective for annual and interim reporting periods beginning on or after January 1, 2013. The disclosures required by the amendments were applied retrospectively for all comparative periods presented (See Note 15). The amendments did not have a material impact on Huntington's Condensed Consolidated Financial Statements.

ASU 2013-01— Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities The ASU amends Update 2011-11 to clarify that the scope applies to derivatives, repurchase and reverse repurchase agreements, and securities borrowing and lending transactions that are either offset in accordance with Section 210-20-45 or Section 815-10-45 or subject to master netting or similar arrangements. Other types of financial assets and liabilities subject to master netting or similar arrangements are not subject to the disclosure requirements in Update 2011-11. The amendments are effective for fiscal years beginning on or after January 1, 2013, and interim periods within those annual periods (See Note 15). The amendments did not have a material impact on Huntington's Condensed Consolidated Financial Statements.

ASU 2013-02— Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. The ASU requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. The amendments are effective prospectively for reporting periods beginning after December 15, 2012 (See Note 9). The amendments did not have a material impact on Huntington's Condensed Consolidated Financial Statements

ASU 2013-11— Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. The ASU requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. However, if a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The amendments will not have a material impact on Huntington's Condensed Consolidated Financial Statements.

3. LOANS / LEASES AND ALLOWANCE FOR CREDIT LOSSES

Loans and leases for which Huntington has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are classified in the Unaudited Condensed Consolidated Balance Sheets as loans and leases. Except for loans which are accounted for at fair value, loans and leases are carried at the principal amount outstanding, net of unamortized deferred loan origination fees and costs and net of unearned income. At September 30, 2013, and December 31, 2012, the aggregate amount of these net unamortized deferred loan origination fees and costs and net unearned income was $172.5 million and $174.5 million, respectively.

Loan and Lease Portfolio Composition

The following table provides a detailed listing of Huntington's loan and lease portfolio at September 30, 2013 and December 31, 2012:

(dollar amounts in thousands)	**September 30, 2013**	December 31, 2012
Loans and leases:		
Commercial and industrial	**$17,334,533**	$16,970,689
Commercial real estate	**4,872,725**	5,399,240
Automobile	**6,317,112**	4,633,820
Home equity	**8,346,685**	8,335,342
Residential mortgage	**5,306,964**	4,969,672
Other consumer	**377,814**	419,662
Loans and leases	**42,555,833**	40,728,425
Allowance for loan and lease losses	**(666,030)**	(769,075)
Net loans and leases	**$41,889,803**	$39,959,350

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

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

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

Fidelity Bank acquisition

On March 30, 2012, Huntington acquired the loans of Fidelity Bank located in Dearborn, Michigan from the FDIC. Under the agreement, loans with a fair value of $523.9 million were transferred to Huntington. These loans were recorded at fair value in accordance with applicable accounting guidance, ASC 805. The fair values for the loans were estimated using discounted cash flow analyses using interest rates currently being offered for loans with similar terms (Level 3), and reflected an estimate of probable losses and the credit risk associated with the loans.

Purchased Credit-Impaired Loans

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

The following table presents a rollforward of the accretable yield for three-month and nine-month periods ended September 30, 2013 and 2012:

(dollar amounts in thousands)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Balance, beginning of period	**$ 32,705**	$ 24,761	**$ 23,251**	$ —
Impact of acquisition/purchase on March 30, 2012	**—**	—	**—**	27,586
Additions	**—**	—	**—**	—
Accretion	**(4,605)**	(2,982)	**(11,705)**	(5,807)
Reclassification from nonaccretable difference	**1,152**	——	**17,706**	—
Balance, end of period	**$ 29,252**	$ 21,779	**$ 29,252**	$ 21,779

At September 30, 2013, there was $2.2 million of allowance for loan losses recorded on the purchased impaired loan portfolio. The following table reflects the outstanding balance of all contractually required payments and carrying amounts of the acquired loans at September 30, 2013 and December 31, 2012:

(dollar amounts in thousands)	**September 30, 2013** Ending Balance	**September 30, 2013** Unpaid Balance	December 31, 2012 Ending Balance	December 31, 2012 Unpaid Balance
Commercial and industrial	**$ 43,638**	**$ 63,023**	$ 54,472	$ 80,294
Commercial real estate	**89,246**	**172,618**	126,923	226,093
Residential mortgage	**2,287**	**3,619**	2,243	4,104
Other consumer	**127**	**223**	140	245
Total	**$135,298**	**$239,483**	$183,778	$310,736

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Loan and Lease Purchases and Sales

The following table summarizes significant portfolio loan and lease purchase and sale activity for the three-month and nine-month periods ended September 30, 2013 and 2012:

(dollar amounts in thousands)	Commercial and Industrial	Commercial Real Estate	Automobile	Home Equity	Residential Mortgage	Other Consumer	Total
Portfolio loans and leases purchased during the:							
Three-month period ended September 30, 2013	**$ 28,432**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 28,432**
Nine-month period ended September 30, 2013	**$ 84,169**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 84,169**
Three-month period ended September 30, 2012	$ 58,638	$ —	$ —	$ —	$ —	$ —	$ 58,638
Nine-month period ended September 30, 2012	$ 536,139	$378,122	$ —	$13,025	$ 62,324	$ 85	$ 989,695
Portfolio loans and leases sold or transferred to loans held for sale during the:							
Three-month period ended September 30, 2013	**$ 70,823**	**$ —**	**$ —**	**$ —**	**$ 49,931**	**$ —**	**$ 120,754**
Nine-month period ended September 30, 2013	**$ 153,889**	**$ 3,991**	**$ —**	**$ —**	**$205,335**	**—**	**$ 363,215**
Three-month period ended September 30, 2012	$ 65,768	$ 4,812	$ —	$ —	$ —	$ —	$ 70,580
Nine-month period ended September 30, 2012	$ 190,933	$ 52,554	$2,783,748	$ —	$179,621	$ —	$3,206,856

NALs and Past Due Loans

Loans are considered past due when the contractual amounts due with respect to principal and interest are not received within 30 days of the contractual due date.

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

All classes within the C&I and CRE portfolios (except for purchased credit-impaired loans) are placed on nonaccrual status at 90-days past due. Residential mortgage loans are placed on nonaccrual status at 150-days past due, with the exception of residential mortgages guaranteed by government organizations which continue to accrue interest at the rate guaranteed by the government agency. First-lien home equity loans are placed on nonaccrual status at 150-days past due. Junior-lien home equity loans are placed on nonaccrual status at the earlier of 120-days past due or when the related first-lien loan has been identified as nonaccrual. Automobile and other consumer loans are generally charged-off when the loan is 120-days past due.

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

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

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

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The following table presents NALs by loan class at September 30, 2013 and December 31, 2012:

(dollar amounts in thousands)	2013 September 30,	2012 December 31,
Commercial and industrial:		
Owner occupied	**$ 43,493**	$ 53,009
Other commercial and industrial	**24,541**	37,696
Total commercial and industrial	**$ 68,034**	$ 90,705
Commercial real estate:		
Retail properties	**$ 30,383**	$ 31,791
Multi family	**11,295**	19,765
Office	**18,461**	30,341
Industrial and warehouse	**4,959**	6,841
Other commercial real estate	**15,197**	38,390
Total commercial real estate	**$ 80,295**	$ 127,128
Automobile	**$ 5,972**	$ 7,823
Home equity:		
Secured by first-lien	**$ 30,347**	$ 27,091
Secured by junior-lien	**32,198**	32,434
Total home equity	**$ 62,545**	$ 59,525
Residential mortgage	**$ 116,260**	$ 122,452
Other consumer	**$ —**	$ —
Total nonaccrual loans	**$ 333,106**	$ 407,633

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The following table presents an aging analysis of loans and leases, including past due loans, by loan class at September 30, 2013 and December 31, 2012: (1)

September 30, 2013							
	Past Due						90 or more days past due
(dollar amounts in thousands)	30-59 Days	60-89 Days	90 or more days	Total	Current	Total Loans and Leases	and accruing
Commercial and industrial:							
Owner occupied	**$ 7,858**	**$ 3,665**	**$ 30,621**	**$ 42,144**	**$ 4,349,691**	**$ 4,391,835**	**$ —**
Purchased credit-impaired	**402**	**774**	**19,217**	**20,393**	**23,245**	**43,638**	**19,217**
Other commercial and industrial	**11,235**	**3,297**	**10,109**	**24,641**	**12,874,419**	**12,899,060**	**—**
Total commercial and industrial	**$ 19,495**	**$ 7,736**	**$ 59,947**	**$ 87,178**	**$17,247,355**	**$17,334,533**	**$ 19,217 (2)**
Commercial real estate:							
Retail properties	**$ 2,822**	**$ 2,022**	**$ 5,851**	**$ 10,695**	**$ 1,224,025**	**$ 1,234,720**	**$ —**
Multi family	**2,059**	**823**	**8,253**	**11,135**	**960,380**	**971,515**	**—**
Office	**4,501**	**1,201**	**15,887**	**21,589**	**948,001**	**969,590**	**—**
Industrial and warehouse	**3,049**	**1,194**	**2,729**	**6,972**	**520,784**	**527,756**	**—**
Purchased credit-impaired	**2,545**	**3,109**	**44,026**	**49,680**	**39,566**	**89,246**	**44,026**
Other commercial real estate	**2,375**	**568**	**9,628**	**12,571**	**1,067,327**	**1,079,898**	**—**
Total commercial real estate	**$ 17,351**	**$ 8,917**	**$ 86,374**	**$112,642**	**$ 4,760,083**	**$ 4,872,725**	**$ 44,026 (2)**
Automobile	**$ 34,808**	**$ 7,554**	**$ 3,683**	**$ 46,045**	**$ 6,271,067**	**$ 6,317,112**	**$ 3,599**
Home equity:							
Secured by first-lien	**$ 17,554**	**$ 7,830**	**$ 28,877**	**$ 54,261**	**$ 4,699,206**	**$ 4,753,467**	**$ 6,493**
Secured by junior-lien	**31,079**	**14,030**	**30,418**	**75,527**	**3,517,691**	**3,593,218**	**6,551**
Total home equity	**$ 48,633**	**$ 21,860**	**$ 59,295**	**$129,788**	**$ 8,216,897**	**$ 8,346,685**	**$ 13,044**
Residential mortgage:							
Residential mortgage	**$114,101**	**$ 37,628**	**$ 164,564**	**$316,293**	**$ 4,988,384**	**$ 5,304,677**	**$ 95,569 (3)**
Purchased credit-impaired	**106**	**—**	**178**	**284**	**2,003**	**2,287**	**179**
Total residential mortgage	**$114,207**	**$ 37,628**	**$ 164,742**	**$316,577**	**$ 4,990,387**	**$ 5,306,964**	**$ 95,748**
Other consumer:							
Other consumer	**$ 6,326**	**$ 1,430**	**$ 1,100**	**$ 8,856**	**$ 368,831**	**$ 377,687**	**$ 1,102**
Purchased credit-impaired	**—**	**—**	**—**	**—**	**127**	**127**	**—**
Total other consumer	**$ 6,326**	**$ 1,430**	**$ 1,100**	**$ 8,856**	**$ 368,958**	**$ 377,814**	**$ 1,102**
Total loans and leases	**$240,820**	**$ 85,125**	**$ 375,141**	**$701,086**	**$41,854,747**	**$42,555,833**	**$ 176,736**

(dollar amounts in thousands)	December 31, 2012 Past Due 30-59 Days	60-89 Days	90 or more days	Total	Current	Total Loans and Leases	90 or more days past due and accruing
Commercial and industrial:							
Owner occupied	$ 11,409	$ 6,302	$ 31,997	$ 49,708	$ 4,236,211	$ 4,285,919	$ —
Purchased credit-impaired	986	3,533	26,648	31,167	23,305	54,472	26,648
Other commercial and industrial	20,273	4,211	14,786	39,270	12,591,028	12,630,298	—
Total commercial and industrial	$ 32,668	$ 14,046	$ 73,431	$120,145	$16,850,544	$16,970,689	$ 26,648(2)
Commercial real estate:							
Retail properties	$ 3,459	$ 4,203	$ 9,677	$ 17,339	$ 1,413,520	$ 1,430,859	$ —
Multi family	7,961	1,314	12,062	21,337	963,063	984,400	—
Office	1,054	2,415	23,335	26,804	909,310	936,114	—
Industrial and warehouse	6,597	118	5,433	12,148	584,754	596,902	—
Purchased credit-impaired	556	1,751	56,660	58,967	67,956	126,923	56,660
Other commercial real estate	2,725	2,192	25,463	30,380	1,293,662	1,324,042	—
Total commercial real estate	$ 22,352	$ 11,993	$ 132,630	$166,975	$ 5,232,265	$ 5,399,240	$ 56,660(2)
Automobile	$ 36,267	$ 7,803	$ 4,438	$ 48,508	$ 4,585,312	$ 4,633,820	$ 4,418
Home equity							
Secured by first-lien	$ 26,288	$ 9,992	$ 28,322	$ 64,602	$ 4,315,985	$ 4,380,587	$ 5,202
Secured by junior-lien	34,365	16,553	35,150	86,068	3,868,687	3,954,755	12,998
Total home equity	$ 60,653	$ 26,545	$ 63,472	$150,670	$ 8,184,672	$ 8,335,342	$ 18,200
Residential mortgage							
Residential mortgage	$118,582	$ 44,747	$ 164,035	$327,364	$ 4,640,065	$ 4,967,429	$ 92,925(4)
Purchased credit-impaired	58	—	609	667	1,576	2,243	609
Total residential mortgage	$118,640	$ 44,747	$ 164,644	$328,031	$ 4,641,641	$ 4,969,672	$ 93,534
Other consumer							
Other consumer	$ 7,431	$ 2,117	$ 1,672	$ 11,220	$ 408,302	$ 419,522	$ 1,672
Purchased credit-impaired	—	76	—	76	64	140	—
Total other consumer	$ 7,431	$ 2,193	$ 1,672	$ 11,296	$ 408,366	$ 419,662	$ 1,672
Total loans and leases	$278,011	$107,327	$ 440,287	$825,625	$39,902,800	$40,728,425	$ 201,132

(1) NALs are included in this aging analysis based on the loan's past due status.
(2) All amounts represent accruing purchased impaired loans related to the FDIC-assisted Fidelity Bank acquisition. Under the applicable accounting guidance (ASC 310-30), the loans were recorded at fair value upon acquisition and remain in accruing status.
(3) Includes $81,770 thousand guaranteed by the U.S. government.
(4) Includes $90,816 thousand guaranteed by the U.S. government.

Allowance for Credit Losses

Huntington maintains two reserves, both of which reflect Management's judgment regarding the appropriate level necessary to absorb credit losses inherent in our loan and lease portfolio: the ALLL and the AULC. Combined, these reserves comprise the total ACL. The determination of the ACL requires significant estimates, including the timing and amounts of expected future cash flows on impaired loans and leases, consideration of current economic conditions, and historical loss experience pertaining to pools of homogeneous loans and leases, all of which may be susceptible to change.

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

The ALLL consists of two components: (1) the transaction reserve, which includes a loan level allocation per ASC 310-10, specific reserves related to loans considered to be impaired, and loans involved in troubled debt restructurings allocated per ASC 310-40, and (2) the general reserve. The transaction reserve component includes both (1) an estimate of loss based on pools of commercial and consumer loans and leases with similar characteristics and (2) an estimate of loss based on an impairment review of each impaired C&I and CRE loan greater than $1.0 million. For the C&I and CRE portfolios, the estimate of loss based on pools of loans and leases with similar characteristics is made by applying a PD factor and a LGD factor to each individual loan based on a continuously updated loan grade, using a standardized loan grading system. The PD factor and an LGD factor are determined for each loan grade using statistical models based on historical performance data. The PD factor considers on-going reviews of the financial performance of the specific borrower, including cash flow, debt-service coverage ratio, earnings power, debt level, and equity position, in conjunction with an assessment of the borrower's industry and future prospects. The LGD factor considers analysis of the type of collateral and the relative LTV ratio. These reserve factors are developed based on credit migration models that track historical movements of loans between loan ratings over time and a combination of long-term average loss experience of our own portfolio and external industry data using a 24-month emergence period.

In the case of more homogeneous portfolios, such as automobile loans, home equity loans, and residential mortgage loans, the determination of the transaction reserve also incorporates PD and LGD factors. The estimate of loss is based on pools of loans and leases with similar characteristics. The PD factor considers current credit scores unless the account is delinquent, in which case a higher PD factor is used. The credit score provides a basis for understanding the borrowers past and current payment performance, and this information is used to estimate expected losses over the 12-month emergence period. The performance of first-lien loans ahead of our junior-lien loans is available to use as part of our updated score process. The LGD factor considers analysis of the type of collateral and the relative LTV ratio. Credit scores, models, analyses, and other factors used to determine both the PD and LGD factors are updated frequently to capture the recent behavioral characteristics of the subject portfolios, as well as any changes in loss mitigation or credit origination strategies, and adjustments to the reserve factors are made as required. Models utilized in the ALLL estimation process are subject to the Company's model validation policies.

The general reserve consists of the economic reserve and risk-profile reserve components. The economic reserve component considers the potential impact of changing market and economic conditions on portfolio performance. The risk-profile component considers items unique to our structure, policies, processes, and portfolio composition, as well as qualitative measurements and assessments of the loan portfolios including, but not limited to, management quality, concentrations, portfolio composition, industry comparisons, and internal review functions.

During the quarter, we made enhancements to our commercial risk rating system used for assessing credit risk when determining our ACL. The enhancements made during the quarter provide greater granularity in overall corporate risk ratings and incorporate a broader set of financial metrics in the determination of the PD and LGD. The PD and LGD factors combine to represent the transaction reserve component for a given credit exposure.

In conjunction with the enhancements to our commercial risk rating system noted above, we enhanced our process for incorporating risk inherent in the economic and risk profile components of our general reserve, which is discussed more fully in Note 1 of Form 10-K. These enhancements allow Huntington to better reflect the credit exposure inherent in our portfolio, as well as overall risks in the economic environment. These changes did not have a material impact on our overall ACL.

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

During a 2013 third quarter review of our consumer portfolios, we identified additional loans associated with borrowers who had filed Chapter 7 bankruptcy and had not reaffirmed their debt, thus meeting the definition of collateral dependent per OCC guidance, and as such, considered a concession, placed on nonaccrual status, and written down to collateral value, less anticipated selling costs. As a result of our review of the existing consumer portfolios, NCOs increased by $13.1 million and the ALLL increased by $6.0 million based on our estimated exposure. We will finalize the review during the 2013 fourth quarter.

The ACL is increased through a provision for credit losses that is charged to earnings, based on Management's quarterly evaluation of the factors previously mentioned, and is reduced by charge-offs, net of recoveries, and the ACL associated with securitized or sold loans. There were no material changes in assumptions or estimation techniques compared with prior periods that impacted the determination of the current period's ALLL and AULC.

The following table presents ALLL and AULC activity by portfolio segment for the three-month and nine-month periods ended September 30, 2013 and 2012:

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

(dollar amounts in thousands)	Commercial and Industrial	Commercial Real Estate	Automobile	Home Equity	Residential Mortgage	Other Consumer	Total
Three-month period ended September 30, 2012:							
ALLL balance, beginning of period	$ 280,548	$ 305,391	$ 30,217	$135,562	$ 78,015	$ 29,913	$ 859,646
Loan charge-offs	(22,522)	(26,513)	(7,925)	(48,710)	(17,644)	(8,872)	(132,186)
Recoveries of loans previously charged-off	9,499	9,139	3,906	2,114	764	1,669	27,091
Provision for loan and lease losses	(10,444)	(7,641)	7,187	33,639	5,809	5,869	34,419
Allowance for loans sold or transferred to loans held for sale	—	—	(104)	—	276	—	172
ALLL balance, end of period	$ 257,081	$ 280,376	$ 33,281	$122,605	$ 67,220	$ 28,579	$ 789,142
AULC balance, beginning of period	$ 42,844	$ 5,225	$ —	$ 2,190	$ 4	$ 715	$ 50,978
Provision for unfunded loan commitments and letters of credit	3,263	(125)	—	(513)	(1)	(39)	2,585
AULC balance, end of period	$ 46,107	$ 5,100	$ —	$ 1,677	$ 3	$ 676	$ 53,563
ACL balance, end of period	$ 303,188	$ 285,476	$ 33,281	$124,282	$ 67,223	$ 29,255	$ 842,705
Nine-month period ended September 30, 2012:							
ALLL balance, beginning of period	$ 275,367	$ 388,706	$ 38,282	$143,873	$ 87,194	$ 31,406	$ 964,828
Loan charge-offs	(79,746)	(83,662)	(20,534)	(97,058)	(41,292)	(25,946)	(348,238)
Recoveries of loans previously charged-off	22,550	26,604	12,988	5,688	3,056	5,020	75,906
Provision for loan and lease losses	38,910	(51,272)	7,784	70,102	19,200	18,099	102,823
Allowance for loans sold or transferred to loans held for sale	—	—	(5,239)	—	(938)	—	(6,177)
ALLL balance, end of period	$ 257,081	$ 280,376	$ 33,281	$122,605	$ 67,220	$ 28,579	$ 789,142
AULC balance, beginning of period	$ 39,658	$ 5,852	$ —	$ 2,134	$ 1	$ 811	$ 48,456
Provision for unfunded loan commitments and letters of credit	6,449	(752)	—	(457)	2	(135)	5,107
AULC balance, end of period	$ 46,107	$ 5,100	$ —	$ 1,677	$ 3	$ 676	$ 53,563
ACL balance, end of period	$ 303,188	$ 285,476	$ 33,281	$124,282	$ 67,223	$ 29,255	$ 842,705

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

C&I and CRE loans are either charged-off or written down to net realizable value at 90-days past due. Automobile loans and other consumer loans are charged-off at 120-days past due. First-lien and junior-lien home equity loans are charged-off to the estimated fair value of the collateral, less anticipated selling costs, at 150-days past due and 120-days past due, respectively. Residential mortgages are charged-off to the estimated fair value of the collateral, less anticipated selling costs, at 150-days past due.

