HUNTINGTON BANCSHARES INC/MD
Form 10-K
February 17, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)
x Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2015
or
¨ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Commission File Number 1-34073

Huntington Bancshares Incorporated
(Exact name of registrant as specified in its charter)

Maryland (State or other jurisdiction of incorporation or organization)	31-0724920 (I.R.S. Employer Identification No.)
41 S. High Street, Columbus, Ohio (Address of principal executive offices)	43287 (Zip Code)

Registrant's telephone number, including area code (614) 480-8300
Securities registered pursuant to Section 12(b) of the Act:

Title of class	Name of exchange on which registered
8.50% Series A non-voting, perpetual convertible preferred stock	NASDAQ
Common Stock—Par Value $0.01 per Share	NASDAQ

Securities registered pursuant to Section 12(g) of the Act:
Title of class
Floating Rate Series B Non-Cumulative Perpetual Preferred Stock

Depositary Shares (each representing a 1/40th interest in a share of Floating Rate Series B Non-Cumulative Perpetual Preferred Stock)
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Exchange Act. x Yes ¨ No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. ¨ Yes x No
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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes ¨ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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 definition of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2015, determined by using a per share closing price of $11.31, as quoted by NASDAQ on that date, was $8,871,190,906. As of January 31, 2016, there were 795,025,143 shares of common stock with a par value of $0.01 outstanding.

Documents Incorporated By Reference

Part III of this Form 10-K incorporates by reference certain information from the registrant's definitive Proxy Statement for the 2016 Annual Shareholders' Meeting.

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Glossary of Acronyms and Terms

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

ABL	Asset Based Lending
ABS	Asset-Backed Securities
ACL	Allowance for Credit Losses
AFCRE	Automobile Finance and Commercial Real Estate
AFS	Available-for-Sale
ALCO	Asset-Liability Management Committee
ALLL	Allowance for Loan and Lease Losses
ARM	Adjustable Rate Mortgage
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	Automated Teller Machine
AULC	Allowance for Unfunded Loan Commitments
Basel III	Refers to the final rule issued by the FRB and OCC and published in the Federal Register on October 11, 2013
BHC	Bank Holding Companies
C&I	Commercial and Industrial
Camco Financial	Camco Financial Corp.
CCAR	Comprehensive Capital Analysis and Review
CDO	Collateralized Debt Obligations
CDs	Certificate of Deposit
CET1	Common equity tier 1 on a transitional Basel III basis
CFPB	Bureau of Consumer Financial Protection
CFTC	Commodity Futures Trading Commission
CMO	Collateralized Mortgage Obligations
CRE	Commercial Real Estate
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
DTA/DTL	Deferred Tax Asset/Deferred Tax Liability
E&P	Exploration and Production
EFT	Electronic Fund Transfer
EPS	Earnings Per Share
EVE	Economic Value of Equity
Fannie Mae	(see FNMA)
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FDICIA	Federal Deposit Insurance Corporation Improvement Act of 1991
FHA	Federal Housing Administration
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FICO	Fair Isaac Corporation
FNMA	Federal National Mortgage Association
FRB	Federal Reserve Bank
Freddie Mac	(see FHLMC)
FTE	Fully-Taxable Equivalent
FTP	Funds Transfer Pricing
GAAP	Generally Accepted Accounting Principles in the United States of America

GNMA	Government National Mortgage Association, or Ginnie Mae
HAA	Huntington Asset Advisors, Inc.
HAMP	Home Affordable Modification Program

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HARP	Home Affordable Refinance Program
HASI	Huntington Asset Services, Inc.
HIP	Huntington Investment and Tax Savings Plan
HQLA	High-Quality Liquid Assets
HTM	Held-to-Maturity
IRS	Internal Revenue Service
LCR	Liquidity Coverage Ratio
LIBOR	London Interbank Offered Rate
LGD	Loss-Given-Default
LIHTC	Low Income Housing Tax Credit
LTV	Loan to Value
NAICS	North American Industry Classification System
Macquarie	Macquarie Equipment Finance, Inc. (U.S. Operations)
MBS	Mortgage-Backed Securities
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
NII	Noninterest Income
NIM	Net Interest Margin
NPAs	Nonperforming Assets
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 11), accruing loans and leases past due 90 days or more (Table 12), troubled debt restructured loans (Table 13), and criticized commercial loans (credit quality indicators section of Footnote 3).
RBHPCG	Regional Banking and The Huntington Private Client Group
REIT	Real Estate Investment Trust
ROC	Risk Oversight Committee
RWA	Risk-Weighted Assets
SAD	Special Assets Division
SBA	Small Business Administration
SEC	Securities and Exchange Commission
SERP	Supplemental Executive Retirement Plan
SRIP	Supplemental Retirement Income Plan
SSFA	Simplified Supervisory Formula Approach
TCE	Tangible Common Equity
TDR	Troubled Debt Restructured loan
U.S. Treasury	U.S. Department of the Treasury
UCS	Uniform Classification System