Credit Quality Indicators

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

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

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

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

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

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

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

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

Huntington assesses the risk in the loan portfolio by utilizing numerous risk characteristics. The classifications described above, and also presented in the table below, represent one of those characteristics that are closely monitored in the overall credit risk management processes. The table below shows an increase in FICO scores less than 650 for the automobile portfolio, and to a lesser degree, the home equity and residential mortgage portfolios. These increases are proportional to growth in the portfolio and do not reflect a deterioration in asset quality for the portfolios, as other risk characteristics mitigate any increased level of risk associated with the FICO score distribution.

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The following table presents each loan and lease class by credit quality indicator at September 30, 2013 and December 31, 2012:

	September 30, 2013				
	Credit Risk Profile by UCS classification				
(dollar amounts in thousands)	Pass	OLEM	Substandard	Doubtful	Total
Commercial and industrial:					
Owner occupied	**$ 4,035,048**	**$ 169,877**	**$ 184,075**	**$ 2,835**	**$ 4,391,835**
Purchased credit-impaired	**5,123**	**1,970**	**35,635**	**910**	**43,638**
Other commercial and industrial	**12,297,970**	**213,288**	**383,695**	**4,107**	**12,899,060**
Total commercial and industrial	**$ 16,338,141**	**$ 385,135**	**$ 603,405**	**$ 7,852**	**$ 17,334,533**
Commercial real estate:					
Retail properties	**$ 1,103,417**	**$ 32,465**	**$ 98,838**	**$ —**	**$ 1,234,720**
Multi family	**916,230**	**14,715**	**40,456**	**114**	**971,515**
Office	**862,359**	**20,884**	**85,475**	**872**	**969,590**
Industrial and warehouse	**481,288**	**17,668**	**28,800**	**—**	**527,756**
Purchased credit-impaired	**11,988**	**5,941**	**71,317**	**—**	**89,246**
Other commercial real estate	**986,227**	**17,854**	**75,518**	**299**	**1,079,898**
Total commercial real estate	**$ 4,361,509**	**$ 109,527**	**$ 400,404**	**$ 1,285**	**$ 4,872,725**

	Credit Risk Profile by FICO score (1)				
	750+	650-749	<650	Other (2)	Total
Automobile	**$ 2,836,051**	**$ 2,427,360**	**$ 874,804**	**$ 178,897**	**$ 6,317,112**
Home equity:					
Secured by first-lien	**$ 2,946,368**	**$ 1,413,536**	**$ 316,154**	**$ 77,409**	**$ 4,753,467**
Secured by junior-lien	**1,827,991**	**1,264,222**	**429,749**	**71,256**	**3,593,218**
Total home equity	**$ 4,774,359**	**$ 2,677,758**	**$ 745,903**	**$ 148,665**	**$ 8,346,685**
Residential mortgage:					
Residential mortgage	**$ 2,772,000**	**$ 1,733,926**	**$ 714,181**	**$ 84,570**	**$ 5,304,677**
Purchased credit-impaired	**428**	**1,130**	**729**	**—**	**2,287**
Total residential mortgage	**$ 2,772,428**	**$ 1,735,056**	**$ 714,910**	**$ 84,570**	**$ 5,306,964**
Other consumer:					
Other consumer	**$ 148,866**	**$ 146,839**	**$ 44,214**	**$ 37,768**	**$ 377,687**
Purchased credit-impaired	**—**	**89**	**38**	**—**	**127**
Total other consumer	**$ 148,866**	**$ 146,928**	**$ 44,252**	**$ 37,768**	**$ 377,814**

	December 31, 2012				
	Credit Risk Profile by UCS classification				
(dollar amounts in thousands)	Pass	OLEM	Substandard	Doubtful	Total
Commercial and industrial:					
Owner occupied	$ 3,970,597	$ 108,731	$ 205,822	$ 769	$ 4,285,919
Purchased credit-impaired	1,663	6,555	46,254	—	54,472
Other commercial and industrial	12,146,017	145,111	337,805	1,365	12,630,298
Total commercial and industrial	$ 16,118,277	$ 260,397	$ 589,881	$ 2,134	$ 16,970,689
Commercial real estate:					
Retail properties	$ 1,184,987	$ 63,976	$ 181,896	$ —	$ 1,430,859
Multi family	902,616	24,098	57,548	138	984,400
Office	826,533	26,488	83,093	—	936,114
Industrial and warehouse	540,484	15,132	41,286	—	596,902
Purchased credit-impaired	10,052	18,085	98,786	—	126,923
Other commercial real estate	1,177,213	43,454	103,262	113	1,324,042
Total commercial real estate	$ 4,641,885	$ 191,233	$ 565,871	$ 251	$ 5,399,240

	Credit Risk Profile by FICO score (1)				
	750+	650-749	<650	Other (2)	Total
Automobile	$2,233,439	$1,900,824	$682,518	$117,039	$4,933,820(3)
Home equity:					
Secured by first-lien	$2,618,888	$1,345,621	$357,019	$ 59,059	$4,380,587
Secured by junior-lien	2,046,143	1,375,636	491,226	41,750	3,954,755
Total home equity	$4,665,031	$2,721,257	$848,245	$100,809	$8,335,342
Residential mortgage					
Residential mortgage	$2,561,210	$1,673,485	$711,750	$ 20,984	$4,967,429
Purchased credit-impaired	373	1,303	567	—	2,243
Total residential mortgage	$2,561,583	$1,674,788	$712,317	$ 20,984	$4,969,672
Other consumer					
Other consumer	$ 169,792	$ 167,389	$ 59,815	$ 22,526	$ 419,522
Purchased credit-impaired	—	93	47	—	140
Total other consumer	$ 169,792	$ 167,482	$ 59,862	$ 22,526	$ 419,662

(1) Reflects currently updated customer credit scores.
(2) Reflects deferred fees and costs, loans in process, loans to legal entities, etc.
(3) Included $0.3 billion of loans reflected as loans held for sale related to an automobile securitization expected to be completed in 2013. During the 2013 second quarter, this amount was transferred from loans held for sale to the automobile portfolio based on Management's intent and ability to hold these loans for the foreseeable future.

Impaired Loans

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

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

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

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

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The following tables present the balance of the ALLL attributable to loans by portfolio segment individually and collectively evaluated for impairment and the related loan and lease balance at September 30, 2013 and December 31, 2012:

(dollar amounts in thousands)	Commercial and Industrial	Commercial Real Estate	Automobile	Home Equity	Residential Mortgage	Other Consumer	Total
ALLL at September 30, 2013:							
Portion of ALLL balance:							
Attributable to purchased credit-impaired loans	**$ 1,190**	**$ 916**	**$ —**	**$ —**	**$ 57**	**$ —**	**$ 2,163**
Attributable to loans individually evaluated for impairment	**10,340**	**30,704**	**676**	**5,015**	**12,711**	**77**	**59,523**
Attributable to loans collectively evaluated for impairment	**250,518**	**132,902**	**26,411**	**119,053**	**38,484**	**36,976**	**604,344**
Total ALLL balance	**$ 262,048**	**$ 164,522**	**$ 27,087**	**$ 124,068**	**$ 51,252**	**$ 37,053**	**$ 666,030**
Loan and Lease Ending Balances at September 30, 2013:							
Portion of loan and lease ending balance:							
Attributable to purchased credit-impaired loans	**$ 43,638**	**$ 89,246**	**$ —**	**$ —**	**$ 2,287**	**$ 127**	**$ 135,298**
Individually evaluated for impairment	**115,590**	**268,406**	**36,953**	**165,025**	**378,334**	**959**	**965,267**
Collectively evaluated for impairment	**17,175,305**	**4,515,073**	**6,280,159**	**8,181,660**	**4,926,343**	**376,728**	**41,455,268**
Total loans and leases evaluated for impairment	**$ 17,334,533**	**$ 4,872,725**	**$ 6,317,112**	**$ 8,346,685**	**$ 5,306,964**	**$ 377,814**	**$ 42,555,833**

(dollar amounts in thousands)	Commercial and Industrial	Commercial Real Estate	Automobile	Home Equity	Residential Mortgage	Other Consumer	Total
ALLL at December 31, 2012							
Portion of ALLL balance:							
Attributable to purchased credit-impaired loans	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Attributable to loans individually evaluated for impairment	11,694	31,133	1,446	4,783	14,176	213	63,445
Attributable to loans collectively evaluated for impairment	229,357	254,236	33,533	113,981	47,482	27,041	705,630
Total ALLL balance:	$ 241,051	$ 285,369	$ 34,979	$ 118,764	$ 61,658	$ 27,254	$ 769,075
Loan and Lease Ending Balances at December 31, 2012							
Portion of loan and lease ending balances:							
Attributable to purchased credit-impaired loans	$ 54,472	$ 126,923	$ —	$ —	$ 2,243	$ 140	$ 183,778
Individually evaluated for impairment	119,535	298,891	43,607	117,532	374,526	2,657	956,748
Collectively evaluated for impairment	16,796,682	4,973,426	4,590,213	8,217,810	4,592,903	416,865	39,587,899
Total loans and leases evaluated for impairment	$ 16,970,689	$ 5,399,240	$ 4,633,820	$ 8,335,342	$ 4,969,672	$ 419,662	$ 40,728,425

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

	September 30, 2013			Three Months Ended September 30, 2013		Nine Months Ended September 30, 2013	
(dollar amounts in thousands)	Ending Balance	Unpaid Principal Balance (5)	Related Allowance	Average Balance	Interest Income Recognized	Average Balance	Interest Income Recognized
With no related allowance recorded:							
Commercial and industrial:							
Owner occupied	$ 4,144	$ 4,185	$ —	$ 4,960	$ 42	$ 4,456	$ 126
Purchased credit-impaired	—	—	—	—	—	—	—
Other commercial and industrial	18,204	24,912	—	14,254	168	12,389	473
Total commercial and industrial	$ 22,348	$ 29,097	$ —	$ 19,214	$ 210	$ 16,845	$ 599
Commercial real estate:							
Retail properties	$ 40,698	$ 42,255	$ —	$ 38,514	$ 557	$ 47,186	$ 1,867
Multi family	4,197	4,315	—	4,203	63	4,836	220
Office	9,155	13,819	—	9,183	313	13,168	845
Industrial and warehouse	7,107	8,228	—	9,282	129	11,467	478
Purchased credit-impaired	—	—	—	—	—	—	—
Other commercial real estate	6,212	7,103	—	6,216	159	8,581	382
Total commercial real estate	$ 67,369	$ 75,720	$ —	$ 67,398	$ 1,221	$ 85,238	$ 3,792
Automobile	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Home equity:							
Secured by first-lien	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Secured by junior-lien	—	—	—	—	—	—	—
Total home equity	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential mortgage:							
Residential mortgage	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Purchased credit-impaired	—	—	—	—	—	—	—
Total residential mortgage	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other consumer							
Other consumer	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Purchased credit-impaired	127	223	—	129	4	139	11
Total other consumer	$ 127	$ 223	$ —	$ 129	$ 4	$ 139	$ 11
With an allowance recorded:							
Commercial and industrial: (3)							
Owner occupied	$ 40,258	$ 47,148	$ 4,052	$ 39,656	$ 332	$ 42,155	$ 1,024
Purchased credit-impaired	43,638	63,023	1,190	46,942	1,485	50,421	3,775
Other commercial and industrial	52,984	86,121	6,288	61,563	886	62,320	2,510
Total commercial and industrial	$136,880	$ 196,292	$ 11,530	$148,161	$ 2,703	$154,896	$ 7,309
Commercial real estate: (4)							
Retail properties	$ 87,520	$ 115,601	$ 6,587	$ 67,209	$ 448	$ 58,928	$ 1,303
Multi family	13,733	14,425	1,891	13,646	159	15,295	490
Office	54,762	60,471	12,969	49,486	490	46,543	1,291
Industrial and warehouse	13,167	14,479	1,376	10,381	303	16,535	671
Purchased credit-impaired	89,246	172,618	916	97,719	3,038	110,124	7,721
Other commercial real estate	31,855	40,401	7,881	32,579	332	37,436	1,150
Total commercial real estate	$290,283	$ 417,995	$ 31,620	$271,020	$ 4,770	$284,861	$ 12,626
Automobile	$ 36,953	$ 38,513	$ 676	$ 38,732	$ 817	$ 40,555	$ 2,121
Home equity:							
Secured by first-lien	$ 95,268	$ 98,189	$ 1,940	$ 90,952	$ 1,062	$ 92,723	$ 2,953
Secured by junior-lien	69,757	85,651	3,075	64,553	873	57,743	2,186
Total home equity	$165,025	$ 183,840	$ 5,015	$155,505	$ 1,935	$150,466	$ 5,139
Residential mortgage (6):							
Residential mortgage	$378,334	$3,420,179	$ 12,711	$356,855	$ 2,971	$365,148	$ 8,713
Purchased credit-impaired	2,287	3,619	57	2,169	78	2,232	198
Total residential mortgage	$380,621	$3,423,798	$ 12,768	$359,024	$ 3,049	$367,380	$ 8,911
Other consumer:							
Other consumer	$ 959	$ 959	$ 77	$ 2,171	$ 29	$ 2,378	$ 83
Purchased credit-impaired	—	—	—	—	—	—	—
Total other consumer	$ 959	$ 959	$ 77	$ 2,171	$ 29	$ 2,378	$ 83

(dollar amounts in thousands)	December 31, 2012 Ending Balance	December 31, 2012 Unpaid Principal Balance (5)	December 31, 2012 Related Allowance	Three Months Ended September 30, 2012 Average Balance	Three Months Ended September 30, 2012 Interest Income Recognized	Nine Months Ended September 30, 2012 Average Balance	Nine Months Ended September 30, 2012 Interest Income Recognized
With no related allowance recorded:							
Commercial and industrial:							
Owner occupied	$ 1,050	$ 1,091	$ —	$ 4,702	$ 1	$ 5,310	$ 61
Purchased credit-impaired	54,472	80,294	—	62,740	935	64,627	1,767
Other commercial and industrial	31,841	54,520	—	9,274	88	8,556	343
Total commercial and industrial	$ 87,363	$ 135,905	$ —	$ 76,716	$ 1,024	$ 78,493	$ 2,171
Commercial real estate:							
Retail properties	$ 54,216	$ 56,569	$ —	$ 53,317	$ 531	$ 52,127	$ 2,007
Multi family	5,719	5,862	—	5,413	85	5,879	278
Office	20,051	24,843	—	8,695	138	4,631	191
Industrial and warehouse	15,013	17,476	—	9,779	106	8,045	312
Purchased credit-impaired	126,923	226,093	—	134,279	2,004	138,858	3,954
Other commercial real estate	10,479	10,728	—	15,070	140	17,068	412
Total commercial real estate	$232,401	$ 341,571	$ —	$226,553	$ 3,004	$226,608	$ 7,154
Home equity:							
Secured by first-lien	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Secured by junior-lien	—	—	—	—	—	—	—
Total home equity	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential mortgage:							
Residential mortgage	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Purchased credit-impaired	2,243	4,104	—	2,293	34	3,947	68
Total residential mortgage	$ 2,243	$ 4,104	$ —	$ 2,293	$ 34	$ 3,947	$ 68
Other consumer							
Other consumer	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Purchased credit-impaired	140	245	—	626	9	782	18
Total other consumer	$ 140	$ 245	$ —	$ 626	$ 9	$ 782	$ 18
With an allowance recorded:							
Commercial and industrial: (3)							
Owner occupied	$ 46,266	$ 56,925	$ 5,730	$ 39,339	$ 303	$ 38,927	$ 998
Purchased credit-impaired	—	—	—	—	—	—	—
Other commercial and industrial	40,378	52,996	5,964	56,377	424	77,289	1,906
Total commercial and industrial	$ 86,644	$ 109,921	$ 11,694	$ 95,716	$ 727	$116,216	$ 2,904
Commercial real estate: (4)							
Retail properties	$ 65,004	$ 73,000	$ 8,144	$109,146	$ 848	$117,069	$ 4,032
Multi family	17,410	18,531	2,662	26,375	280	29,734	1,108
Office	40,375	45,164	9,214	10,394	52	16,954	210
Industrial and warehouse	22,450	25,374	1,092	23,854	151	24,205	504
Purchased credit-impaired	—	—	—	—	—	—	—
Other commercial real estate	48,174	63,148	10,021	66,999	455	74,020	2,032
Total commercial real estate	$193,413	$ 225,217	$ 31,133	$236,768	$ 1,786	$261,982	$ 7,886
Automobile	$ 43,607	$ 44,790	$ 1,446	$ 39,996	$ 782	$ 38,022	$ 2,398
Home equity:							
Secured by first-lien	$ 76,258	$ 80,831	$ 1,329	$ 59,247	$ 730	$ 49,559	$ 1,769
Secured by junior-lien	41,274	63,390	3,454	24,698	368	20,463	804
Total home equity	$117,532	$ 144,221	$ 4,783	$ 83,945	$ 1,098	$ 70,022	$ 2,573
Residential mortgage (6):							
Residential mortgage	$374,526	$ 413,583	$ 14,176	$345,677	$ 2,722	$337,876	$ 8,525
Purchased credit-impaired	—	—	—	—	—	—	—
Total residential mortgage	$374,526	$ 413,583	$ 14,176	$345,677	$ 2,722	$337,876	$ 8,525
Other consumer:							
Other consumer	$ 2,657	$ 2,657	$ 213	$ 2,954	$ 19	$ 4,118	$ 78
Purchased credit-impaired	—	—	—	—	—	—	—
Total other consumer	$ 2,657	$ 2,657	$ 213	$ 2,954	$ 19	$ 4,118	$ 78

(1) These tables do not include loans fully charged-off.
(2) All automobile, home equity, residential mortgage, and other consumer impaired loans included in these tables are considered impaired due to their status as a TDR.
(3) At September 30, 2013, $44,361 thousand of the $136,880 thousand commercial and industrial loans with an allowance recorded were considered impaired due to their status as a TDR. At December 31, 2012, $44,265 thousand of the $86,644 thousand commercial and industrial loans with an allowance recorded were considered impaired due to their status as a TDR.
(4) At September 30, 2013, $30,293 thousand of the $290,283 thousand commercial real estate loans with an allowance recorded were considered impaired due to their status as a TDR. At December 31, 2012, $31,605 thousand of the $193,413 thousand commercial real estate loans with an allowance recorded were considered impaired due to their status as a TDR.
(5) The differences between the ending balance and unpaid principal balance amounts represent partial charge-offs.
(6) At September 30, 2013, $40,738 thousand of the $380,621 thousand residential mortgages loans with an allowance recorded were guaranteed by the U.S. government. At December 31, 2012, $28,695 thousand of the $374,526 thousand residential mortgage loans with an allowance recorded were guaranteed by the U.S. government.

TDR Loans

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

TDR Concession Types

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

- Interest rate reduction: A reduction of the stated interest rate to a nonmarket rate for the remaining original life of the debt.
- Amortization or maturity date change beyond what the collateral supports, including any of the following:
  (1) Lengthens the amortization period of the amortized principal beyond market terms. This concession reduces the minimum monthly payment and increases the amount of the balloon payment at the end of the term of the loan. Principal is generally not forgiven.
  (2) Reduces the amount of loan principal to be amortized. This concession also reduces the minimum monthly payment and increases the amount of the balloon payment at the end of the term of the loan. Principal is generally not forgiven.
  (3) Extends the maturity date or dates of the debt beyond what the collateral supports. This concession generally applies to loans without a balloon payment at the end of the term of the loan.

- Chapter 7 bankruptcy: A bankruptcy court's discharge of a borrower's debt is considered a concession when the borrower does not reaffirm the discharged debt.
- Other: A concession that is not categorized as one of the concessions described above. These concessions include, but are not limited to: principal forgiveness, collateral concessions, covenant concessions, and reduction of accrued interest.

Principal forgiveness may result from any TDR modification of any concession type. However, the aggregate amount of principal forgiven as a result of loans modified as TDRs during the three-month and nine-month periods ended September 30, 2013 and 2012, was not significant.

TDRs by Loan Type

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

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

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

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

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

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

TDR Impact on Credit Quality

Huntington's ALLL is largely determined by updated risk ratings assigned to commercial loans, updated borrower credit scores on consumer loans, and borrower delinquency history in both the commercial and consumer portfolios. These updated risk ratings and credit scores consider the default history of the borrower, including payment redefaults. As such, the provision for credit losses is impacted primarily by changes in borrower payment performance rather than the TDR classification. TDRs can be classified as either accrual or nonaccrual loans. Nonaccrual TDRs are included in NALs whereas accruing TDRs are excluded from NALs as it is probable that all contractual principal and interest due under the restructured terms will be collected.

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

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

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

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

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

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

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The following tables present by class and by the reason for the modification, the number of contracts, post-modification outstanding balance, and the financial effects of the modification for the three-month and nine-month periods ended September 30, 2013 and 2012:

	New Troubled Debt Restructurings During The Three-Month Period Ended [1]					
	September 30, 2013			September 30, 2012		
(dollar amounts in thousands)	Number of Contracts	Post-modification Outstanding Ending Balance	Financial effects of modification[2]	Number of Contracts	Post-modification Outstanding Ending Balance	Financial effects of modification[2]
C&I—Owner occupied:						
Interest rate reduction	**2**	**$ 257**	**$ 9**	7	$ 4,292	$ 13
Amortization or maturity date change	**16**	**3,617**	**(10)**	23	5,271	(49)
Other	**4**	**2,935**	**166**	5	1,410	(153)
Total C&I—Owner occupied	**22**	**$ 6,809**	**$ 165**	35	$ 10,973	$ (189)
C&I—Other commercial and industrial:						
Interest rate reduction	**7**	**$ 19,082**	**$ (1,491)**	6	$ 2,029	$ (261)
Amortization or maturity date change	**29**	**9,978**	**(1,730)**	20	12,393	(432)
Other	**10**	**4,815**	**(40)**	10	3,523	136
Total C&I—Other commercial and industrial	**46**	**$ 33,875**	**$ (3,261)**	36	$ 17,945	$ (557)
CRE—Retail properties:						
Interest rate reduction	**2**	**$ 378**	**$ (5)**	—	$ —	$ —
Amortization or maturity date change	**10**	**25,693**	**4,162**	1	116	(2)
Other	**5**	**8,034**	**(1,740)**	1	276	(1)
Total CRE—Retail properties	**17**	**$ 34,105**	**$ 2,417**	2	$ 392	$ (3)
CRE—Multi family:						
Interest rate reduction	**2**	**$ 1,455**	**$ (3)**	8	$ 809	$ (22)
Amortization or maturity date change	**5**	**731**	**(25)**	12	1,216	51
Other	**2**	**161**	**6**	1	343	(8)
Total CRE—Multi family	**9**	**$ 2,347**	**$ (22)**	21	$ 2,368	$ 21
CRE—Office:						
Interest rate reduction	**2**	**$ 129**	**$ 1**	1	$ 2,039	$ (599)
Amortization or maturity date change	**4**	**3,032**	**153**	2	9,632	(36)
Other	**2**	**2,777**	**160**	—	—	—
Total CRE—Office	**8**	**$ 5,938**	**$ 314**	3	$ 11,671	$ (635)
CRE—Industrial and warehouse:						
Interest rate reduction	**—**	**$ —**	**$ —**	1	$ 1,600	$ (224)
Amortization or maturity date change	**2**	**497**	**(6)**	7	31,577	(3,729)
Other	**—**	**—**	**—**	—	—	—
Total CRE—Industrial and Warehouse	**2**	**$ 497**	**$ (6)**	8	$ 33,177	$ (3,953)
CRE—Other commercial real estate:						
Interest rate reduction	**4**	**$ 4,450**	**$ (44)**	2	$ 755	$ (72)
Amortization or maturity date change	**9**	**2,400**	**(14)**	10	13,454	383
Other	**7**	**5,111**	**54**	3	199	111
Total CRE—Other commercial real estate	**20**	**$ 11,961**	**$ (4)**	15	$ 14,408	$ 422

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Automobile:						
Interest rate reduction	**3**	**$ 5**	**$ —**	7	$ 51	$ —
Amortization or maturity date change	**458**	**2,639**	**(18)**	501	3,533	(30)
Chapter 7 bankruptcy	**151**	**1,096**	**(33)**	1,978	11,666	1,754
Total Automobile	**612**	**$ 3,740**	**$ (51)**	2,486	$ 15,250	$ 1,724
Residential mortgage:						
Interest rate reduction	**26**	**$ 2,755**	**$ 36**	8	$ 1,300	$ 59
Amortization or maturity date change	**146**	**20,578**	**320**	113	16,234	117
Chapter 7 bankruptcy	**92**	**10,107**	**134**	528	39,352	4,527
Other	**3**	**327**	**8**	6	663	41
Total Residential mortgage	**267**	**$ 33,767**	**$ 498**	655	$ 57,549	$ 4,744
First-lien home equity:						
Interest rate reduction	**47**	**$ 4,239**	**$ 487**	47	$ 6,837	$ 1,185
Amortization or maturity date change	**88**	**5,815**	**(390)**	31	2,928	28
Chapter 7 bankruptcy	**35**	**2,443**	**(27)**	177	7,461	4,203
Total First-lien home equity	**170**	**$ 12,497**	**$ 70**	255	$ 17,226	$ 5,416
Junior-lien home equity:						
Interest rate reduction	**4**	**$ 167**	**$ 30**	15	$ 1,273	$ 226
Amortization or maturity date change	**441**	**14,301**	**(1,246)**	40	1,586	(40)
Chapter 7 bankruptcy	**462**	**1,787**	**14,062**	1,198	12,366	17,781
Other	**—**	**—**	**—**	7	285	—
Total Junior-lien home equity	**907**	**$ 16,255**	**$12,846**	1,260	$ 15,510	$17,967
Other consumer:						
Interest rate reduction	**1**	**$ 8**	**$ —**	7	$ 65	$ 9
Amortization or maturity date change	**3**	**8**	**—**	4	25	—
Chapter 7 bankruptcy	**2**	**5**	**—**	12	148	—
Total Other consumer	**6**	**$ 21**	**$ —**	23	$ 238	$ 9
Total new troubled debt restructurings	**2,086**	**$161,812**	**$12,966**	4,799	$196,707	$24,966

	New Troubled Debt Restructurings During The Nine-Month Period Ended (1)					
	September 30, 2013			September 30, 2012		
(dollar amounts in thousands)	Number of Contracts	Post-modification Outstanding Ending Balance	Financial effects of modification(2)	Number of Contracts	Post-modification Outstanding Ending Balance	Financial effects of modification(2)
C&I—Owner occupied:						
Interest rate reduction	**16**	**$ 5,532**	**$ (463)**	21	$ 9,260	$ 145
Amortization or maturity date change	**49**	**12,631**	**(22)**	70	16,305	522
Other	**12**	**5,358**	**255**	13	4,181	1,105
Total C&I—Owner occupied	**77**	**$ 23,521**	**$ (230)**	104	$ 29,746	$ 1,772
C&I—Other commercial and industrial:						
Interest rate reduction	**19**	**$ 61,838**	**$ (1,044)**	23	$ 7,095	$ 1
Amortization or maturity date change	**95**	**47,611**	**1,665**	91	36,403	(1,270)
Other	**24**	**11,815**	**171**	28	34,524	201
Total C&I—Other commercial and industrial	**138**	**$ 121,264**	**$ 792**	142	$ 78,022	$ (1,068)

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CRE—Retail properties:						
Interest rate reduction	**4**	**$ 1,116**	**$ (8)**	8	$ 6,027	$ 957
Amortization or maturity date change	**16**	**26,596**	**4,160**	11	3,166	(23)
Other	**10**	**17,758**	**(557)**	1	276	(1)
Total CRE—Retail properties	**30**	**$45,470**	**$3,595**	20	$ 9,469	$ 933
CRE—Multi family:						
Interest rate reduction	**8**	**$ 4,106**	**$ 7**	10	$ 1,143	$ (27)
Amortization or maturity date change	**13**	**1,966**	**(18)**	25	2,913	(20)
Other	**4**	**8,043**	**(2)**	7	7,961	668
Total CRE—Multi family	**25**	**$14,115**	**$ (13)**	42	$12,017	$ 621
CRE—Office:						
Interest rate reduction	**6**	**$ 6,209**	**$1,657**	4	$ 4,155	$ (236)
Amortization or maturity date change	**11**	**7,375**	**175**	6	11,208	327
Other	**4**	**3,059**	**159**	3	306	—
Total CRE—Office	**21**	**$16,643**	**$1,991**	13	$15,669	$ 91
CRE—Industrial and warehouse:						
Interest rate reduction	**—**	**$ —**	**$ —**	2	$ 4,600	$ (220)
Amortization or maturity date change	**7**	**1,590**	**(9)**	13	34,350	(3,850)
Other	**1**	**5,867**	**—**	—	—	—
Total CRE—Industrial and Warehouse	**8**	**$ 7,457**	**$ (9)**	15	$38,950	$(4,070)
CRE—Other commercial real estate:						
Interest rate reduction	**13**	**$ 5,940**	**$ 8**	9	$ 2,792	$ (288)
Amortization or maturity date change	**13**	**3,100**	**(12)**	38	66,007	4,145
Other	**8**	**5,463**	**53**	5	9,634	(1,893)
Total CRE—Other commercial real estate	**34**	**$14,503**	**$ 49**	52	$78,433	$ 1,964
Automobile:						
Interest rate reduction	**11**	**$ 78**	**$ —**	28	$ 271	$ 4
Amortization or maturity date change	**1,146**	**6,550**	**(52)**	1,401	9,813	(73)
Chapter 7 bankruptcy	**864**	**5,384**	**344**	1,978	11,666	1,754
Other	**—**	**—**	**—**	—	—	—
Total Automobile	**2,021**	**$12,012**	**$ 292**	3,407	$21,750	$ 1,685
Residential mortgage:						
Interest rate reduction	**58**	**$11,228**	**$ —**	12	$ 7,466	$ 10
Amortization or maturity date change	**323**	**43,589**	**389**	318	42,326	1,051
Chapter 7 bankruptcy	**157**	**16,697**	**577**	528	39,352	4,527
Other	**15**	**1,612**	**38**	6	663	41
Total Residential mortgage	**553**	**$73,126**	**$1,004**	864	$89,807	$ 5,629
First-lien home equity:						
Interest rate reduction	**106**	**$ 9,553**	**$ 908**	177	$21,841	$ 3,666
Amortization or maturity date change	**165**	**11,365**	**(959)**	57	5,825	23
Chapter 7 bankruptcy	**93**	**5,897**	**587**	177	7,461	4,203
Other	**—**	**—**	**—**	—	—	—
Total First-lien home equity	**364**	**$26,815**	**$ 536**	411	$35,127	$ 7,892

Junior-lien home equity:						
Interest rate reduction	**20**	**$ 916**	**$ 155**	52	$ 2,749	$ 443
Amortization or maturity date change	**981**	**35,672**	**(3,613)**	59	2,458	(57)
Chapter 7 bankruptcy	**642**	**4,044**	**17,181**	1,198	12,366	17,781
Other	**—**	**—**	**—**	7	288	—
Total Junior-lien home equity	**1,643**	**$ 40,632**	**$13,723**	1,316	$ 17,861	$18,167
Other consumer:						
Interest rate reduction	**4**	**$ 227**	**$ 42**	12	$ 228	$ 23
Amortization or maturity date change	**8**	**72**	**5**	15	352	30
Chapter 7 bankruptcy	**19**	**285**	**56**	12	148	—
Other	**—**	**—**	**—**	—	—	—
Total Other consumer	**31**	**$ 584**	**$ 103**	39	$ 728	$ 53
Total new troubled debt restructurings	**4,945**	**$396,142**	**$21,833**	6,425	$427,579	$33,669

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

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

The following tables present TDRs that have defaulted within one year of modification during the three-month and nine-month periods ended September 30, 2013 and 2012:

	Troubled Debt Restructurings That Have Redefaulted(1) Within One Year Of Modification During The Three Months Ended			
	September 30, 2013		**September 30, 2012**	
(dollar amounts in thousands)	Number of Contracts	Ending Balance	Number of Contracts	Ending Balance
C&I—Owner occupied:				
Interest rate reduction	**—**	**$ —**	2	$ 239
Amortization or maturity date change	**3**	**349**	4	489
Other	**—**	**—**	—	—
Total C&I—Owner occupied	**3**	**$ 349**	6	$ 728
C&I—Other commercial and industrial:				
Interest rate reduction	**—**	**$ —**	—	$ —
Amortization or maturity date change	**7**	**263**	3	84
Other	**—**	**—**	—	—
Total C&I—Other commercial and industrial	**7**	**$ 263**	3	$ 84
CRE—Retail Properties:				
Interest rate reduction	**—**	**$ —**	—	$ —
Amortization or maturity date change	**—**	**—**	—	—
Other	**—**	**—**	—	—
Total CRE—Retail properties	**—**	**$ —**	—	$ —

CRE—Multi family:				
Interest rate reduction	**—**	**$ —**	—	$ —
Amortization or maturity date change	**2**	**225**	—	—
Other	**—**	**—**	—	—
Total CRE—Multi family	**2**	**$ 225**	—	$ —
CRE—Office:				
Interest rate reduction	**—**	**$ —**	—	$ —
Amortization or maturity date change	**—**	**—**	—	—
Other	**—**	**—**	—	—
Total CRE—Office	**—**	**$ —**	—	$ —
CRE—Industrial and Warehouse:				
Interest rate reduction	**—**	**$ —**	—	$ —
Amortization or maturity date change	**1**	**361**	—	—
Other	**1**	**726**	—	—
Total CRE—Industrial and Warehouse	**2**	**$1,087**	—	$ —
CRE—Other commercial real estate:				
Interest rate reduction	**—**	**$ —**	—	$ —
Amortization or maturity date change	**2**	**725**	—	—
Other	**—**	**—**	—	—
Total CRE—Other commercial real estate	**2**	**$ 725**	—	$ —
Automobile:				
Interest rate reduction	**—**	**$ —**	1	$ —
Amortization or maturity date change	**8**	**93**	20	—
Chapter 7 bankruptcy	**17**	**107**	—	—
Other	**—**	**—**	—	—
Total Automobile	**25**	**$ 200**	21	$ —
Residential mortgage:				
Interest rate reduction	**—**	**$ —**	—	$ —
Amortization or maturity date change	**19**	**2,930**	18	2,422
Chapter 7 bankruptcy	**10**	**658**	17	1,760
Other	**—**	**—**	1	106
Total Residential mortgage	**29**	**$3,588**	36	$4,288
First-lien home equity:				
Interest rate reduction	**—**	**$ —**	—	$ —
Amortization or maturity date change	**1**	**14**	4	489
Chapter 7 bankruptcy	**5**	**193**	—	—
Other	**—**	**—**	—	—
Total First-lien home equity	**6**	**$ 207**	4	$ 489
Junior-lien home equity:				
Interest rate reduction	**1**	**$ —**	—	$ —
Amortization or maturity date change	**2**	**102**	1	20
Chapter 7 bankruptcy	**6**	**80**	—	—
Other	**—**	**—**	—	—
Total Junior-lien home equity	**9**	**$ 182**	1	$ 20
Other consumer:				
Interest rate reduction	**—**	**$ —**	—	$ —
Amortization or maturity date change	**—**	**—**	—	—
Chapter 7 bankruptcy	**1**	**94**	—	—
Other	**—**	**—**	—	—
Total Other consumer	**1**	**$ 94**	—	$ —
Total troubled debt restructurings with subsequent redefault	**86**	**$6,920**	71	$5,609

(dollar amounts in thousands)	Troubled Debt Restructurings That Have Redefaulted[(1)] Within One Year of Modification During The Nine Months Ended September 30, 2013			September 30, 2012		
	Number of Contracts		Ending Balance	Number of Contracts		Ending Balance
C&I—Owner occupied:						
Interest rate reduction	—	$	—	3	$	1,237
Amortization or maturity date change	7		820	10		1,085
Other	7		1,203	—		—
Total C&I—Owner occupied	14	$	2,023	13	$	2,322
C&I—Other commercial and industrial:						
Interest rate reduction	—	$	—	3	$	401
Amortization or maturity date change	16		379	12		558
Other	—		—	3		387
Total C&I—Other commercial and industrial	16	$	379	18	$	1,346
CRE—Retail Properties:						
Interest rate reduction	—	$	—	—	$	—
Amortization or maturity date change	3		835	2		372
Other	—		—	—		—
Total CRE—Retail properties	3	$	835	2	$	372
CRE—Multi family:						
Interest rate reduction	—	$	—	2	$	1,236
Amortization or maturity date change	2		225	1		117
Other	—		—	—		—
Total CRE—Multi family	2	$	225	3	$	1,353
CRE—Office:						
Interest rate reduction	—	$	—	—	$	—
Amortization or maturity date change	2		1,131	—		—
Other	—		—	—		—
Total CRE—Office	2	$	1,131	—	$	—
CRE—Industrial and Warehouse:						
Interest rate reduction	—	$	—	—	$	—
Amortization or maturity date change	1		361	—		—
Other	1		726	—		—
Total CRE—Industrial and Warehouse	2	$	1,087	—	$	—
CRE—Other commercial real estate:						
Interest rate reduction	—	$	—	1	$	898
Amortization or maturity date change	3		774	4		646
Other	1		5	—		—
Total CRE—Other commercial real estate	4	$	779	5	$	1,544
Automobile:						
Interest rate reduction	1	$	112	4	$	—
Amortization or maturity date change	28		294	123		—
Chapter 7 bankruptcy	115		461	—		—
Other	—		—	—		—
Total Automobile	144	$	867	127	$	—

Residential mortgage:				
Interest rate reduction	**—**	**$ —**	1	$ 29
Amortization or maturity date change	**56**	**8,317**	76	10,866
Chapter 7 bankruptcy	**46**	**3,826**	17	1,761
Other	**2**	**418**	5	523
Total Residential mortgage	**104**	**$12,561**	99	$13,179
First-lien home equity:				
Interest rate reduction	**—**	**$ —**	9	$ 821
Amortization or maturity date change	**1**	**14**	5	503
Chapter 7 bankruptcy	**11**	**942**	—	—
Other	**—**	**—**	—	—
Total First-lien home equity	**12**	**$ 956**	14	$ 1,324
Junior-lien home equity:				
Interest rate reduction	**1**	**$ —**	2	$ 112
Amortization or maturity date change	**3**	**159**	3	99
Chapter 7 bankruptcy	**26**	**649**	—	—
Other	**—**	**—**	—	—
Total Junior-lien home equity	**30**	**$ 808**	5	$ 211
Other consumer:				
Interest rate reduction	**—**	**$ —**	1	$ —
Amortization or maturity date change	**—**	**—**	3	—
Chapter 7 bankruptcy	**2**	**96**	—	—
Other	**—**	**—**	—	—
Total Other consumer	**2**	**$ 96**	4	$ —
Total troubled debt restructurings with subsequent redefault	**335**	**$21,747**	290	$21,651

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

Pledged Loans and Leases

At September 30, 2013, the Bank has access to the Federal Reserve's discount window and advances from the FHLB – Cincinnati. As of September 30, 2013, these borrowings and advances are secured by $19.2 billion of loans and securities.