UDAP	Unfair or Deceptive Acts or Practices
Unified	Unified Financial Securities, Inc.

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UPB	Unpaid Principal Balance
USDA	U.S. Department of Agriculture
VA	U.S. Department of Veteran Affairs
VIE	Variable Interest Entity
XBRL	eXtensible Business Reporting Language

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Huntington Bancshares Incorporated
PART I
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 1: Business
We are a multi-state diversified regional bank holding company organized under Maryland law in 1966 and headquartered in Columbus, Ohio. We have 12,243 average full-time equivalent employees. Through the Bank, we have 150 years of serving the financial needs of our customers. We provide full-service commercial, small business, consumer, and mortgage banking services, as well as automobile financing, equipment leasing, investment management, trust services, brokerage services, insurance programs, and other financial products and services. The Bank, organized in 1866, is our only bank subsidiary. At December 31, 2015, the Bank had 15 private client group offices and 762 branches as follows:

- 406 branches in Ohio
- 222 branches in Michigan
- 48 branches in Pennsylvania
- 45 branches in Indiana
- 31 branches in West Virginia
- 10 branches in Kentucky

Select financial services and other activities are also conducted in various other states. International banking services are available through the headquarters office in Columbus, Ohio, and a limited purpose office located in the Cayman Islands. Our foreign banking activities, in total or with any individual country, are not significant.
Our business segments are based on our internally-aligned segment leadership structure, which is how we monitor results and assess performance. For each of our five business segments, we expect the combination of our business model and exceptional service to provide a competitive advantage that supports revenue and earnings growth. Our business model emphasizes the delivery of a complete set of banking products and services offered by larger banks, but distinguished by local delivery and customer service.
A key strategic emphasis has been for our business segments to operate in cooperation to provide products and services to our customers and to build stronger and more profitable relationships using our OCR sales and service process. The objectives of OCR are to:
1. Provide a consultative sales approach to provide solutions that are specific to each customer.
2. Leverage each business segment in terms of its products and expertise to benefit customers.
3. Target prospects who may want to have multiple products and services as part of their relationship with us.

Following is a description of our five business segments and a Treasury / Other function:

- 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. Other financial services available to consumer and small business customers include investments, insurance, interest rate risk protection, foreign exchange, and treasury management. Huntington serves customers primarily through our network of branches in Ohio, Michigan, Pennsylvania, Indiana, West Virginia, and Kentucky. In addition to our extensive branch network, customers can access Huntington through online banking, mobile banking, telephone banking, and ATMs.

Huntington has established a "Fair Play" banking philosophy; providing differentiated products and services, built on a strong foundation of customer advocacy. Our brand resonates with consumers and is earning us more new customers and deeper relationships with our current customers.
Business Banking is a dynamic 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 serving companies with revenues up to $20 million and consists of approximately 165,000 businesses. Huntington continues to develop products and services that are designed specifically to meet the needs of small business and look for ways to help companies find solutions to their

financing needs.

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- Commercial Banking: Through a relationship banking model, this segment provides a wide array of products and services to the middle market, large corporate, and government public sector customers located primarily within our geographic footprint. The segment is divided into seven business units: middle market, large corporate, specialty banking, asset finance, capital markets, treasury management, and insurance.

Middle Market Banking primarily focuses on providing banking solutions to companies with annual revenues of $20 million to $500 million. Through a relationship management approach, various products, capabilities and solutions are seamlessly delivered in a client centric way.

Corporate Banking works with larger, often more complex companies with revenues greater than $500 million. These entities, many of which are publicly traded, require a different and customized approach to their banking needs.