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4. AVAILABLE-FOR-SALE AND OTHER SECURITIES

Listed below are the contractual maturities (under 1 year, 1-5 years, 6-10 years, and over 10 years) of available-for-sale and other securities at September 30, 2013 and December 31, 2012:

(dollar amounts in thousands)	September 30, 2013 Amortized Cost	September 30, 2013 Fair Value	December 31, 2012 Amortized Cost	December 31, 2012 Fair Value
U.S. Treasury:				
Under 1 year	**$ 50,614**	**51,030**	$ —	$ —
1-5 years	**507**	**521**	51,111	51,770
6-10 years	**—**	**—**	508	539
Over 10 years	**1**	**3**	1	2
Total U.S. Treasury	**51,122**	**51,554**	51,620	52,311
Federal agencies: mortgage-backed securities:				
Under 1 year	**—**	**—**	1	1
1-5 years	**174,631**	**176,076**	182,722	185,792
6-10 years	**455,677**	**458,965**	503,045	521,068
Over 10 years	**2,567,734**	**2,586,670**	3,464,196	3,557,809
Total Federal agencies: mortgage-backed securities	**3,198,042**	**3,221,711**	4,149,964	4,264,670
Other agencies:				
Under 1 year	**5,080**	**5,128**	4,934	5,017
1-5 years	**303,788**	**310,437**	304,769	314,149
6-10 years	**23,611**	**23,854**	39,143	40,460
Over 10 years	**—**	**—**	—	—
Total other agencies	**332,479**	**339,419**	348,846	359,626
Total U.S. Government backed agencies	**3,581,643**	**3,612,684**	4,550,430	4,676,607
Municipal securities:				
Under 1 year	**21,515**	**21,736**	466	466
1-5 years	**168,071**	**172,716**	173,300	177,593
6-10 years	**336,606**	**331,031**	257,314	265,490
Over 10 years	**39,345**	**40,995**	58,000	57,451
Total municipal securities	**565,537**	**566,478**	489,080	501,000
Private-label CMO:				
Under 1 year	**—**	**—**	—	—
1-5 years	**—**	**—**	—	—
6-10 years	**2,293**	**2,396**	7,394	7,567
Over 10 years	**51,423**	**48,370**	68,163	64,001
Total private-label CMO	**53,716**	**50,766**	75,557	71,568
Asset-backed securities:				
Under 1 year	**17,333**	**17,354**	26,000	26,258
1-5 years	**477,629**	**481,841**	506,319	514,616
6-10 years	**239,863**	**240,376**	204,525	210,477
Over 10 years	**476,650**	**388,756**	389,471	277,732
Total asset-backed securities	**1,211,475**	**1,128,327**	1,126,315	1,029,083
Covered bonds:				
Under 1 year	**—**	**—**	—	—
1-5 years	**280,969**	**286,924**	282,080	290,625
6-10 years	**—**	**—**	—	—
Over 10 years	**—**	**—**	—	—
Total covered bonds	**280,969**	**286,924**	282,080	290,625
Corporate debt:				
Under 1 year	**702**	**713**	27,153	27,411
1-5 years	**257,667**	**266,984**	458,516	468,077
6-10 years	**189,733**	**182,756**	158,878	162,453
Over 10 years	**10,121**	**10,519**	10,146	10,201
Total corporate debt	**458,223**	**460,972**	654,693	668,142
Other:				
Under 1 year	**—**	**—**	1,500	1,498
1-5 years	**3,900**	**3,774**	2,400	2,400
6-10 years	**—**	**—**	—	—
Over 10 years	**—**	**—**	—	—
Non-marketable equity securities	**317,462**	**317,462**	308,075	308,075
Marketable equity securities	**18,965**	**19,294**	16,877	17,177
Total other	**340,327**	**340,530**	328,852	329,150
Total available-for-sale and other securities	**$6,491,890**	**$6,446,681**	$7,507,007	$7,566,175

Other securities at September 30, 2013 and December 31, 2012 include $165.6 million of stock issued by the FHLB of Cincinnati, $3.5 million of stock issued by the FHLB of Indianapolis, and $148.4 million and $139.0 million, respectively, of Federal Reserve Bank stock. Non-marketable equity securities are valued at amortized cost. At September 30, 2013 and December 31, 2012, Huntington did not have any material equity positions in FNMA or FHLMC.

The following tables provide amortized cost, fair value, and gross unrealized gains and losses recognized in accumulated other comprehensive income by investment category at September 30, 2013 and December 31, 2012:

		Unrealized		
(dollar amounts in thousands)	**Amortized Cost**	**Gross Gains**	**Gross Losses**	**Fair Value**
September 30, 2013				
U.S. Treasury	**$ 51,122**	**$ 432**	**$ —**	**$ 51,554**
Federal agencies:				
Mortgage-backed securities	**3,198,042**	**45,997**	**(22,328)**	**3,221,711**
Other agencies	**332,479**	**7,078**	**(138)**	**339,419**
Total U.S. Government backed securities	**3,581,643**	**53,507**	**(22,466)**	**3,612,684**
Municipal securities	**565,537**	**9,309**	**(8,368)**	**566,478**
Private-label CMO	**53,716**	**1,012**	**(3,962)**	**50,766**
Asset-backed securities	**1,211,475**	**7,434**	**(90,582)**	**1,128,327**
Covered bonds	**280,969**	**5,955**	**—**	**286,924**
Corporate debt	**458,223**	**11,250**	**(8,501)**	**460,972**
Other securities	**340,327**	**373**	**(170)**	**340,530**
Total available-for-sale and other securities	**$ 6,491,890**	**$ 88,840**	**$ (134,049)**	**$ 6,446,681**

		Unrealized		
(dollar amounts in thousands)	**Amortized Cost**	**Gross Gains**	**Gross Losses**	**Fair Value**
December 31, 2012				
U.S. Treasury	$ 51,620	$ 691	$ —	$ 52,311
Federal agencies:				
Mortgage-backed securities	4,149,964	114,984	(278)	4,264,670
Other agencies	348,846	10,781	(1)	359,626
Total U.S. Government backed securities	4,550,430	126,456	(279)	4,676,607
Municipal securities	489,080	13,927	(2,007)	501,000
Private-label CMO	75,557	1,087	(5,076)	71,568
Asset-backed securities	1,126,315	16,287	(113,519)	1,029,083
Covered bonds	282,080	8,545	—	290,625
Corporate debt	654,693	15,301	(1,852)	668,142
Other securities	328,852	333	(35)	329,150
Total available-for-sale and other securities	$ 7,507,007	$ 181,936	$ (122,768)	$ 7,566,175

The following tables provide detail on investment securities with unrealized losses aggregated by investment category and length of time the individual securities have been in a continuous loss position, at September 30, 2013 and December 31, 2012:

	Less than 12 Months		Over 12 Months		Total	
(dollar amounts in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
September 30, 2013						
U.S. Treasury	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Federal agencies:						
Mortgage-backed securities	**938,245**	**(22,328)**	**—**	**—**	**938,245**	**(22,328)**
Other agencies	**6,510**	**(138)**	**—**	**—**	**6,510**	**(138)**
Total U.S. Government backed securities	**944,755**	**(22,466)**	**—**	**—**	**944,755**	**(22,466)**
Municipal securities	**236,408**	**(8,368)**	**—**	**—**	**236,408**	**(8,368)**
Private-label CMO	**—**	**—**	**22,178**	**(3,962)**	**22,178**	**(3,962)**
Asset-backed securities	**360,373**	**(8,369)**	**114,901**	**(82,213)**	**475,274**	**(90,582)**
Covered bonds	**—**	**—**	**—**	**—**	**—**	**—**
Corporate debt	**191,113**	**(8,501)**	**—**	**—**	**191,113**	**(8,501)**
Other securities	**3,024**	**(126)**	**3,255**	**(44)**	**6,279**	**(170)**
Total temporarily impaired securities	**$1,735,673**	**$(47,830)**	**$140,334**	**$ (86,219)**	**$1,876,007**	**$(134,049)**

	Less than 12 Months		Over 12 Months		Total	
(dollar amounts in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2012						
U.S. Treasury	$ —	$ —	$ —	$ —	$ —	$ —
Federal agencies:						
Mortgage-backed securities	44,836	(278)	—	—	44,836	(278)
Other agencies	801	(1)	—	—	801	(1)
Total U.S. Government backed securities	45,637	(279)	—	—	45,637	(279)
Municipal securities	51,316	(2,007)	—	—	51,316	(2,007)
Private-label CMO	22,793	—	34,617	(5,076)	57,410	(5,076)
Asset-backed securities	28,089	(73)	108,660	(113,446)	136,749	(113,519)
Covered bonds	—	—	—	—	—	—
Corporate debt	138,792	(1,472)	119,620	(380)	258,412	(1,852)
Other securities	—	—	1,630	(35)	1,630	(35)
Total temporarily impaired securities	$ 286,627	$ (3,831)	$264,527	$(118,937)	$ 551,154	$(122,768)

The following table is a summary of realized securities gains and losses for the three-month and nine-month periods ended September 30, 2013 and 2012:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2013**	2012	**2013**	2012
Gross gains on sales of securities	**$ 448**	$ 6,253	**$1,635**	$ 7,736
Gross (losses) on sales of securities	**(264)**	(1,968)	**(654)**	(2,224)
Net gain on sales of securities	**$ 184**	$ 4,285	**$ 981**	$ 5,512

Pooled-Trust-Preferred, and Private-Label CMO Securities

The highest risk category of our investment portfolio are the private-label CMO and the pooled-trust-preferred portfolios. Of the $50.8 million of the private-label CMO securities reported at fair value at September 30, 2013, approximately $19.9 million are rated below investment grade. The pooled-trust-preferred securities are in the asset-backed securities portfolio. The performance of the underlying securities in each of these categories continued to reflect the economic environment. Each of these securities in these two categories is subjected to a rigorous review of its projected cash flows. These reviews are supported with analysis from independent third parties.

The following table summarizes the relevant characteristics of our pooled-trust-preferred securities portfolio, which are included in asset-backed securities, at September 30, 2013. Each security is part of a pool of issuers and supports a more senior tranche of securities except for the I-Pre TSL II, and MM Comm III securities which are the most senior class.

Trust Preferred Securities Data
September 30, 2013
(dollar amounts in thousands)

Deal Name	Par Value	Amortized Cost	Fair Value	Unrealized Loss (2)	Lowest Credit Rating (3)	# of Issuers Currently Performing/ Remaining (4)	Actual Deferrals and Defaults as a % of Original Collateral	Expected Defaults as a % of Remaining Performing Collateral	Excess Subordination (5)
Alesco II (1)	$ 41,646	$ 29,830	$12,789	$ (17,041)	C	30/34	10 %	9 %	— %
ICONS	20,000	20,000	15,192	(4,808)	BB	22/23	3	13	52
I-Pre TSL II	20,464	20,413	18,201	(2,212)	A	21/23	5	10	77
MM Comm III	7,162	6,843	5,229	(1,614)	BB	6/10	5	9	27
Pre TSL IX (1)	5,000	3,955	1,889	(2,066)	C	30/44	20	13	4
Pre TSL X (1)	17,149	8,551	5,702	(2,849)	C	33/47	25	12	—
Pre TSL XI (1)	25,000	21,216	8,243	(12,973)	C	41/60	28	15	—
Pre TSL XIII (1)	28,218	21,579	11,363	(10,216)	C	44/61	28	22	4
Reg Diversified (1)	25,500	6,908	561	(6,347)	D	23/42	40	12	—
Soloso (1)	12,500	2,440	127	(2,313)	C	36/63	32	22	—
Tropic III	31,000	31,000	12,629	(18,371)	CCC+	24/40	29	17	38
Total at September 30, 2013	**$233,639**	**$172,735**	**$91,925**	**$ (80,810)**					
Total at December 31, 2012	$266,863	$195,760	$84,296	$(111,464)					

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

Security Impairment

Huntington evaluates its available-for-sale securities portfolio on a quarterly basis for indicators of OTTI. Huntington assesses whether OTTI has occurred when the fair value of a debt security is less than the amortized cost basis at period-end. Management reviews the amount of unrealized loss, the length of time the security has been in an unrealized loss position, the credit rating history, market trends of similar security classes, time remaining to maturity, and the source of both interest and principal payments to identify securities which could potentially be impaired. OTTI is considered to have occurred; (1) if Huntington intends to sell the security; (2) if it is more likely than not Huntington will be required to sell the security before recovery of its amortized cost basis; or (3) the present value of the expected cash flows is not sufficient to recover all contractually required principal and interest payments.

For securities that Huntington does not expect to sell and it is not more likely than not to be required to sell, the OTTI is separated into credit and noncredit components. A discounted cash flow analysis, which includes evaluating the timing of the expected cash flows, is completed for all debt securities subject to credit impairment. The measurement of the credit loss component is equal to the difference between the debt security's cost basis and the present value of its expected future cash flows discounted at the security's original effective yield. The credit-related OTTI, represented by the expected loss in principal, is recognized in noninterest income. The remaining difference between the security's fair value and the present value of future expected cash flows is due to factors that are not credit-related and, therefore, are recognized in OCI. Huntington believes that it will fully collect the carrying value of securities on which noncredit-related OTTI has been recognized in OCI. Noncredit-related OTTI results from other factors, including increased liquidity spreads and extension of the security. For securities which Huntington does expect to sell, or if it is more likely than not Huntington will be required to sell the security before recovery of its amortized cost basis, all OTTI is recognized in earnings. Presentation of OTTI is made in the Condensed Consolidated Statements of Income on a gross basis with a reduction for the amount of OTTI recognized in OCI. Once an OTTI is recorded, when future cash flows can be reasonably estimated, future cash flows are re-allocated between interest and principal cash flows to provide for a level-yield on the security.

Huntington applied the related OTTI guidance on the debt security types listed below.

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

Pooled-trust-preferred securities are CDOs backed by a pool of debt securities issued by financial institutions. The collateral generally consists of trust-preferred securities and subordinated debt securities issued by banks, bank holding companies, and insurance companies. A full cash flow analysis is used to estimate fair values and assess impairment for each security within this portfolio. A third party pricing specialist with direct industry experience in pooled-trust-preferred security evaluations is engaged to provide assistance estimating the fair value and expected cash flows on this portfolio. The full cash flow analysis is completed by evaluating the relevant credit and structural aspects of each pooled-trust-preferred security in the portfolio, including collateral performance projections for each piece of collateral in the security and terms of the security's structure. The credit review includes an analysis of profitability, credit quality, operating efficiency, leverage, and liquidity using available financial and regulatory information for each underlying collateral issuer. The analysis also includes a review of historical industry default data, current/near term operating conditions, and the impact of macroeconomic and regulatory changes. Using the results of our analysis, we estimate appropriate default and recovery probabilities for each piece of collateral then estimate the expected cash flows for each security. The cumulative probability of default ranges from a low of 1% to 100%.

Many collateral issuers have the option of deferring interest payments on their debt for up to five years. For issuers who are deferring interest, assumptions are made regarding the issuers ability to resume interest payments and make the required principal payment at maturity; the cumulative probability of default for these issuers currently ranges from 1% to 100%, and a 10% recovery assumption. The fair value of each security is obtained by discounting the expected cash flows at a market discount rate, ranging from LIBOR plus 3.5% to LIBOR plus 15.3% as of September 30, 2013. The market discount rate is determined by reference to yields observed in the market for similarly rated collateralized debt obligations, specifically high-yield collateralized loan obligations. The relatively high market discount rate is reflective of the uncertainty of the cash flows and illiquid nature of these securities. The large differential between the fair value and amortized cost of some of the securities reflects the high market discount rate and the expectation that the majority of the cash flows will not be received until near the final maturity of the security (the final maturities range from 2032 to 2035).

For the three-month and nine-month periods ended September 30, 2013 and 2012, the following table summarizes by security type the total OTTI losses recognized in the Unaudited Condensed Consolidated Statements of Income for securities evaluated for impairment as described above.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2013**	2012	**2013**	2012
Available-for-sale and other securities:				
Alt-A Mortgage-backed	**$ —**	$ —	**$ —**	$ —
Pooled-trust-preferred	**(86)**	—	**(1,466)**	—
Private label CMO	**—**	(116)	**(336)**	(1,601)
Total debt securities	**(86)**	(116)	**(1,802)**	(1,601)
Equity securities	**—**	—	**—**	(5)
Total available-for-sale and other securities	**$ (86)**	$ (116)	**$(1,802)**	$(1,606)

The following table rolls forward the OTTI amounts recognized in earnings on debt securities held by Huntington for the three-month and nine-month periods ended September 30, 2013 and 2012 as follows:

(dollar amounts in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	**2013**	2012
Balance, beginning of period	**$ 49,851**	$57,152	**$ 49,433**	$56,764
Reductions from sales/maturities	**(11,886)**	(7,848)	**(13,184)**	(8,945)
Credit losses not previously recognized	**—**	—	**—**	—
Additional credit losses	**86**	116	**1,802**	1,601
Balance, end of period	**$ 38,051**	$49,420	**$ 38,051**	$49,420

The fair values of these assets have been impacted by various market conditions. The unrealized losses were primarily the result of wider liquidity spreads on asset-backed securities and increased market volatility on non-agency mortgage and asset-backed securities that are collateralized by certain mortgage loans. In addition, the expected average lives of the asset-backed securities backed by trust-preferred securities have been extended, due to changes in the expectations of when the underlying securities would be repaid. The contractual terms and / or cash flows of the investments do not permit the issuer to settle the securities at a price less than the amortized cost. Huntington does not intend to sell, nor does it believe it will be required to sell these securities until the fair value is recovered, which may be maturity and; therefore, does not consider them to be other-than-temporarily impaired at September 30, 2013.

As of September 30, 2013, Management has evaluated all other investment securities with unrealized losses and all non-marketable securities for impairment and concluded no additional OTTI is required.

5. HELD-TO-MATURITY SECURITIES

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

Listed below are the contractual maturities (under 1 year, 1-5 years, 6-10 years, and over 10 years) of held-to-maturity securities at September 30, 2013 and December 31, 2012:

	September 30, 2013		December 31, 2012	
(dollar amounts in thousands)	**Amortized Cost**	**Fair Value**	Amortized Cost	Fair Value
Federal agencies: mortgage-backed securities:				
Under 1 year	**$ —**	**$ —**	$ —	$ —
1-5 years	**—**	**—**	—	—
6-10 years	**24,901**	**22,764**	24,901	24,739
Over 10 years	**2,096,322**	**2,083,669**	1,624,483	1,672,702
Total Federal agencies: mortgage-backed securities	**2,121,223**	**2,106,433**	1,649,384	1,697,441
Other agencies:				
Under 1 year	**—**	**—**	—	—
1-5 years	**—**	**—**	—	—
6-10 years	**39,346**	**39,206**	15,108	15,338
Over 10 years	**66,222**	**62,749**	69,399	71,341
Total other agencies	**105,568**	**101,955**	84,507	86,679
Total U.S. Government backed agencies	**2,226,791**	**2,208,388**	1,733,891	1,784,120
Municipal securities:				
Under 1 year	**—**	**—**	—	—
1-5 years	**—**	**—**	—	—
6-10 years	**—**	**—**	—	—
Over 10 years	**9,330**	**8,971**	9,985	9,985
Total municipal securities	**9,330**	**8,971**	9,985	9,985
Total held-to-maturity securities	**$2,236,121**	**$2,217,359**	$1,743,876	$1,794,105

The following table provides amortized cost, gross unrealized gains and losses, and fair value by investment category at September 30, 2013 and December 31, 2012:

		Unrealized		
(dollar amounts in thousands)	Amortized Cost	Gross Gains	Gross Losses	Fair Value
September 30, 2013				
Federal Agencies:				
Mortgage-backed securities	**$ 2,121,223**	**$ 13,534**	**$ (28,324)**	**$ 2,106,433**
Other agencies	**105,568**	**—**	**(3,613)**	**101,955**
Total U.S. Governmentbacked securities	**2,226,791**	**13,534**	**(31,937)**	**2,208,388**
Municipal securities	**9,330**	**—**	**(359)**	**8,971**
Total held-to-maturity securities	**$ 2,236,121**	**$ 13,534**	**$ (32,296)**	**$ 2,217,359**

		Unrealized		
(dollar amounts in thousands)	Amortized Cost	Gross Gains	Gross Losses	Fair Value
December 31, 2012				
Federal Agencies:				
Mortgage-backed securities	$ 1,649,384	$ 48,219	$ (162)	$ 1,697,441
Other agencies	84,507	2,172	—	86,679
Total U.S. Governmentbacked securities	1,733,891	50,391	(162)	1,784,120
Municipal securities	9,985	—	—	9,985
Total held-to-maturity securities	$ 1,743,876	$ 50,391	$ (162)	$ 1,794,105

All held-to-maturity securities with unrealized losses aggregated by investment category have been in continuous loss positions for less than 12 months.

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, 2013, Management has evaluated held-to-maturity securities with unrealized losses for impairment and concluded no OTTI is required.

6. LOAN SALES AND SECURITIZATIONS

Residential Mortgage Loans

The following table summarizes activity relating to residential mortgage loans sold with servicing retained for the three-month and nine-month periods ended September 30, 2013 and 2012:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2013**	2012	**2013**	2012
Residential mortgage loans sold with servicing retained	**$ 853,287**	$ 889,769	**$ 2,603,414**	$ 2,746,068
Pretax gains resulting from above loan sales (1)	**23,224**	30,195	**91,519**	83,849

(1) Recorded in mortgage banking income.

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

The following tables summarize the changes in MSRs recorded using either the fair value method or the amortization method for the three-month and nine-month periods ended September 30, 2013 and 2012:

Fair Value Method: *(dollar amounts in thousands)*	Three Months Ended September 30, 2013	2012	Nine Months Ended September 30, 2013	2012
Fair value, beginning of period	**$37,544**	$45,061	**$35,202**	$ 65,001
Change in fair value during the period due to:				
Time decay (1)	**(727)**	(633)	**(1,961)**	(2,282)
Payoffs (2)	**(3,015)**	(3,043)	**(9,774)**	(11,334)
Changes in valuation inputs or assumptions (3)	**304**	(4,764)	**10,639**	(14,764)
Fair value, end of period:	**$34,106**	$36,621	**$34,106**	$ 36,621
Weighted-average life (years)	**4.1**	3.0	**4.1**	3.0

(1) Represents decrease in value due to passage of time, including the impact from both regularly scheduled loan principal payments and partial loan paydowns.
(2) Represents decrease in value associated with loans that paid off during the period.
(3) Represents change in value resulting primarily from market-driven changes in interest rates and prepayment spreads.

Amortization Method: *(dollar amounts in thousands)*	Three Months Ended September 30, 2013	2012	Nine Months Ended September 30, 2013	2012
Carrying value, beginning of period	**$117,978**	$ 83,236	**$ 85,545**	$ 72,434
New servicing assets created	**9,864**	7,725	**28,614**	26,081
Impairment (charge) / recovery	**(132)**	(14,779)	**21,459**	(13,886)
Amortization and other	**(3,040)**	(4,729)	**(10,948)**	(13,176)
Carrying value, end of period	**$124,670**	$ 71,453	**$124,670**	$ 71,453
Fair value, end of period	**$136,590**	$ 71,453	**$136,590**	$ 71,453
Weighted-average life (years)	**6.3**	2.7	**6.3**	2.7

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

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

For MSRs under the fair value method, a summary of key assumptions and the sensitivity of the MSR value at September 30, 2013 and December 31, 2012, to changes in these assumptions follows:

	September 30, 2013			December 31, 2012		
		Decline in fair value due to			Decline in fair value due to	
(dollar amounts in thousands)	Actual	10% adverse change	20% adverse change	Actual	10% adverse change	20% adverse change
Constant prepayment rate *(annualized)*	**11.90 %**	**$ (2,100)**	**$ (4,180)**	19.52 %	$ (2,608)	$ (5,051)
Spread over forward interest rate swap rates	**1,236 bps**	**(1,424)**	**(2,849)**	1,288 bps	(1,290)	(2,580)

For MSRs under the amortization method, a summary of key assumptions and the sensitivity of the MSR value at September 30, 2013 and December 31, 2012, to changes in these assumptions follows:

	September 30, 2013			December 31, 2012		
		Decline in fair value due to			Decline in fair value due to	
(dollar amounts in thousands)	Actual	10% adverse change	20% adverse change	Actual	10% adverse change	20% adverse change
Constant prepayment rate *(annualized)*	**7.50%**	**$ (7,283)**	**$ (14,154)**	15.45%	$ (4,936)	$ (9,451)
Spread over forward interest rate swap rates	**873 bps**	**(5,351)**	**(10,702)**	940 bps	(3,060)	(6,119)

Total servicing fees included in mortgage banking income amounted to $10.9 million and $11.3 million for the three-month periods ended September 30, 2013 and 2012, respectively. For the nine-month periods ended September 30, 2013 and 2012, servicing fees totaled $33.0 million and $34.7 million, respectively. The unpaid principal balance of residential mortgage loans serviced for third parties was $15.6 billion and $15.6 billion at September 30, 2013 and December 31, 2012, respectively.

Automobile Loans and Leases

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

Changes in the carrying value of automobile loan servicing rights for the three-month and nine-month periods ended September 30, 2013 and 2012, and the fair value at the end of each period were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2013**	2012	**2013**	2012
Carrying value, beginning of period	**$25,688**	$26,737	**$ 35,606**	$ 13,377
New servicing assets created	**—**	2,854	**—**	22,737
Amortization and other	**(4,334)**	(3,912)	**(14,252)**	(10,435)
Carrying value, end of period	**$21,354**	$25,679	**$ 21,354**	$ 25,679
Fair value, end of period	**$21,446**	$26,635	**$ 21,446**	$ 26,635
Weighted-average life (years)	**3.6**	4.3	**3.6**	4.3

A summary of key assumptions and the sensitivity of the automobile loan servicing rights value to changes in these assumptions at September 30, 2013 and December 31, 2012 follows:

	September 30, 2013			December 31, 2012		
		Decline in fair value due to			Decline in fair value due to	
(dollar amounts in thousands)	Actual	10% adverse change	20% adverse change	Actual	10% adverse change	20% adverse change
Constant prepayment rate *(annualized)*	**14.66%**	**$ (660)**	**$ (1,334)**	13.80%	$ (880)	$ (1,771)
Spread over forward interest rate swap rates	**500 bps**	**(9)**	**(18)**	500 bps	(18)	(36)

Servicing income, net of amortization of capitalized servicing assets and impairment, amounted to $2.5 million and $2.2 million for the three-month periods ending September 30, 2013, and 2012, respectively. For the nine-month periods ended September 30, 2013 and 2012, servicing income, net of amortization of capitalized servicing assets, amounted to $7.8 million and $5.6 million, respectively. The unpaid principal balance of automobile loans serviced for third parties was $1.8 billion and $2.5 billion at September 30, 2013 and December 31, 2012, respectively.

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7. GOODWILL AND OTHER INTANGIBLE ASSETS

Business segments are based on segment leadership structure, which reflects how segment performance is monitored and assessed. A rollforward of goodwill by business segment for the first nine-month period of 2013 is presented in the table below:

(dollar amounts in thousands)	Retail & Business Banking	Regional & Commercial Banking	AFCRE	WGH	Treasury/ Other	Huntington Consolidated
Balance, beginning of period	**$286,824**	**$ 16,169**	**$ —**	**$98,951**	**$42,324**	**$ 444,268**
Adjustments	—	—	—	—	—	—
Balance, end of period	**$286,824**	**$ 16,169**	**$ —**	**$98,951**	**$42,324**	**$ 444,268**

Goodwill is not amortized but is evaluated for impairment on an annual basis at October 1 of each year or whenever events or changes in circumstances indicate the carrying value may not be recoverable. No events or changes in circumstances since the October 1, 2012, annual impairment test were noted that would indicate it was more likely than not a goodwill impairment existed.

At September 30, 2013 and December 31, 2012, Huntington's other intangible assets consisted of the following:

(dollar amounts in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
September 30, 2013			
Core deposit intangible	**$380,249**	**$(327,181)**	**$ 53,068**
Customer relationship	**106,974**	**(56,739)**	**50,235**
Other	**25,164**	**(24,955)**	**209**
Total other intangible assets	**$512,387**	**$(408,875)**	**$103,512**
December 31, 2012			
Core deposit intangible	$380,249	$(302,003)	$ 78,246
Customer relationship	104,574	(50,925)	53,649
Other	25,164	(24,902)	262
Total other intangible assets	$509,987	$(377,830)	$132,157

The estimated amortization expense of other intangible assets for the remainder of 2013 and the next five years is as follows:

(dollar amounts in thousands)	Amortization Expense
2013	$ 10,325
2014	36,711
2015	20,549
2016	7,336
2017	6,854
2018	5,983

8. OTHER LONG-TERM DEBT

In August 2013, the parent company issued $400.0 million of senior notes at 99.80% of face value. The senior note issuances mature on August 2, 2018 and have a fixed coupon rate of 2.60%. In August 2013, the Bank issued $350.0 million of senior notes at 99.865% of face value. The senior bank note issuances mature on August 2, 2016 and have a fixed coupon rate of 1.35%. Both senior note issuances may be redeemed one month prior to their maturity date at 100% of principal plus accrued and unpaid interest.

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9. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the three-month and nine-month periods ended September 30, 2013 and 2012, were as follows:

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

(dollar amounts in thousands)	Three Months Ended September 30, 2012 Pretax	Tax (Expense) Benefit	After-tax
Noncredit-related impairment recoveries (losses) on debt securities not expected to be sold	$ 9,322	(3,263)	6,059
Unrealized holding gains (losses) on available-for-sale debt securities arising during the period	61,074	(21,608)	39,466
Less: Reclassification adjustment for net losses (gains) included in net income	(4,169)	1,459	(2,710)
Net change in unrealized holding gains (losses) on available-for-sale debt securities	66,227	(23,412)	42,815
Net change in unrealized holding gains (losses) on available-for-sale equity securities	(26)	9	(17)
Unrealized gains (losses) on derivatives used in cash flow hedging relationships arising during the period	21,595	(7,568)	14,027
Less: Reclassification adjustment for net (gains) losses included in net income	(13,298)	4,665	(8,633)
Net change in unrealized gains (losses) on derivatives used in cash flow hedging relationships	8,297	(2,903)	5,394
Amortization of net actuarial loss and prior service cost included in net income	4,990	(1,747)	3,243
Total other comprehensive income	$ 79,488	$(28,053)	$ 51,435

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

(dollar amounts in thousands)	Nine Months Ended September 30, 2012 Pretax	Tax (expense) Benefit	After-tax
Noncredit-related impairment recoveries (losses) on debt securities not expected to be sold	15,574	(5,451)	10,123
Unrealized holding gains (losses) on available-for-sale debt securities arising during the period	92,436	(32,831)	59,605
Less: Reclassification adjustment for net losses (gains) included in net income	(3,906)	1,367	(2,539)
Net change in unrealized holding gains (losses) on available-for-sale debt securities	104,104	(36,915)	67,189
Net change in unrealized holding gains (losses) on available-for-sale equity securities	361	(126)	235
Unrealized gains (losses) on derivatives used in cash flow hedging relationships arising during the period	5,139	(1,810)	3,329
Less: Reclassification adjustment for net (gains) losses included in net income	13,428	(4,689)	8,739
Net change in unrealized gains (losses) on derivatives used in cash flow hedging relationships	18,567	(6,499)	12,068
Amortization of net actuarial loss and prior service cost included in net income	14,968	(5,239)	9,729
Total other comprehensive income	$138,000	$(48,779)	$89,221

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

(dollar amounts in thousands)	Unrealized gains and (losses) on debt securities (1)	Unrealized gains and (losses) on equity securities	Unrealized gains and (losses) on cash flow hedging derivatives	Unrealized gains (losses) for pension and other post-retirement obligations	Total
Balance, December 31, 2012	$ 38,304	$ 194	$ 47,084	$ (236,399)	$(150,817)
Other comprehensive income before reclassifications	(70,492)	20	(46,526)	51,696	(65,302)
Amounts reclassified from accumulated OCI to earnings	2,765	—	(7,522)	(9,891)	(14,648)
Period change	(67,727)	20	(54,048)	41,805	(79,950)
Balance, September 30, 2013	**$ (29,423)**	**$ 214**	**$ (6,964)**	**$ (194,594)**	**$(230,767)**

(1) Amount at December 31, 2012 includes $0.2 million of net unrealized gains on securities transferred from the available-for-sale securities portfolio to the held-to-maturity securities portfolio. The net unrealized gains will be recognized in earnings over the remaining life of the security using the effective interest method.

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

Reclassifications out of accumulated OCI			
Accumulated OCI components	Amounts reclassified from accumulated OCI		Location of net gain (loss) reclassified from accumulated OCI into earnings
(dollar amounts in thousands)	**Three Months Ended September 30, 2013**	**Nine Months Ended September 30, 2013**	
Gains (losses) on debt securities:			
Amortization of unrealized gains (losses)	**$ 187**	$ 303	Interest income - held-to-maturity securities - taxable
Realized gain (loss) on sale of securities	**(3,125)**	(2,754)	Noninterest income - net gains (losses) on sale of securities
OTTI recorded	**(85)**	(1,803)	Noninterest income - net gains (losses) on sale of securities
	(3,023)	(4,254)	Total before tax
	1,058	1,489	Tax (expense) benefit
	$ (1,965)	$ (2,765)	Net of tax
Gains (losses) on cash flow hedging relationships:			
Interest rate contracts	**$ 3,078**	$ 11,367	Interest income - loans and leases
Interest rate contracts	**7**	204	Noninterest income - other income
	3,085	11,571	Total before tax
	(1,080)	(4,049)	Tax (expense) benefit
	$ 2,005	$ 7,522	Net of tax
Amortization of defined benefit pension and post-retirement items:			
Actuarial gains (losses)	**$ (1,192)**	$ (21,101)	Noninterest expense - personnel costs
Prior service costs	**—**	3,454	Noninterest expense - personnel costs
Curtailment	**32,864**	32,864	Noninterest expense - personnel costs
	31,672	15,217	Total before tax
	(11,085)	(5,326)	Tax (expense) benefit
	$ 20,587	$ 9,891	Net of tax

10. SHAREHOLDERS' EQUITY

Share Repurchase Program

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

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

Although Huntington has the ability to repurchase up to $136 million of additional shares of common stock through the first quarter of 2014, we intend to continue disciplined repurchase activity consistent with our annual capital plan, our capital return objectives, and market conditions especially as those conditions impact the trading price of our common stock. We do not anticipate that the pending transaction with Camco (see Note 20) will materially impact our repurchase activities except during the relatively limited time we will be required to be out of the market under the SEC's Regulation M.

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 Huntington's convertible preferred stock. Potentially dilutive common shares are excluded from the computation of diluted earnings per share in periods in which the effect would be antidilutive. For diluted earnings per share, net income available to common shares can be affected by the conversion of Huntington's convertible preferred stock. Where the effect of this conversion would be dilutive, net income available to common shareholders is adjusted by the associated preferred dividends and deemed dividend. The calculation of basic and diluted earnings per share for each of the three-month and nine-month periods ended September 30, 2013 and 2012, was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands, except per share amounts)	**2013**	2012	**2013**	2012
Basic earnings per common share:				
Net income	**$178,487**	$167,767	**$480,918**	$473,743
Preferred stock dividends	**(7,967)**	(7,983)	**(23,904)**	(24,016)
Net income available to common shareholders	**$170,520**	$159,784	**$457,014**	$449,727
Average common shares issued and outstanding	**830,398**	857,871	**835,410**	861,543
Basic earnings per common share	**$ 0.21**	$ 0.19	**$ 0.55**	$ 0.52
Diluted earnings per common share:				
Net income available to common shareholders	**$170,520**	$159,784	**$457,014**	$449,727
Effect of assumed preferred stock conversion	**—**	—	**—**	—
Net income applicable to diluted earnings per share	**$170,520**	$159,784	**$457,014**	$449,727
Average common shares issued and outstanding	**830,398**	857,871	**835,410**	861,543
Dilutive potential common shares:				
Stock options and restricted stock units and awards	**9,254**	4,479	**7,764**	4,007
Shares held in deferred compensation plans	**1,373**	1,238	**1,350**	1,218
Conversion of preferred stock	**—**	—	**—**	—
Dilutive potential common shares:	**10,627**	5,717	**9,114**	5,225
Total diluted average common shares issued and outstanding	**841,025**	863,588	**844,524**	866,768
Diluted earnings per common share	**$ 0.20**	$ 0.19	**$ 0.54**	$ 0.52

For the three-month periods ended September 30, 2013 and 2012, approximately 5.6 million and 23.5 million, respectively, of options to purchase shares of common stock were not included in the computation of diluted earnings per share because the effect would be antidilutive. For the nine-month periods ended September 30, 2013 and 2012, amounts not included in the computation of diluted earnings per share were 9.7 million and 24.6 million shares, respectively.

12. SHARE-BASED COMPENSATION

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

In 2012, shareholders approved the Huntington Bancshares Incorporated 2012 Long-Term Incentive Plan (the Plan) which authorized 51.0 million shares for future grants. The Plan is the only active plan under which Huntington is currently granting share based options and awards. At September 30, 2013, 24.2 million shares from the Plan were available for future grants. Huntington issues shares to fulfill stock option exercises and restricted stock unit and award vesting from available authorized common shares. At September 30, 2013, the Company believes there are adequate authorized common shares to satisfy anticipated stock option exercises and restricted stock unit and award vesting in 2013.

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

The following table illustrates the weighted-average assumptions used in the option-pricing model for options granted for the three-month and nine-month periods ended September 30, 2013 and 2012:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	**2013**	2012
Assumptions				
Risk-free interest rate	**1.75%**	0.87%	**0.79%**	1.10%
Expected dividend yield	**2.46**	2.46	**2.83**	2.37
Expected volatility of Huntington's common stock	**35.0**	35.0	**35.0**	34.9
Expected option term (years)	**5.5**	6.0	**5.5**	6.0
Weighted-average grant date fair value per share	**$2.17**	$ 1.68	**$1.71**	$ 1.79

The following table illustrates total share-based compensation expense and related tax benefit for the three-month and nine-month periods ended September 30, 2013 and 2012:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2013**	2012	**2013**	2012
Share-based compensation expense	**$9,746**	$7,138	**$27,643**	$19,958
Tax benefit	**3,278**	2,366	**9,311**	6,627

Huntington's stock option activity and related information for the nine-month period ended September 30, 2013, was as follows:

(amounts in thousands, except years and per share amounts)	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2013	26,768	$ 8.87		
Granted	3,291	7.07		
Exercised	(1,914)	5.75		
Forfeited/expired	(4,075)	16.20		
Outstanding at September 30, 2013	**24,070**	**$ 7.63**	**4.4**	**$43,973**
Vested and expected to vest at September 30, 2013 (1)	**8,982**	**$ 6.52**	**5.6**	**$15,588**
Exercisable at September 30, 2013	**14,002**	**$ 8.41**	**3.6**	**$26,696**

(1) The number of options expected to vest includes an estimate of expected forfeitures.

The aggregate intrinsic value represents the amount by which the fair value of underlying stock exceeds the "in-the-money" option exercise price. For the nine-month periods ended September 30, 2013 and 2012, cash received for the exercises of stock options was $11.0 million and $1.8 million, respectively. The tax benefit realized from stock option exercises was $1.3 million and $0.3 million for each respective period.

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

The following table summarizes the status of Huntington's restricted stock units and performance share awards as of September 30, 2013, and activity for the nine-month period ended September 30, 2013:

(amounts in thousands, except per share amounts)	Restricted Stock Units	Weighted-Average Grant Date Fair Value Per Share	Performance Share Awards	Weighted-Average Grant Date Fair Value Per Share
Nonvested at January 1, 2013	8,484	$ 6.40	694	$ 6.77
Granted	6,859	7.13	1,125	7.06
Vested	(2,335)	6.33	—	—
Forfeited	(686)	6.70	(170)	6.90
Nonvested at September 30, 2013	**12,322**	**$ 6.80**	**1,649**	**$ 6.95**

The weighted-average grant date fair value of nonvested shares granted for the nine-month periods ended September 30, 2013 and 2012, were $7.12 and $6.71, respectively. The total fair value of awards vested was $14.8 million and $6.9 million during the nine-month periods ended September 30, 2013, and 2012, respectively. As of September 30, 2013, the total unrecognized compensation cost related to nonvested awards was $62.8 million with a weighted-average expense recognition period of 2.6 years.

13. BENEFIT PLANS

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

During the 2013 third quarter, the board of directors approved, and management communicated, a curtailment of the Company's pension plan effective December 31, 2013. As a result of the accounting treatment for the unamortized prior service pension cost and the change in the projected benefit obligation, a one-time, non-cash, pre-tax gain of approximately $33.9 million, $0.03 per share was recognized in the 2013 third quarter. The net gain includes a gain of $34.6 million associated with the plan and a loss of $0.7 million associated with the SERP plan.

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

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

	Pension Benefits Three Months Ended September 30,		Post Retirement Benefits Three Months Ended September 30,	
(dollar amounts in thousands)	**2013**	2012	**2013**	2012
Service cost	**$ 5,428**	$ 6,217	**$ —**	$ —
Interest cost	**7,749**	7,304	**216**	338
Expected return on plan assets	**(11,768)**	(11,432)	**—**	—
Amortization of transition asset	**—**	(1)	**—**	—
Amortization of prior service cost	**—**	(1,442)	**(339)**	(339)
Amortization of gain	**1,738**	6,739	**(150)**	(83)
Curtailments	**(34,613)**	—	**—**	—
Settlements	**2,000**	1,750	**—**	—
Recognized net actuarial loss	**1,061**	—	**—**	—
Benefit expense	**$(28,405)**	$ 9,135	**$ (273)**	$ (84)

(dollar amounts in thousands)	Pension Benefits Nine Months Ended September 30, 2013	2012	Post Retirement Benefits Nine Months Ended September 30, 2013	2012
Service cost	**$ 19,696**	$ 18,651	**$ —**	$ —
Interest cost	**22,363**	21,912	**647**	1,013
Expected return on plan assets	**(35,950)**	(34,297)	**—**	—
Amortization of transition asset	**—**	(3)	**—**	—
Amortization of prior service cost	**(2,884)**	(4,326)	**(1,015)**	(1,015)
Amortization of gain	**21,306**	20,218	**(450)**	(249)
Curtailments	**(34,613)**	—	**—**	—
Settlements	**5,000**	5,250	**—**	—
Recognized net actuarial loss	**1,061**	—	**—**	—
Benefit expense	**$ (4,021)**	$ 27,405	**$ (818)**	$ (251)

The Bank, as trustee, held all Plan assets at September 30, 2013 and December 31, 2012. The Plan assets consisted of investments in a variety of fixed income and equity Huntington mutual funds and Huntington common stock as follows:

(dollar amounts in thousands)	Fair Value September 30, 2013		December 31, 2012	
Cash	**$ 3,259**	**1%**	$ 22	— %
Cash equivalents:				
Huntington funds—money market	**—**	**—**	6,012	1
Fixed income:				
Huntington funds—fixed income funds	**78,692**	**12**	84,688	13
Corporate obligations	**173,898**	**27**	149,241	24
U.S. Government Obligations	**52,752**	**8**	36,595	6
U.S. Government Agencies	**6,326**	**1**	7,511	1
Equities:				
Huntington funds	**281,223**	**45**	312,479	49
Exchange Traded Funds	**2,799**	**—**	—	—
Huntington common stock	**36,134**	**6**	37,069	6
Other common stock	**381**	**—**	—	—
Limited Partnerships	**176**	**—**	—	—
Fair value of plan assets	**$635,640**	**100%**	$633,617	100%

Investments of the Plan are accounted for at cost on the trade date and are reported at fair value. All of the Plan's investments at September 30, 2013, are classified as Level 1 within the fair value hierarchy, except for corporate obligations, U.S. government obligations, and U.S. government agencies, which are classified as level 2. In general, investments of the Plan are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible changes in the values of investments will occur in the near term and such changes could materially affect the amounts reported in the Plan assets.