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

Asset Finance business is a combination of our Equipment Finance, Public Capital, Asset Based Lending, Technology and Healthcare Equipment Leasing, and Lender Finance divisions that focus on providing financing solutions against these respective asset classes.

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

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

Insurance brokerage business specializes in commercial property and casualty, employee benefits, personal lines, life and disability and specialty lines of insurance. The group 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, this business does not assume underwriting risks but alternatively provides our customers with quality, noninvestment insurance contracts.

- Automobile Finance and Commercial Real Estate: This segment provides lending and other banking products and services to customers outside of our traditional retail and commercial banking segments. Our products and services include providing financing for the purchase of vehicles by customers at franchised automotive dealerships, financing the acquisition of new and used vehicle inventory of franchised 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 franchised 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 these customers are located within our footprint.

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

- Regional Banking and The Huntington Private Client Group: Regional Banking and The Huntington Private Client Group is well positioned competitively as we have closely aligned with our eleven regional banking markets. A fundamental point of differentiation is our commitment to be actively engaged within our local markets - building

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connections with community and business leaders and offering a uniquely personal experience delivered by colleagues working within those markets.

The Huntington Private Client Group is organized into units consisting of The Huntington Private Bank, The Huntington Trust, and The Huntington Investment Company. Our private banking, trust, and investment functions focus their efforts in our Midwest footprint and Florida.

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

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

The Huntington Investment Company, a dually registered broker-dealer and registered investment adviser, employs representatives who work with our Retail and Private Bank to provide investment solutions for our customers. This team offers a wide range of products and services, including brokerage, annuities, advisory, and other investment products.

Huntington sold HAA, HASI, and Unified in the 2015 fourth quarter.

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

The Treasury / Other function includes technology and operations, other unallocated assets, liabilities, revenue, and expense.

The financial results for each of these business segments are included in Note 24 of Notes to Consolidated Financial Statements and are discussed in the Business Segment Discussion of our MD&A.

Pending Acquisition of FirstMerit Corporation

On January 26, 2016, Huntington announced the signing of a definitive merger agreement under which Ohio-based FirstMerit Corporation, the parent company of FirstMerit Bank, will merge into Huntington in a stock and cash transaction expected to be valued at approximately $3.4 billion based on the closing stock price on the day preceding the announcement. FirstMerit Corporation is a diversified financial services company headquartered in Akron, Ohio, which reported assets of approximately $25.5 billion based on their December 31, 2015 unaudited balance sheet, and 366 banking offices and 400 ATM locations in Ohio, Michigan, Wisconsin, Illinois, and Pennsylvania. First Merit Corporation provides a complete range of banking and other financial services to consumers and businesses through its core operations. Principal affiliates include: FirstMerit Bank, N.A. and First Merit Mortgage Corporation.

Under the terms of the agreement, shareholders of FirstMerit Corporation will receive 1.72 shares of Huntington common stock and $5.00 in cash for each share of FirstMerit Corporation common stock. The transaction is expected to be completed in the 2016 third quarter, subject to the satisfaction of customary closing conditions, including regulatory approvals and the approval of the shareholders of Huntington and FirstMerit Corporation.

Competition

We compete with other banks and financial services companies such as savings and loans, credit unions, and finance and trust companies, as well as mortgage banking companies, automobile and equipment financing companies (including captive automobile finance companies), insurance companies, mutual funds, investment advisors, and brokerage firms, both within and outside of our primary market areas. Internet companies are also providing nontraditional, but increasingly strong, competition for our borrowers, depositors, and other customers.

We compete for loans primarily on the basis of a combination of value and service by building customer relationships as a result of addressing our customers' entire suite of banking needs, demonstrating expertise, and providing convenience to our customers. We also consider the competitive pricing pressures in each of our markets.