The investment objective of the Plan is to maximize the return on Plan assets over a long time period, while meeting the Plan obligations. At September 30, 2013, Plan assets were invested 1% in cash and cash equivalents, 51% in equity investments, and 48% in bonds, with an average duration of 12 years on bond investments. Although it may fluctuate with market conditions, Management has targeted a long-term allocation of Plan assets of 20% to 50% in equity investments and 80% to 50% in bond investments. The allocation of Plan assets between equity investments and fixed income investments will change from time to time with the allocation to fixed income investments increasing as the funding level increases.

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2013**	2012	**2013**	2012
SERP & SRIP	**$ 1,570**	$ 829	**$ 3,949**	$ 2,496
Defined contribution plan	**4,671**	4,181	**13,614**	12,767
Benefit cost	**$ 6,241**	$ 5,010	**$17,563**	$15,263

14. FAIR VALUES OF ASSETS AND LIABILITIES

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

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

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

Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

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

Mortgage loans held for sale

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

Available-for-sale securities and trading account securities

Securities accounted for at fair value include both the available-for-sale and trading portfolios. Huntington uses prices obtained from third party pricing services and recent trades to determine the fair value of securities. AFS and trading securities are classified as Level 1 using quoted market prices (unadjusted) in active markets for identical securities that Huntington has the ability to access at the measurement date. 1% of the positions in these portfolios are Level 1, and consist of U.S. Treasury securities and money market mutual funds. When quoted market prices are not available, fair values are classified as Level 2 using quoted prices for similar assets in active markets, quoted prices of identical or similar assets in markets that are not active, and inputs that are observable for the asset, either directly or indirectly, for substantially the full term of the financial instrument. 96% of the positions in these portfolios are Level 2, and consist of U.S. Government and agency debt securities, agency mortgage backed securities, asset-backed securities, municipal securities and other securities. For both Level 1 and Level 2 securities, management uses various methods and techniques to corroborate prices obtained from the pricing service, including reference to dealer or other market quotes, and by reviewing valuations of comparable instruments. If relevant market prices are limited or unavailable, valuations may require significant management judgment or estimation to determine fair value, in which case the fair values are classified as Level 3. 3% of our positions are Level 3, and consist of non-agency ALT-A asset-backed securities, private-label CMO securities, pooled-trust-preferred CDO securities and municipal securities. A significant change in the unobservable inputs for these securities may result in a significant change in the ending fair value measurement of these securities.

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

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

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

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

Automobile loans

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

MSRs

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

Derivatives

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

Securitization trust notes payable

Consists of certain securitization trust notes payable related to the automobile loan receivables measured at fair value. The notes payable are classified as Level 2 and are valued based on interest rates for similar financial instruments.

Assets and Liabilities measured at fair value on a recurring basis

Assets and liabilities measured at fair value on a recurring basis at September 30, 2013 and December 31, 2012 are summarized below:

(dollar amounts in thousands)	Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	Netting Adjustments (1)	**Balance at September 30, 2013**
Assets					
Loans held for sale	**$ —**	**$ 313,099**	**$ —**	**$ —**	**$ 313,099**
Trading account securities:					
U.S. Treasury securities	**—**	**—**	**—**	**—**	**—**
Federal agencies: Mortgage-backed	**—**	**—**	**—**	**—**	**—**
Federal agencies: Other agencies	**—**	**—**	**—**	**—**	**—**
Municipal securities	**—**	**3,282**	**—**	**—**	**3,282**
Other securities	**70,447**	**438**	**—**	**—**	**70,885**
	70,447	**3,720**	**—**	**—**	**74,167**
Available-for-sale and other securities:					
U.S. Treasury securities	**51,554**	**—**	**—**	**—**	**51,554**
Federal agencies: Mortgage-backed	**—**	**3,221,711**	**—**	**—**	**3,221,711**
Federal agencies: Other agencies	**—**	**339,419**	**—**	**—**	**339,419**
Municipal securities	**—**	**507,623**	**58,855**	**—**	**566,478**
Private-label CMO	**—**	**18,435**	**32,331**	**—**	**50,766**
Asset-backed securities	**—**	**1,013,425**	**114,902**	**—**	**1,128,327**
Covered bonds	**—**	**286,924**		**—**	**286,924**
Corporate debt	**—**	**460,972**	**—**	**—**	**460,972**
Other securities	**19,294**	**3,774**	**—**	**—**	**23,068**
	70,848	**5,852,283**	**206,088**	**—**	**6,129,219**
Automobile loans	**—**	**—**	**69,780**	**—**	**69,780**
MSRs	**—**	**—**	**34,106**	**—**	**34,106**
Derivative assets	**13,340**	**252,131**	**8,127**	**(54,892)**	**218,706**
Liabilities					
Derivative liabilities	**23,755**	**136,540**	**542**	**(29,488)**	**131,349**
Other liabilities	**—**	**—**	**—**	**—**	**—**

(dollar amounts in thousands)	Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	Netting Adjustments (1)	Balance at December 31, 2012
Assets					
Mortgage loans held for sale	$ —	$ 452,949	$ —	$ —	$ 452,949
Trading account securities:					
U.S. Treasury securities	—	—	—	—	—
Federal agencies: Mortgage-backed	—	—	—	—	—
Federal agencies: Other agencies	—	—	—	—	—
Municipal securities	—	15,218	—	—	15,218
Other securities	75,729	258	—	—	75,987
	75,729	15,476	—	—	91,205
Available-for-sale and other securities:					
U.S. Treasury securities	52,311	—	—	—	52,311
Federal agencies: Mortgage-backed	—	4,264,670	—	—	4,264,670
Federal agencies: Other agencies	—	359,626	—	—	359,626
Municipal securities	—	439,772	61,228	—	501,000
Private-label CMO	—	22,793	48,775	—	71,568
Asset-backed securities	—	919,046	110,037	—	1,029,083
Covered bonds	—	290,625	—	—	290,625

Corporate debt	—	668,142	—	—	668,142
Other securities	17,177	3,898	—	—	21,075
	69,488	6,968,572	220,040	—	7,258,100
Automobile loans	—	—	142,762	—	142,762
MSRs	—	—	35,202	—	35,202
Derivative assets	6,368	465,517	13,180	(99,368)	385,697
Liabilities					
Derivative liabilities	6,813	228,312	478	(83,415)	152,188
Other liabilities	—	—	—	—	—

(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, 2013 and 2012, 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, 2013					
			Available-for-sale securities			
(dollar amounts in thousands)	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans
Opening balance	**$37,544**	**$ (4,226)**	**$58,100**	**$ 32,926**	**$119,861**	**$ 91,140**
Transfers into Level 3	—	—	—	—	—	—
Transfers out of Level 3	—	—	—	—	—	—
Total gains/losses for the period:						
Included in earnings	**(3,438)**	**11,568**	—	**32**	**(25)**	**(617)**
Included in OCI	—	—	**2,595**	**891**	**10,535**	—
Purchases	—	—	—	—	—	—
Sales	—	—	—	—	**(8,281)**	—
Repayments	—	—	—	—	—	**(20,743)**
Issues	—	—	—	—	—	—
Settlements	—	**243**	**(1,840)**	**(1,518)**	**(7,188)**	—
Closing balance	**$34,106**	**$ 7,585**	**$58,855**	**$ 32,331**	**$114,902**	**$ 69,780**
Change in unrealized gains or losses for the period included in earnings (or changes in net assets) for assets held at end of the reporting date	**$ (3,437)**	**$ 11,568**	**$ 2,595**	**$ 923**	**$ (25)**	**$ (617)**

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(dollar amounts in thousands)	Level 3 Fair Value Measurements Three Months Ended September 30, 2012		Available-for-sale securities			
	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans
Opening balance	$45,061	$ 12,391	$ 78,151	$ 67,145	$119,674	$210,031
Transfers into Level 3	—	—	—	—	—	—
Transfers out of Level 3	—	—	—	—	—	—
Total gains/losses for the period:						
Included in earnings	(8,440)	7,481	—	93	39	(546)
Included in OCI	—	—	—	2,632	10,484	—
Purchases	—	—	—	—	—	—
Sales	—	—	—	(15,183)	(20,852)	—
Repayments	—	—	—	—	—	(35,846)
Issues	—	—	—	—	—	—
Settlements	—	(1,904)	(11,815)	(2,997)	(3,068)	—
Closing balance	$36,621	$ 17,968	$ 66,336	$ 51,690	$106,277	$173,639
Change in unrealized gains or losses for the period included in earnings (or changes in net assets) for assets held at end of the reporting date	$ (8,440)	$ 5,577	$ —	$ 2,632	$ 10,484	$ (546)

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(dollar amounts in thousands)	Level 3 Fair Value Measurements Nine Months Ended September 30, 2013					
			Available-for-sale securities			
	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans
Opening balance	**$35,202**	**$ 12,702**	**$61,228**	**$ 48,775**	**$110,037**	**$142,762**
Transfers into Level 3	**—**	**—**	**—**	**—**	**—**	**—**
Transfers out of Level 3	**—**	**—**	**—**	**—**	**—**	**—**
Total gains/losses for the period:						
Included in earnings	**(1,096)**	**(1,591)**	**—**	**(207)**	**(2,321)**	**16**
Included in OCI	**—**	**—**	**3,287**	**968**	**31,220**	**—**
Purchases	**—**	**—**	**—**	**—**	**—**	**—**
Sales	**—**	**—**	**—**	**(10,254)**	**(8,281)**	**—**
Repayments	**—**	**—**	**—**	**—**	**—**	**(72,998)**
Issues	**—**	**—**	**—**	**—**	**—**	**—**
Settlements	**—**	**(3,526)**	**(5,660)**	**(6,951)**	**(15,753)**	**—**
Closing balance	**$34,106**	**$ 7,585**	**$58,855**	**$ 32,331**	**$114,902**	**$ 69,780**
Change in unrealized gains or losses for the period included in earnings (or changes in net assets) for assets held at end of the reporting date	**$ (1,096)**	**$ (1,591)**	**$ 3,287**	**$ (207)**	**$ (2,321)**	**$ 16**

(dollar amounts in thousands)	Level 3 Fair Value Measurements Nine Months Ended September 30, 2012					
			Available-for-sale securities			
	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans
Opening balance	$ 65,001	$ (169)	$ 95,092	$ 72,364	$121,698	$ 296,250
Transfers into Level 3	—	—	—	—	—	—
Transfers out of Level 3	—	—	—	—	—	—
Total gains/losses for the period:						
Included in earnings	(28,380)	13,702	—	(912)	(97)	(1,196)
Included in OCI	—	—	—	7,511	15,663	—
Purchases	—	—	—	—	—	—
Sales	—	—	—	(15,183)	(20,852)	—
Repayments	—	—	—	—	—	(121,415)
Issues	—	—	—	—	—	—
Settlements	—	4,435	(28,756)	(12,090)	(10,135)	—
Closing balance	$ 36,621	$ 17,968	$ 66,336	$ 51,690	$106,277	$ 173,639
Change in unrealized gains or losses for the period included in earnings (or changes in net assets) for assets held at end of the reporting date	$(28,380)	$ 11,084	$ —	$ 7,511	$ 15,663	$ (1,196)

The table below summarizes the classification of gains and losses due to changes in fair value, recorded in earnings for Level 3 assets and liabilities for the three-month and nine-month periods ended September 30, 2013 and 2012:

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

	Level 3 Fair Value Measurements Three Months Ended September 30, 2012					
			Available-for-sale securities			
(dollar amounts in thousands)	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans
Classification of gains and losses in earnings:						
Mortgage banking income (loss)	$(8,440)	$ 7,481	$ —	$ —	$ —	$ —
Securities gains (losses)	—	—	—	(116)	—	—
Interest and fee income	—	—	—	209	39	(1,451)
Noninterest income	—	—	—	—	—	905
Total	$(8,440)	$ 7,481	$ —	$ 93	$ 39	$ (546)

	Level 3 Fair Value Measurements Nine Months Ended September 30, 2013					
			Available-for-sale securities			
(dollar amounts in thousands)	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans
Classification of gains and losses in earnings:						
Mortgage banking income (loss)	**$(1,096)**	**$ (1,591)**	**$ —**	**$ —**	**$ —**	**$ —**
Securities gains (losses)	**—**	**—**	**—**	**(334)**	**(1,465)**	**—**
Interest and fee income	**—**	**—**	**—**	**127**	**(856)**	**(3,056)**
Noninterest income	**—**	**—**	**—**	**—**	**—**	**3,072**
Total	**$(1,096)**	**$ (1,591)**	**$ —**	**$ (207)**	**$(2,321)**	**$ 16**

	Level 3 Fair Value Measurements Nine Months Ended September 30, 2012					
			Available-for-sale securities			
(dollar amounts in thousands)	MSRs	Derivative instruments	Municipal securities	Private-label CMO	Asset-backed securities	Automobile loans
Classification of gains and losses in earnings:						
Mortgage banking income (loss)	$(28,380)	$ 13,702	—	$ —	$ —	$ —
Securities gains (losses)	—	—	—	(1,601)	—	—
Interest and fee income	—	—	—	689	(97)	(5,740)
Noninterest income	—	—	—	—	—	4,544
Total	$(28,380)	$ 13,702	$ —	$ (912)	$ (97)	$ (1,196)

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Assets and liabilities under the fair value option

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

(dollar amounts in thousands)	September 30, 2013 Fair value carrying amount	September 30, 2013 Aggregate unpaid principal	September 30, 2013 Difference	December 31, 2012 Fair value carrying amount	December 31, 2012 Aggregate unpaid principal	December 31, 2012 Difference
Assets						
Mortgage loans held for sale	**$313,099**	**$305,290**	**$ 7,809**	$452,949	$438,254	$14,695
Automobile loans	**69,780**	**67,920**	**1,860**	142,762	140,916	1,846
Liabilities						
Securitization trust notes payable	**$ —**	**$ —**	**$ —**	$ —	$ —	$ —

The following tables present the net gains (losses) from fair value changes, including net gains (losses) associated with instrument specific credit risk for the three-month and nine-month periods ended September 30, 2013 and 2012:

	Net gains (losses) from fair value changes			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2013**	2012	**2013**	2012
Assets				
Mortgage loans held for sale	**$18,459**	$9,224	**$(6,885)**	$12,913
Automobile loans	**(618)**	(546)	**14**	(1,197)
Liabilities				
Securitization trust notes payable	**—**	(101)	**—**	(2,023)

	Gains (losses) included in fair value changes associated with instrument specific credit risk			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	**2013**	2012	**2013**	2012
Assets				
Automobile loans	**$ 468**	$ 1,137	**$1,620**	$3,715

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 on-going basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment. At September 30, 2013, assets measured at fair value on a nonrecurring basis were as follows:

		Fair Value Measurements Using			
(dollar amounts in thousands)	Fair Value at September 30, 2013	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total Gains/(Losses) For the Nine Months Ended September 30, 2013
Impaired loans	**$ 36,326**	**$ —**	**$ —**	**$ 36,326**	**$ (20,004)**
Accrued income and other assets	**29,154**	**—**	**—**	**29,154**	**(1,165)**

Periodically, Huntington records nonrecurring adjustments of collateral-dependent loans measured for impairment when establishing the ACL. Such amounts are generally based on the fair value of the underlying collateral supporting the loan. Appraisals are generally obtained to support the fair value of the collateral and incorporate measures such as recent sales prices for comparable properties and cost of construction. In cases where the carrying value exceeds the fair value of the collateral less cost to sell, an impairment charge is recognized. At September 30, 2013, Huntington identified $36.3 million of impaired loans for which the fair value is recorded based upon collateral value. For the nine-month period ended September 30, 2013, nonrecurring fair value impairment of $20.0 million was recorded within the provision for credit losses.

Other real estate owned properties are initially valued based on appraisals and third party price opinions, less estimated selling costs. At September 30, 2013, Huntington had $29.2 million of OREO assets. For the nine-month period ended September 30, 2013, fair value losses of $1.2 million were recorded within noninterest expense.

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, 2013 and December 31, 2012:

Quantitative Information about Level 3 Fair Value Measurements

(dollar amounts in thousands)	Fair Value at September 30, 2013	Valuation Technique	Significant Unobservable Input	Range (Weighted Average)
MSRs	$ 34,106	Discounted cash flow	Constant prepayment rate (CPR)	7.0% - 35.0% (12.0%)
			Spread over forward interest rate swap rates	-431 - 4,569 (1,236)
Derivative assets	8,127	Consensus Pricing	Net market price	-4.5% - 12.1% (2.8%)
Derivative liabilities	542		Estimated Pull thru %	50.0% - 89.0% (73.0%)
Municipal securities	58,855	Discounted cash flow	Discount rate	1.7% - 7.0% (2.7%)
Private-label CMO	32,331	Discounted cash flow	Discount rate	3.2% - 8.4% (6.5%)
			Constant prepayment rate (CPR)	5.7% - 26.7% (13.0%)
			Probability of default	0.1% - 4.0% (1.3%)
			Loss Severity	8.0% - 69.0% (46.4%)
Asset-backed securities	114,902	Discounted cash flow	Discount rate	3.7% - 15.5% (8.4%)
			Constant prepayment rate (CPR)	5.7% - 5.7% (5.7%)
			Cumulative prepayment rate	0.0% - 100.0% (15.7%)
			Constant default	1.4% - 4.0% (2.8%)
			Cumulative default	0.7% - 100.0% (17.4%)
			Loss given default	20.0% - 100.0% (94.1%)
			Cure given deferral	0.0% - 75.0% (37.2%)
			Loss severity	49.0% - 69.0% (63.6%)
Automobile loans	69,780	Discounted cash flow	Constant prepayment rate (CPR)	15.6%
			Discount rate	0.3% - 5.0% (1.5%)
Impaired loans	36,326	Appraisal value	NA	NA
Other real estate owned	29,154	Appraisal value	NA	NA

Quantitative Information about Level 3 Fair Value Measurements

(dollar amounts in thousands)	Fair Value at December 31, 2012	Valuation Technique	Significant Unobservable Input	Range (Weighted Average)
MSRs	$35,202	Discounted cash flow	Constant prepayment rate (CPR)	10.0% - 31.0% (20.0%)
			Spread over forward interest rate swap rates	-568 - 4,552 (1,288)
Derivative assets	13,180	Consensus Pricing	Net market price	-2.3% - 10.8% (3.0%)
Derivative liabilities	478		Estimated Pull thru %	38.0% - 89.0% (75.0%)
Municipal securities	61,228	Discounted cash flow	Discount rate	1.7% - 12.0% (3.1%)
Private-label CMO	48,775	Discounted cash flow	Discount rate	3.0% - 8.5% (6.2%)
			Constant prepayment rate (CPR)	5.1% - 26.7% (14.8%)
			Probability of default	0.1% - 4.0% (1.0%)
			Loss Severity	0.0% - 64.0% (27.8%)
Asset-backed securities	110,037	Discounted cash flow	Discount rate	4.5% - 16.6% (9.0%)
			Constant prepayment rate (CPR)	5.1% - 9.8% (5.3%)
			Cumulative prepayment rate	0.0% - 100.0% (6.9%)
			Constant default	0.3% - 4.0% (2.8%)
			Cumulative default	1.1% - 100.0% (20.1%)
			Loss given default	85.0% - 100.0% (92.4%)
			Cure given deferral	0.0% - 90.0% (34.7%)
			Loss severity	20.0% - 72.0% (64.9%)
Automobile loans	142,762	Discounted cash flow	Constant prepayment rate (CPR)	15.6%
			Discount rate	0.8% - 5.0% (4.0%)
Impaired loans	150,873	Appraisal value	NA	NA
Other real estate owned	28,097	Appraisal value	NA	NA

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

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

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

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

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

Fair values of financial instruments

The following table provides the carrying amounts and estimated fair values of Huntington's financial instruments that are carried either at fair value or cost at September 30, 2013 and December 31, 2012:

(dollar amounts in thousands)	**September 30, 2013** Carrying Amount	Fair Value	December 31, 2012 Carrying Amount	Fair Value
Financial Assets:				
Cash and short-term assets	**$ 1,170,758**	**$ 1,170,758**	$ 1,333,727	$ 1,333,727
Trading account securities	**74,167**	**74,167**	91,205	91,205
Loans held for sale	**345,621**	**345,621**	764,309	773,013
Available-for-sale and other securities	**6,446,681**	**6,446,681**	7,566,175	7,566,175
Held-to-maturity securities	**2,236,121**	**2,217,359**	1,743,876	1,794,105
Net loans and leases	**41,889,803**	**39,786,532**	39,959,350	38,401,965
Derivatives	**218,706**	**218,706**	385,697	385,697
Financial Liabilities:				
Deposits	**46,564,046**	**47,307,759**	46,252,683	46,330,715
Short-term borrowings	**660,932**	**651,752**	589,814	584,671
Federal Home Loan Bank advances	**333,352**	**333,631**	1,008,959	1,008,959
Other long-term debt	**904,668**	**918,390**	158,784	156,719
Subordinated notes	**1,111,598**	**1,021,507**	1,197,091	1,183,827
Derivatives	**131,349**	**131,349**	152,188	152,188

The following table presents the level in the fair value hierarchy for the estimated fair values of only Huntington's financial instruments that are not already on the Unaudited Condensed Consolidated Balance Sheets at fair value at September 30, 2013 and December 31, 2012:

(dollar amounts in thousands)	Estimated Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	**Balance at September 30, 2013**
Financial Assets				
Loans held for sale	**$ —**	**$ —**	**$ —**	**$ —**
Held-to-maturity securities	**—**	**2,217,359**	**—**	**2,217,359**
Net loans and leases	**—**	**—**	**39,716,961**	**39,716,961**
Financial liabilities				
Deposits	**—**	**40,854,625**	**6,453,134**	**47,307,759**
Short-term borrowings	**—**	**—**	**651,752**	**651,752**
Federal Home Loan Bank advances	**—**	**—**	**333,631**	**333,631**
Other long-term debt	**—**	**—**	**918,390**	**918,390**
Subordinated notes	**—**	**—**	**1,021,507**	**1,021,507**

(dollar amounts in thousands)	Estimated Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3	Balance at December 31, 2012
Financial Assets				
Loans held for sale	$ —	$ —	$ —	$ —
Held-to-maturity securities	—	2,166,749	—	2,166,749
Net loans and leases	—	—	39,265,242	39,265,242
Financial liabilities				
Deposits	—	40,542,678	5,872,908	46,415,586
Short-term borrowings	—	—	623,551	623,551
Other long-term debt	—	—	154,578	154,578
Subordinated notes	—	—	1,129,481	1,129,481

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

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

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

Held-to-maturity securities

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

Loans and direct financing leases

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

Deposits

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

Debt

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

15. DERIVATIVE FINANCIAL INSTRUMENTS

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

Derivatives used in Asset and Liability Management Activities

Huntington engages in balance sheet hedging activity, principally for asset liability management purposes, to convert fixed rate assets or liabilities into floating rate or vice versa. Balance sheet hedging activity is arranged to receive hedge accounting treatment and is classified as either fair value or cash flow hedges. Fair value hedges are purchased to convert deposits and subordinated and other long-term debt from fixed-rate obligations to floating rate. For cash flow hedges, interest rate swap contracts were entered into that pay fixed-rate interest in exchange for the receipt of variable-rate interest without the exchange of the contract's underlying notional amount, which effectively converts a portion of the floating-rate debt to a fixed-rate debt. Cash flow hedges are also used to convert floating rate loans made to customers into fixed rate loans.

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The following table presents the gross notional values of derivatives used in Huntington's asset and liability management activities at September 30, 2013, identified by the underlying interest rate-sensitive instruments:

(dollar amounts in thousands)	Fair Value Hedges	Cash Flow Hedges	Total
Instruments associated with:			
Loans	$ —	$7,366,000	$7,366,000
Deposits	162,500	—	162,500
Subordinated notes	598,000	—	598,000
Other long-term debt	385,000	—	385,000
Total notional value at September 30, 2013	**$1,145,500**	**$7,366,000**	**$8,511,500**

The following table presents additional information about the interest rate swaps used in Huntington's asset and liability management activities at September 30, 2013:

				Weighted-Average Rate	
(dollar amounts in thousands)	Notional Value	Average Maturity (years)	Fair Value	Receive	Pay
Asset conversion swaps					
Receive fixed - generic	$7,366,000	2.9	$(16,753)	0.91%	0.38%
Total asset conversion swaps	7,366,000	2.9	(16,753)	0.91	0.38
Liability conversion swaps					
Receive fixed - generic	1,145,500	3.8	71,411	2.94	0.35
Total liability conversion swaps	1,145,500	3.8	71,411	2.94	0.35
Total swap portfolio	$8,511,500	3.0	$ 54,658	1.18%	0.38%

These derivative financial instruments were entered into for the purpose of managing the interest rate risk of assets and liabilities. Consequently, net amounts receivable or payable on contracts hedging either interest earning assets or interest bearing liabilities were accrued as an adjustment to either interest income or interest expense. The net amounts resulted in an increase to net interest income of $23.1 million and $28.8 million for the three-month periods ended September 30, 2013, and 2012, respectively. For the nine-month periods ended September 30, 2013 and 2012, the net amounts resulted in an increase to net interest income of $73.2 million and $81.2 million, respectively.

In connection with the sale of Huntington's Class B Visa® shares, Huntington entered into a swap agreement with the purchaser of the shares. The swap agreement adjusts for dilution in the conversion ratio of Class B shares resulting from the Visa® litigation. At September 30, 2013, the fair value of the swap liability of $0.4 million is an estimate of the exposure liability based upon Huntington's assessment of the probability-weighted potential Visa® litigation losses and certain fixed payments required to be made through the term of the swap.

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The following table presents the fair values at September 30, 2013 and December 31, 2012 of Huntington's financial instruments. Amounts in the table below are presented gross without the impact of any net collateral arrangements:

Asset derivatives included in accrued income and other assets:

(dollar amounts in thousands)	**September 30, 2013**	December 31, 2012
Interest rate contracts designated as hedging instruments	**$ 65,574**	$ 169,222
Interest rate contracts not designated as hedging instruments	**195,673**	296,295
Foreign exchange contracts not designated as hedging instruments	**11,271**	5,605
Commodities contracts not designated as hedging instruments	**1,809**	—
Total contracts	**$ 274,327**	$ 471,122

Liability derivatives included in accrued expenses and other liabilities:

(dollar amounts in thousands)	**September 30, 2013**	December 31, 2012
Interest rate contracts designated as hedging instruments	**$ 10,916**	$ —
Interest rate contracts not designated as hedging instruments	**126,068**	228,757
Foreign exchange contracts not designated as hedging instruments	**12,037**	4,655
Commodities contracts not designated as hedging instruments	**1,491**	—
Total contracts	**$ 150,512**	$ 233,412

Fair value hedges are established to convert deposits and subordinated and other long-term debt from fixed-rate obligations to floating rate. The changes in fair value of the derivative are, to the extent that the hedging relationship is effective, recorded through earnings and offset against changes in the fair value of the hedged item.

The following table presents the change in fair value for derivatives designated as fair value hedges as well as the offsetting change in fair value on the hedged item for the three-month and nine-month periods ended September 30, 2013 and 2012:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
(dollar amounts in thousands)	**2013**	2012	**2013**	2012
Interest rate contracts				
Change in fair value of interest rate swaps hedging deposits (1)	**$ (336)**	$ (417)	**$ (3,650)**	$ (852)
Change in fair value of hedged deposits (1)	**340**	428	**3,645**	840
Change in fair value of interest rate swaps hedging subordinated notes (2)	**(2,358)**	2,448	**(34,378)**	8,207
Change in fair value of hedged subordinated notes (2)	**2,358**	(2,448)	**34,378**	(8,207)
Change in fair value of interest rate swaps hedging other long-term debt (2)	**466**	205	**(1,106)**	489
Change in fair value of hedged other long-term debt (2)	**(316)**	(205)	**1,255**	(489)

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

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

For cash flow hedges, interest rate swap contracts were entered into that pay fixed-rate interest in exchange for the receipt of variable-rate interest without the exchange of the contract's underlying notional amount, which effectively converts a portion of its floating-rate debt to a fixed-rate debt. This reduces the potentially adverse impact of increases in interest rates on future interest expense. Other LIBOR-based commercial and industrial loans as well as investment securities were effectively converted to fixed-rate by entering into contracts that swap certain variable-rate interest payments for fixed-rate interest payments at designated times.

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

The following table presents the gains and (losses) recognized in OCI and the location in the Unaudited Condensed Consolidated Statements of Income of gains and (losses) reclassified from OCI into earnings for the three-month and nine-month periods ended September 30, 2013 and 2012 for derivatives designated as effective cash flow hedges:

Derivatives in cash flow hedging relationships	Amount of gain or (loss) recognized in OCI on derivatives (effective portion) (after-tax)		Location of gain or (loss) reclassified from accumulated OCI into earnings (effective portion)	Amount of (gain) or loss reclassified from accumulated OCI into earnings (effective portion)	
	Three Months Ended September 30,			Three Months Ended September 30,	
(dollar amounts in thousands)	2013	2012		2013	2012
Interest rate contracts					
Loans	**$17,337**	$14,027	Interest and fee income - loans and leases	**$(3,078)**	$(13,428)
Investment Securities	**—**	—	Noninterest income - other income	**(7)**	—
FHLB Advances	**—**	—	Interest expense - federal home loan bank advances	**—**	—
Deposits	**—**	—	Interest expense - deposits	**—**	—
Subordinated notes	**—**	—	Interest expense - subordinated notes and other long-term debt	**—**	130
Other long term debt	**—**	—	Interest expense - subordinated notes and other long-term debt	**—**	—
Total	**$17,337**	$14,027		**$(3,085)**	$(13,298)

Derivatives in cash flow hedging relationships	Amount of gain or (loss) recognized in OCI on derivatives (effective portion) (after-tax)		Location of gain or (loss) reclassified from accumulated OCI into earnings (effective portion)	Amount of (gain) or loss reclassified from accumulated OCI into earnings (effective portion)	
	Nine Months Ended September 30,			Nine Months Ended September 30,	
(dollar amounts in thousands)	2013	2012		2013	2012
Interest rate contracts					
Loans	**$(46,526)**	$4,031	Interest and fee income - loans and leases	**$(11,367)**	$13,285
Investment Securities	**—**	(702)	Interest and fee income - investment securities	**(202)**	—
FHLB Advances	**—**	—	Interest expense - federal home loan bank advances	**—**	—
Deposits	**—**	—	Interest expense - deposits	**—**	—
Subordinated notes	**—**	—	Interest expense - subordinated notes and other long-term debt	**—**	143
Other long term debt	**—**	—	Interest expense - subordinated notes and other long-term debt	**—**	—
Total	**$(46,526)**	$3,329		**$(11,569)**	$13,428

During the next twelve months, Huntington expects to reclassify to earnings $24.8 million of after-tax unrealized gains on cash flow hedging derivatives currently in OCI.

The following table details the gains and (losses) recognized in noninterest income on the ineffective portion on interest rate contracts for derivatives designated as cash flow hedges for the three-month and nine-month periods ended September 30, 2013 and 2012.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollar amounts in thousands)	2013	2012	2013	2012
Derivatives in cash flow hedging relationships				
Interest rate contracts				
Loans	**$ (13)**	$ (215)	**$ 895**	$ (146)
FHLB Advances	**—**	—	**—**	—

Derivatives used in trading activities

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

The net fair values of these derivative financial instruments, for which the gross amounts are included in accrued income and other assets or accrued expenses and other liabilities at September 30, 2013 and December 31, 2012, were $ 67.5 million and $63.4 million, respectively. The total notional values of derivative financial instruments used by Huntington on behalf of customers, including offsetting derivatives, were $12.9 billion and $12.0 billion at September 30, 2013 and December 31, 2012, respectively. Huntington's credit risks from derivative financial instruments used for trading purposes were $187.3 million and $296.1 million at the same dates, respectively.

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

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

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

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

At September 30, 2013 and December 31, 2012, aggregate credit risk associated with these derivatives, net of collateral that has been pledged by the counterparty, was $19.0 million and $17.4 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, 2013, Huntington pledged $133.2 million of investment securities and cash collateral to counterparties, while other counterparties pledged $100.4 million of investment securities and cash collateral to Huntington to satisfy collateral netting agreements. In the event of credit downgrades, Huntington would not be required to provide additional collateral.

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The following tables present the gross amounts of these assets and liabilities with any offsets to arrive at the net amounts recognized in the Unaudited Condensed Consolidated Balance Sheets at September 30, 2013 and December 31, 2012:

Offsetting of Financial Assets and Derivative Assets

(dollar amounts in thousands)		Gross amounts of recognized assets	Gross amounts offset in the condensed consolidated balance sheets	Net amounts of assets presented in the condensed consolidated balance sheets	Gross amounts not offset in the condensed consolidated balance sheets: Financial instruments	Gross amounts not offset in the condensed consolidated balance sheets: cash collateral received	Net amount
Offsetting of Financial Assets and Derivative Assets							
September 30, 2013	Derivatives	**$ 311,580**	**$ (103,945)**	**$ 207,635**	**$(30,889)**	**$ (322)**	**$176,424**
December 31, 2012	Derivatives	473,374	(101,620)	371,754	(62,409)	(755)	308,590

Offsetting of Financial Liabilities and Derivative Liabilities

(dollar amounts in thousands)		Gross amounts of recognized liabilities	Gross amounts offset in the condensed consolidated balance sheets	Net amounts of assets presented in the condensed consolidated balance sheets	Gross amounts not offset in the condensed consolidated balance sheets: Financial instruments	Gross amounts not offset in the condensed consolidated balance sheets: cash collateral received	Net amount
Offsetting of Financial Liabilities and Derivative Liabilities							
September 30, 2013	Derivatives	**$ 187,766**	**$ (69,008)**	**$ 118,758**	**$(100,522)**	**$ 1,595**	**$ 19,831**
December 31, 2012	Derivatives	235,664	(85,667)	149,997	(97,233)	(455)	52,309

Derivatives used in mortgage banking activities

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

(dollar amounts in thousands)	**September 30, 2013**	December 31, 2012
Derivative assets:		
Interest rate lock agreements	**$ 8,127**	$ 13,180
Forward trades and options	**260**	763
Total derivative assets	**8,387**	13,943
Derivative liabilities:		
Interest rate lock agreements	**(99)**	(33)
Forward trades and options	**(10,227)**	(2,158)
Total derivative liabilities	**(10,326)**	(2,191)
Net derivative asset (liability)	**$ (1,939)**	$ 11,752

The total notional value of these derivative financial instruments at September 30, 2013 and December 31, 2012, was $0.6 billion and $2.3 billion, respectively. The total notional amount at September 30, 2013, corresponds to trading assets with a fair value of $2.1 million. Total MSR hedging gains and (losses) for the three-month periods ended September 30, 2013 and 2012, were $0.1 million and $15.4 million, respectively and $(23.5) million and $33.0 million for the nine-month periods ended September 30, 2013 and 2012, respectively. Included in total MSR hedging gains and losses for the three-month periods ended September 30, 2013 and 2012 were net gains and (losses) related to derivative instruments of $0.1 million and $ 15.4 million, respectively, and $(23.5) million and $33.0 million for the nine-month periods ended September 30, 2013 and 2012, respectively. These amounts are included in mortgage banking income in the Unaudited Condensed Consolidated Statements of Income.

16. VIEs

Consolidated VIEs

Consolidated VIEs at September 30, 2013, consisted of automobile loan and lease securitization trusts formed in 2009 and 2006. Huntington has determined the trusts are VIEs. Huntington has concluded that it is the primary beneficiary of these trusts because it has the power to direct the activities of the entity that most significantly affect the entity's economic performance and it has either the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE.

The following tables present the carrying amount and classification of the consolidated trusts' assets and liabilities that were included in the Unaudited Condensed Consolidated Balance Sheets at September 30, 2013 and December 31, 2012:

	September 30, 2013			
(dollar amounts in thousands)	2009 Automobile Trust	2006 Automobile Trust	Other Consolidated Trusts	Total
Assets:				
Cash	**$ 8,987**	**$ 79,153**	**$ —**	**$ 88,140**
Loans and leases	**69,780**	**188,871**	**—**	**258,651**
Allowance for loan and lease losses	**—**	**(793)**	**—**	**(793)**
Net loans and leases	**69,780**	**188,078**	**—**	**257,858**
Accrued income and other assets	**283**	**565**	**261**	**1,109**
Total assets	**$ 79,050**	**$267,796**	**$ 261**	**$347,107**
Liabilities:				
Other long-term debt	**$ —**	**$ —**	**$ —**	**$ —**
Accrued interest and other liabilities	**—**	**—**	**261**	**261**
Total liabilities	**$ —**	**$ —**	**$ 261**	**$ 261**

	December 31, 2012			
(dollar amounts in thousands)	2009 Automobile Trust	2006 Automobile Trust	Other Consolidated Trusts	Total
Assets:				
Cash	$ 12,577	$ 91,113	$ —	$103,690
Loans and leases	142,762	356,162	—	498,924
Allowance for loan and lease losses	—	(2,671)	—	(2,671)
Net loans and leases	142,762	353,491	—	496,253
Accrued income and other assets	617	1,353	288	2,258
Total assets	$155,956	$445,957	$ 288	$602,201
Liabilities:				
Other long-term debt	$ —	$ 2,086	$ —	$ 2,086
Accrued interest and other liabilities	—	1	288	289
Total liabilities	$ —	$ 2,087	$ 288	$ 2,375

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

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, 2013, and December 31, 2012:

	September 30, 2013		
(dollar amounts in thousands)	**Total Assets**	**Total Liabilities**	**Maximum Exposure to Loss**
2012-1 Automobile Trust	**$ 7,298**	**$ —**	**$ 7,298**
2012-2 Automobile Trust	**8,750**	**—**	**8,750**
2011 Automobile Trust	**3,827**	**—**	**3,827**
Tower Hill Securities, Inc.	**79,312**	**65,000**	**79,312**
Trust Preferred Securities	**13,764**	**312,894**	**—**
Low Income Housing Tax Credit Partnerships	**367,817**	**139,293**	**367,817**
Total	**$ 480,768**	**$ 517,187**	**$ 467,004**

	December 31, 2012		
(dollar amounts in thousands)	Total Assets	Total Liabilities	Maximum Exposure to Loss
2012-1 Automobile Trust	$ 12,649	$ —	$ 12,649
2012-2 Automobile Trust	13,616	—	13,616
2011 Automobile Trust	7,076	—	7,076
Tower Hill Securities, Inc.	87,075	65,000	87,075
Trust Preferred Securities	13,764	312,894	—
Low Income Housing Tax Credit Partnerships	391,878	152,047	391,878
Total	$ 526,058	$ 529,941	$ 512,294

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

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

TOWER HILL SECURITIES, INC.

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

TRUST PREFERRED SECURITIES

Huntington has certain wholly-owned trusts whose assets, liabilities, equity, income, and expenses are not included within Huntington's Unaudited Condensed Consolidated Financial Statements. These trusts have been formed for the sole purpose of issuing trust-preferred securities, from which the proceeds are then invested in Huntington junior subordinated debentures, which are reflected in Huntington's Unaudited Condensed Consolidated Balance Sheets as subordinated notes. The trust securities are the obligations of the trusts, and as such, are not consolidated within Huntington's Unaudited Condensed Consolidated Financial Statements. A list of trust preferred securities outstanding at September 30, 2013 follows:

(dollar amounts in thousands)	Rate	Principal amount of subordinated note/ debenture issued to trust (1)	Investment in unconsolidated subsidiary
Huntington Capital I	0.97%(2)	$ 111,816	$ 6,186
Huntington Capital II	0.88(3)	54,593	3,093
Sky Financial Capital Trust III	1.65(4)	72,165	2,165
Sky Financial Capital Trust IV	1.67(4)	74,320	2,320
Total		$ 312,894	$ 13,764

(1) Represents the principal amount of debentures issued to each trust, including unamortized original issue discount.
(2) Variable effective rate at September 30, 2013, based on three month LIBOR + 0.70.
(3) Variable effective rate at September 30, 2013, based on three month LIBOR + 0.625.
(4) Variable effective rate at September 30, 2013, based on three month LIBOR + 1.40.