We compete for deposits similarly on a basis of a combination of value and service and by providing convenience through a banking network of branches and ATMs within our markets and our website at www.huntington.com. We have also instituted

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customer friendly practices, such as our 24-Hour Grace® account feature, which gives customers an additional business day to cover overdrafts to their consumer account without being charged overdraft fees.
The table below shows our competitive ranking and market share based on deposits of FDIC-insured institutions as of June 30, 2015, in the top 10 metropolitan statistical areas (MSA) in which we compete:

MSA	Rank	Deposits (in millions)	Market Share	
Columbus, OH	1	$17,450	30	%
Detroit, MI	7	5,163	4	
Cleveland, OH	5	4,836	8	
Indianapolis, IN	4	3,062	7	
Pittsburgh, PA	8	2,782	2	
Cincinnati, OH	4	2,577	3	
Toledo, OH	1	2,354	24	
Grand Rapids, MI	2	2,237	11	
Youngstown, OH	1	2,019	22	
Canton, OH	1	1,708	26	

Source: FDIC.gov, based on June 30, 2015 survey.
Many of our nonfinancial institution competitors have fewer regulatory constraints, broader geographic service areas, greater capital, and, in some cases, lower cost structures. In addition, competition for quality customers has intensified as a result of changes in regulation, advances in technology and product delivery systems, consolidation among financial service providers, bank failures, and the conversion of certain former investment banks to bank holding companies.
Financial Technology, or FinTech, startups are emerging in key areas of banking. In response, we are monitoring activity in marketplace lending along with businesses engaged in money transfer, investment advice, and money management tools. Our strategy involves assessing the marketplace, determining our near term plan, while developing a longer term approach to effectively service our existing customers and attract new customers. This includes evaluating which products we develop in-house, as well as evaluating partnership options where applicable.
Regulatory Matters
We are subject to regulation by the SEC, the Federal Reserve, the OCC, the CFPB, and other federal and state regulators.
Because we are a public company, we are subject to regulation by the SEC. The SEC has established five categories of issuers for the purpose of filing periodic and annual reports. Under these regulations, we are considered to be a large accelerated filer and, as such, must comply with SEC accelerated reporting requirements.
The banking industry is highly regulated. We and the Bank are subject to extensive federal and state laws and regulations that govern many aspects of our operations and limit the businesses in which we may engage. These laws and regulations may change from time to time and are primarily intended for the protection of consumers, depositors, the Deposit Insurance Fund, the stability of the financial system in the United States, and the health of the national economy, and are not designed primarily to benefit or protect our shareholders or creditors.
The following discussion is not intended to be a complete list of the activities regulated by the banking laws and regulations applicable to us or our Bank or the impact of such laws and regulations on us or the Bank. Changes in applicable laws or regulations, and in their interpretation and application by the bank regulatory agencies, cannot be predicted and may have a material effect on our business and results.
We are registered as a bank holding company with the Federal Reserve and qualify for and have elected to become a financial holding company under the Gramm-Leach-Bliley Act of 1999 ("GLBA"). We are subject to examination, regulation, and supervision by the Federal Reserve pursuant to the Bank Holding Company Act. We are required to file reports and other information regarding our business operations and the business operations of our subsidiaries with the Federal Reserve.

The Federal Reserve maintains a bank holding company rating system that emphasizes risk management, introduces a framework for analyzing and rating financial factors, and provides a framework for assessing and rating the potential impact of non-depository entities of a holding company on its subsidiary depository institution(s). The ratings assigned to us, like those assigned to other financial institutions, are confidential and may not be disclosed, except to the extent required by law.

Under the Dodd-Frank Act, because we are a bank holding company with consolidated assets greater than $50 billion, we are subject to certain enhanced prudential standards. As a result, we expect to be subject to more stringent standards and requirements than those applicable to smaller institutions, including with respect to capital requirements, leverage limits, and stress testing. The Federal Reserve has issued supervisory guidance which sets forth an updated framework for the consolidated supervision of large financial institutions, including bank holding companies with consolidated assets of $50 billion or more. The objectives of the framework are to enhance the resilience of a firm, lower the probability of its failure, and reduce the impact on the financial system in the event of an institution's failure. With regard to resiliency, each firm is expected to ensure that the consolidated organization and its core business lines can survive under a broad range of internal or external stresses. This requires financial resilience by maintaining sufficient capital and liquidity, and operational resilience by maintaining effective corporate governance, risk management, and recovery planning. With respect to lowering the probability of failure, each firm is expected to ensure the sustainability of its critical operations and banking offices under a broad range of internal or external stresses. This requires, among other things, that we have robust, forward-looking capital-planning processes that account for our unique risks.