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

LOW INCOME HOUSING TAX CREDIT PARTNERSHIPS

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

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

Huntington believes the general partner of each limited partnership has the power to direct the activities which most significantly affect the performance of each partnership, therefore, Huntington has determined that it is not the primary beneficiary of any LIHTC partnership. Huntington uses the equity or effective yield method to account for its investments in these entities. These investments are included in accrued income and other assets. At September 30, 2013 and December 31, 2012, Huntington had gross investment commitments of $524.7 million (net of amortization: $367.8 million) and $532.1 million (net of amortization: $391.9 million), respectively, of which $385.4 million and $380.0 million, respectively, were funded. The unfunded portion is included in accrued expenses and other liabilities.

17. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments to extend credit

In the ordinary course of business, Huntington makes various commitments to extend credit that are not reflected in the Unaudited Condensed Consolidated Financial Statements. The contractual amounts of these financial agreements at September 30, 2013 and December 31, 2012, were as follows:

(dollar amounts in thousands)	**September 30, 2013**	December 31, 2012
Contract amount represents credit risk:		
Commitments to extend credit		
Commercial	**$ 10,207,291**	$ 9,209,094
Consumer	**6,309,876**	6,189,447
Commercial real estate	**762,099**	797,605
Standby letters-of-credit	**456,580**	514,705

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 $1.5 million and $1.4 million at September 30, 2013 and December 31, 2012, respectively.

Through the Company's credit process, Huntington monitors the credit risks of outstanding standby letters-of-credit. When it is probable that a standby letter-of-credit will be drawn and not repaid in full, losses are recognized in the provision for credit losses. At September 30, 2013, Huntington had $457 million of standby letters-of-credit outstanding, of which 82% were collateralized. Included in this $457 million total are letters-of-credit issued by the Bank that support securities that were issued by customers and remarketed by The Huntington Investment Company, the Company's broker-dealer subsidiary.

Huntington uses an internal grading system to assess an estimate of loss on its loan and lease portfolio. This same loan grading system is used to monitor credit risk associated with standby letters-of-credit. Under this grading system as of September 30, 2013, approximately $86 million of the standby letters-of-credit were rated strong with sufficient asset quality, liquidity, and good debt capacity and coverage; approximately $370 million were rated average with acceptable asset quality, liquidity, and modest debt capacity; and approximately $0 million were rated substandard with negative financial trends, structural weaknesses, operating difficulties, and higher leverage.

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

Commitments to sell loans

Huntington enters into forward contracts relating to its mortgage banking business to hedge the exposures from commitments to make new residential mortgage loans with existing customers and from mortgage loans classified as loans held for sale. At September 30, 2013 and December 31, 2012, Huntington had commitments to sell residential real estate loans of $571.7 million and $849.8 million, respectively. These contracts mature in less than one year.

Income Taxes

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

Huntington accounts for uncertainties in income taxes in accordance with ASC 740, Income Taxes. At September 30, 2013, Huntington had gross unrecognized tax benefits of $0.7 million in income tax liability related to uncertain tax positions. Total interest accrued on the unrecognized tax benefits was $0.1 million as of September 30, 2013. Huntington recognizes interest and penalties on income tax assessments or income tax refunds in the financial statements as a component of provision for income taxes. It is reasonably possible that the liability for unrecognized tax benefits could decrease in the next twelve months.

Litigation

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

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

In certain cases, exposure to loss exists in excess of the accrual to the extent such loss is reasonably possible, but not probable. Management believes an estimate of the aggregate range of reasonably possible losses, in excess of amounts accrued, for current legal proceedings is from $0 to approximately $125.0 million at September 30, 2013. For certain other cases, Management cannot reasonably estimate the possible loss at this time. Any estimate involves significant judgment, given the varying stages of the proceedings (including the fact that many of them are currently in preliminary stages), the existence of multiple defendants in several of the current proceedings whose share of liability has yet to be determined, the numerous unresolved issues in many of the proceedings, and the inherent uncertainty of the various potential outcomes of such proceedings. Accordingly, Management's estimate will change from time-to-time, and actual losses may be more or less than the current estimate.

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

The following supplements the discussion of certain matters previously reported in Item 3 (Legal Proceedings) of the 2012 Form 10-K for events occurring through the date of this filing:

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

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

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

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

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

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

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

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18. PARENT COMPANY FINANCIAL STATEMENTS

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

Balance Sheets *(dollar amounts in thousands)*	**September 30, 2013**	December 31, 2012
Assets		
Cash and cash equivalents	**$ 967,644**	$ 921,471
Due from The Huntington National Bank	**246,833**	207,414
Due from non-bank subsidiaries	**65,334**	78,006
Investment in The Huntington National Bank	**5,180,441**	4,754,886
Investment in non-bank subsidiaries	**787,195**	774,055
Accrued interest receivable and other assets	**154,659**	131,358
Total assets	**$ 7,402,106**	$6,867,190
Liabilities and Shareholders' Equity		
Short-term borrowings	**$ —**	$ —
Long-term borrowings	**642,952**	662,894
Dividends payable, accrued expenses, and other liabilities	**797,575**	414,085
Total liabilities	**1,440,527**	1,076,979
Shareholders' equity (1)	**5,961,579**	5,790,211
Total liabilities and shareholders' equity	**$ 7,402,106**	$6,867,190

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

Statements of Income *(dollar amounts in thousands)*	**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
	2013	2012	**2013**	2012
Income				
Dividends from				
The Huntington National Bank	**$ —**	$ —	**$ —**	$ —
Non-bank subsidiaries	**18,000**	5,000	**18,000**	13,450
Interest from				
The Huntington National Bank	**425**	8,523	**5,513**	32,112
Non-bank subsidiaries	**782**	1,280	**2,399**	4,505
Other	**353**	251	**1,266**	1,068
Total income	**19,560**	15,054	**27,178**	51,135
Expense				
Personnel costs	**12,951**	11,186	**41,161**	31,387
Interest on borrowings	**5,692**	6,621	**14,242**	24,094
Other	**11,923**	10,784	**26,790**	25,632
Total expense	**30,566**	28,591	**82,193**	81,113
Income (loss) before income taxes and equity in undistributed net income of subsidiaries	**(11,006)**	(13,537)	**(55,015)**	(29,978)
Provision (benefit) for income taxes	**(14,958)**	(15,572)	**(28,974)**	(26,812)
Income (loss) before equity in undistributed net income of subsidiaries	**3,952**	2,035	**(26,041)**	(3,166)
Increase (decrease) in undistributed net income of:				
The Huntington National Bank	**186,462**	168,314	**505,499**	469,274
Non-bank subsidiaries	**(11,927)**	(2,582)	**1,460**	7,635
Net income	**$178,487**	$167,767	**$480,918**	$473,743
Other comprehensive income (loss) (1)	**52,969**	51,435	**(79,948)**	89,221
Comprehensive income	**$231,456**	$219,202	**$400,970**	$562,964

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

Statements of Cash Flows	Nine Months Ended September 30,	
(dollar amounts in thousands)	**2013**	2012
Operating activities		
Net income	**$ 480,918**	$ 473,743
Adjustments to reconcile net income to net cash provided by operating activities		
Equity in undistributed net income of subsidiaries	**(536,591)**	(502,659)
Depreciation and amortization	**323**	197
Other, net	**(1,518)**	(25,494)
Net cash provided by (used for) operating activities	**(56,868)**	(54,213)
Investing activities		
Repayments from subsidiaries	**251,853**	453,625
Advances to subsidiaries	**(248,950)**	(31,347)
Net cash provided by (used for) investing activities	**2,903**	422,278
Financing activities		
Payment of borrowings	**(50,000)**	(199,770)
Issuance of long-term debt	**399,200**	—
Dividends paid on stock	**(132,957)**	(127,136)
Repurchases of common stock	**(124,995)**	(65,303)
Other, net	**8,890**	(166)
Net cash provided by (used for) financing activities	**100,138**	(392,375)
Change in cash and cash equivalents	**46,173**	(24,310)
Cash and cash equivalents at beginning of period	**921,471**	917,954
Cash and cash equivalents at end of period	**$ 967,644**	$ 893,644
Supplemental disclosure:		
Interest paid	**$ 14,242**	$ 24,904

19. SEGMENT REPORTING

We have four major business segments: Retail and Business Banking, Regional and Commercial Banking, Automobile Finance and Commercial Real Estate, and Wealth Advisors, Government Finance, and Home Lending. A Treasury / Other function includes our insurance business and other unallocated assets, liabilities, revenue, and expense.

Segment results are determined based upon the Company’s management reporting system, which assigns balance sheet and income statement items to each of the business segments. The process is designed around the Company’s organizational and management structure and, accordingly, the results derived are not necessarily comparable with similar information published by other financial institutions. A description of each segment and table of financial results is presented below.

Retail and Business Banking: The Retail and Business Banking segment provides a wide array of financial products and services to consumer and small business customers including but not limited to checking accounts, savings accounts, money market accounts, certificates of deposit, consumer loans, and small business loans and leases. Other financial services available to consumer and small business customers include investments, insurance services, interest rate risk protection products, foreign exchange hedging, and treasury management services. Huntington serves customers primarily through our network of traditional branches in Ohio, Michigan, Pennsylvania, Indiana, West Virginia, and Kentucky. Huntington also has branches located in grocery stores in Ohio and Michigan. In addition to our extensive branch network, customers can access Huntington through online banking, mobile banking, telephone banking, and over 1,500 ATMs.

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

Business Banking is a dynamic and growing part of our business and we are committed to being the bank of choice for small businesses in our markets. Business Banking is defined as companies with revenues up to $25 million and consists of approximately 163,000 businesses. Huntington continues to develop products and services that are designed specifically to meet the needs of small business. Huntington continues to look for ways to help companies find solutions to their capital needs.

Regional and Commercial Banking: This segment provides a wide array of products and services to the middle market and large corporate customers base located primarily within our eleven regional commercial banking markets. Products and services are delivered through a relationship banking model and include commercial lending, as well as depository and liquidity management products. Dedicated teams collaborate with our relationship bankers to deliver complex and customized treasury management solutions, equipment and technology leasing, international services, capital markets services such as interest rate risk protection products, foreign exchange hedging and sales, trading of securities, mezzanine investment capabilities, and employee benefit programs (insurance, 401(k)). The Commercial Banking team specializes in serving a number of industry segments such as not-for-profit organizations, health-care entities, and large publicly traded companies.

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

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

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

Wealth Advisors, Government Finance, and Home Lending: This segment consists of our wealth management, government banking, and home lending businesses. In wealth management, Huntington provides financial services to high net worth clients in our primary banking markets and Florida. Huntington provides these services through a unified sales team, which consists of private bankers, trust officers, and investment advisors. Aligned with the eleven regional commercial banking markets, this coordinated service model delivers products and services directly and through the other segment product partners. A fundamental point of differentiation is our commitment to be in the market, working closely with clients and their other advisors to identify needs, offer solutions and provide ongoing advice in an optimal client relationship.

The Government Finance Group provides financial products and services to government and other public sector entities in our primary banking markets. A locally based team of relationship managers works with clients to meet their trust, lending, and treasury management needs.

Home Lending originates and services consumer loans and mortgages for customers who are generally located in our primary banking markets. Consumer and mortgage lending products are primarily distributed through the Retail and Business Banking segment, as well as through commissioned loan originators. Closely aligned, our Community Development group serves an important role as it focuses on delivering on our commitment to the communities Huntington serves.

The segment also includes the related businesses of investment management, investment servicing, custody, corporate trust, and retirement plan services. Huntington Asset Advisors provides investment management services through a variety of internal and external channels, including advising the Huntington Funds, our proprietary family of mutual funds and Huntington Strategy Shares, our actively-managed exchange-traded funds. Huntington Asset Services offers administrative and operational support to fund complexes, including fund accounting, transfer agency, administration, and distribution services. Our retirement plan services business offers fully bundled and third party distribution of a variety of qualified and non-qualified plan solutions.

Treasury / Other function includes our insurance brokerage business, which specializes in commercial property and casualty, employee benefits, personal lines, life and disability and specialty lines of insurance. Huntington also provides brokerage and agency services for residential and commercial title insurance and excess and surplus product lines of insurance. As an agent and broker we do not assume underwriting risks; instead we provide our customers with quality, noninvestment insurance contracts. The Treasury / Other function also includes technology and operations, other unallocated assets, liabilities, revenue, and expense.

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Listed below is certain operating basis financial information reconciled to Huntington's September 30, 2013, December 31, 2012, and September 30, 2012, reported results by business segment:

Income Statements *(dollar amounts in thousands)*	Three Months Ended September 30, Retail & Business Banking	Regional & Commercial Banking	AFCRE	WGH	Treasury/ Other	Huntington Consolidated
2013						
Net interest income	**$202,040**	**69,168**	**90,002**	**43,093**	**20,549**	**$ 424,852**
Provision for credit losses	**43,179**	**42,464**	**(69,579)**	**(4,663)**	**(1)**	**11,400**
Noninterest income	**103,868**	**42,121**	**7,631**	**63,787**	**33,096**	**250,503**
Noninterest expense	**242,386**	**56,669**	**38,224**	**90,502**	**(4,445)**	**423,336**
Income taxes	**7,120**	**4,255**	**45,146**	**7,364**	**(1,753)**	**62,132**
Net income	**$ 13,223**	**$ 7,901**	**$ 83,842**	**$13,677**	**$ 59,844**	**$ 178,487**
2012						
Net interest income	$213,270	69,995	89,573	48,181	9,279	430,298
Provision for credit losses	38,347	4,933	(13,948)	7,673	(1)	37,004
Noninterest income	99,751	33,320	10,000	82,139	35,857	261,067
Noninterest expense	252,241	50,660	38,437	95,050	21,915	458,303
Income taxes	7,852	16,703	26,279	9,659	(32,202)	28,291
Net income	$ 14,581	$ 31,019	$ 48,805	$17,938	$ 55,424	$ 167,767

Income Statements *(dollar amounts in thousands)*	Nine Months Ended September 30, Retail & Business Banking	Regional & Commercial Banking	AFCRE	WGH	Treasury/ Other	Huntington Consolidated
2013						
Net interest income	**$611,849**	**206,512**	**265,733**	**129,392**	**60,473**	**$1,273,959**
Provision for credit losses	**101,196**	**34,838**	**(82,381)**	**12,063**	**(2)**	**65,714**
Noninterest income	**288,446**	**106,349**	**23,877**	**234,493**	**98,202**	**751,367**
Noninterest expense	**719,430**	**163,232**	**112,440**	**276,856**	**40,036**	**1,311,994**
Income taxes	**27,884**	**40,177**	**90,843**	**26,238**	**(18,442)**	**166,700**
Net income	**$ 51,785**	**$ 74,614**	**$168,708**	**$ 48,728**	**$137,083**	**$ 480,918**
2012						
Net interest income	$656,216	202,116	266,765	143,396	7,976	$1,276,469
Provision for credit losses	103,233	42,542	(61,030)	23,185	—	107,930
Noninterest income	286,745	100,724	55,018	250,370	107,349	800,206
Noninterest expense	727,486	148,219	115,802	279,988	93,753	1,365,248
Income taxes	39,285	39,228	93,454	31,708	(73,921)	129,754
Net income	$ 72,957	$ 72,851	$173,557	$ 58,885	$ 95,493	$ 473,743

(dollar amounts in thousands)	Assets at September 30, 2013	Assets at December 31, 2012	Deposits at September 30, 2013	Deposits at December 31, 2012
Retail & Business Banking	**$ 14,391,941**	$ 14,362,630	**$ 28,199,983**	$ 28,367,264
Regional & Commercial Banking	**12,209,751**	11,540,966	**6,190,813**	5,862,858
AFCRE	**12,992,479**	12,085,128	**1,084,146**	995,035
WGH	**7,636,789**	7,570,256	**9,935,334**	9,507,785
Treasury / Other	**9,417,291**	10,594,205	**1,153,770**	1,519,741
Total	**$ 56,648,251**	$ 56,153,185	**$ 46,564,046**	$ 46,252,683

20. Subsequent Event

On October 10, 2013, Huntington announced the signing of a definitive agreement to acquire Camco Financial, the parent company of Cambridge Ohio-based Advantage Bank, in a cash and stock transaction valued at approximately $97 million. As of June 30, 2013, Camco operated 22 banking offices throughout eastern and southern Ohio with $0.8 billion in total assets and $0.6 billion in total deposits. The transaction is expected to be completed in the first half of 2014, subject to the satisfaction of customary closing conditions, including regulatory approvals and the approval of the shareholders of Camco Financial. Given the size and structure, the transaction has a de minimis impact to tangible book value. With over 45% geographic overlap, Huntington expects the acquisition to be accretive to earnings per share in the first full year.

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 2012 Form 10-K.

Item 4: Controls and Procedures

Disclosure Controls and Procedures

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

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

PART II. OTHER INFORMATION

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

Item 1: Legal Proceedings

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

Item 1A: Risk Factors

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

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

(a) and (b)

Not Applicable

(c)

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares (or Approximate Dollar Value) that May Yet Be Purchased Under the Plans or Programs (2)
July 1, 2013 to July 31, 2013	—	$ —	9,995,724	$ 152,002,102
August 1, 2013 to August 31, 2013	809,000	8.18	10,804,724	145,382,048
September 1, 2013 to September 30, 2013	1,165,000	8.19	11,969,724	135,845,179
Total	1,974,000	$ 8.18	11,969,724	$ 135,845,179

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

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On March 14, 2013, Huntington Bancshares Incorporated was notified by the Federal Reserve that it had no objection to Huntington's proposed capital actions included in Huntington's capital plan submitted to the Federal Reserve in January of this year. These actions included the potential repurchase of up to $227 million shares of common stock, starting in the second quarter of 2013 through the first quarter of 2014. Huntington's Board of Directors authorized a share repurchase program consistent with Huntington's capital plan. During the 2013 third quarter, Huntington repurchased a total of 2.0 million shares at a weighted average share price of $8.18.

Item 6. Exhibits

Exhibit Index

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

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

Exhibit Number	Document Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference
2.1	Agreement and Plan of Merger by and between Camco Financial Corporation and Huntington Bancshares Incorporated, dated as of October 9, 2013.	Current Report on Form 8-K dated October 10, 2013	001-34073	2.1
3.1	Articles of Restatement of Charter.	Annual Report on Form 10-K for the year ended December 31, 1993	000-02525	3(i)
3.2	Articles of Amendment to Articles of Restatement of Charter.	Current Report on Form 8-K dated May 31, 2007	000-02525	3.1
3.3	Articles of Amendment to Articles of Restatement of Charter.	Current Report on Form 8-K dated May 7, 2008	000-02525	3.1
3.4	Articles of Amendment to Articles of Restatement of Charter.	Current Report on Form 8-K dated April 27, 2010	001-34073	3.1
3.5	Articles Supplementary of Huntington Bancshares Incorporated, as of April 22, 2008.	Current Report on Form 8-K dated April 22, 2008	000-02525	3.1
3.6	Articles Supplementary of Huntington Bancshares Incorporated, as of April 22. 2008.	Current Report on Form 8-K dated April 22, 2008	000-02525	3.2
3.7	Articles Supplementary of Huntington Bancshares Incorporated, as of November 12, 2008.	Current Report on Form 8-K dated November 12, 2008	001-34073	3.1
3.8	Articles Supplementary of Huntington Bancshares Incorporated, as of December 31, 2006.	Annual Report on Form 10-K for the year ended December 31, 2006	000-02525	3.4
3.9	Articles Supplementary of Huntington Bancshares Incorporated, as of December 28, 2011.	Current Report on Form 8-K dated December 28, 2011.	001-34073	3.1
3.10	Bylaws of Huntington Bancshares Incorporated, as amended and restated, as of July 18, 2012.	Current Report on Form 8-K dated July 24, 2012	001-34073	3.1
4.1	Instruments defining the Rights of Security Holders - reference is made to Articles Fifth, Eighth, and Tenth of Articles of Restatement of Charter, as amended and supplemented. Instruments defining the rights of holders of long-term debt will be furnished to the Securities and Exchange Commission upon request.			
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, 2013, formatted in XBRL: (1) Unaudited Condensed Consolidated Balance Sheets, (2) Unaudited Condensed Consolidated Statements of Income, (3) Unaudited Condensed Consolidated Statements of Comprehensive Income (4) Unaudited Condensed Consolidated Statement of Changes in Shareholders' Equity, (5) Unaudited Condensed Consolidated Statements of Cash Flows, and (6) the Notes to Unaudited Condensed Consolidated Financial Statements.

* Denotes management contract or compensatory plan or arrangement.
** Furnished, not filed.

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: November 7, 2013	/s/ Stephen D. Steinour Stephen D. Steinour Chairman, Chief Executive Officer and President
Date: November 7, 2013	/s/ David S. Anderson David S. Anderson Interim Chief Financial Officer

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: November 7, 2013

/s/ Stephen D. Steinour
Stephen D. Steinour
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, David S. Anderson, 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: November 7, 2013

/s/ David S. Anderson
David S. Anderson
Interim 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 month period ended September 30, 2013, 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
November 7, 2013

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 month period ended September 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David S. Anderson, Interim 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/ David S. Anderson

David S. Anderson
Interim Chief Financial Officer
November 7, 2013