The Bank, which is chartered by the OCC, is a national bank and our only bank subsidiary. It is subject to comprehensive examination, regulation and supervision primarily by the OCC and, with respect to Federal consumer protection laws, by the CFPB, which was established by the Dodd-Frank Act. In addition, as a member of the Federal Reserve System, the Bank is subject to certain rules and regulations of the Federal Reserve. As a FDIC member, the Bank is subject to deposit insurance assessments payable to the Deposit Insurance Fund and various FDIC requirements. The National Bank Act and the OCC regulations primarily govern the Bank's permissible activities, capital requirements, branching, dividend limitations, investments, loans, and other matters. Our nonbank subsidiaries are also subject to examination and supervision by the Federal Reserve or, in the case of nonbank subsidiaries of the Bank, by the OCC. All subsidiaries are subject to examination and supervision by the CFPB to the extent they offer any consumer financial products or services. Our subsidiaries may be subject to examination by other federal and state regulators, including, in the case of certain securities and investment management activities, regulation by the SEC and the Financial Industry Regulatory Authority.

In September 2014, the OCC published final guidelines to strengthen the governance and risk management practices of certain large financial institutions, including national banks with $50 billion or more in average total consolidated assets, such as the Bank. The guidelines became effective November 10, 2014, and require covered banks to establish and adhere to a written governance framework in order to manage and control their risk-taking activities. In addition, the guidelines provide standards for the institutions' boards of directors to oversee the risk governance framework. Given its size and the phased implementation schedule, the Bank is subject to these heightened standards effective May 2016. As discussed in Item 1A: Risk Factors, the Bank currently has a written governance framework and associated controls.

Legislative and regulatory reforms continue to have significant impacts throughout the financial services industry. The Dodd-Frank Act, enacted in 2010, is complex and broad in scope and several of its provisions are still being implemented. The Dodd-Frank Act established the CFPB, which has extensive regulatory and enforcement powers over consumer financial products and services, and the Financial Stability Oversight Council, which has oversight authority for monitoring and regulating systemic risk. In addition, the Dodd-Frank Act altered the authority and duties of the federal banking and securities regulatory agencies, implemented certain corporate governance requirements for all public companies including financial institutions with regard to executive compensation, proxy access by shareholders, and certain whistleblower provisions, and restricted certain proprietary trading, and hedge fund and private equity activities of banks and their affiliates. The Dodd-Frank Act also required the issuance of numerous implementing regulations, many of which have not yet been issued. The regulations will continue to take effect over several more years, continuing to make it difficult to anticipate the overall impact to us, our customers, or the financial industry in general.

On October 3, 2015, the CFPB's final rules on integrated mortgage disclosures under the Truth in Lending Act and the Real Estate Settlement Procedures Act became effective. On January 1, 2016, most requirements of the OCC's Final Rule in Loans in Areas Having Special Flood Hazards (the Flood Final Rule) became effective, including the requirement that flood insurance premiums and fees for most mortgage loans be escrowed subject to certain exceptions. The Flood Final Rule also incorporated other existing flood insurance requirements and exceptions (e.g. the exemption from flood insurance requirements for non-residential detached structures - a discretionary item) with those portions of the Flood Final Rule becoming effective on October 1, 2015. We continue to monitor, evaluate, and implement these new regulations.

Throughout 2015, the CFPB continued its focus on fair lending practices of indirect automobile lenders. This focus led to some lenders to enter into consent orders with the CFPB and Department of Justice. Indirect automobile lenders have also received continued pressure from the CFPB to limit or eliminate discretionary pricing by dealers. Finally, the CFPB has implemented its

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larger participant rule for indirect automobile lending which brings larger non-bank indirect automobile lenders under CFPB supervision.

Banking regulatory agencies have increasingly used their authority under Section 5 of the Federal Trade Commission Act to take supervisory or enforcement action with respect to unfair or deceptive acts or practices (UDAP) by banks under standards developed many years ago by the Federal Trade Commission in order to address practices that may not necessarily fall within the scope of a specific banking or consumer finance law. The Dodd-Frank Act also gave to the CFPB similar authority to take action in connection with unfair, deceptive, or abusive acts or practices (UDAAP) by entities subject to CFPB supervisory or enforcement authority. Banks face considerable uncertainty as to the regulatory interpretation of “abusive” practices.

Financial services companies face increased regulation and exposure under the new Military Lending Act (MLA) final rules issued by the Department of Defense that become effective for new loans entered into on and after October 3, 2016. The new rules dramatically expand the scope of coverage of the MLA and compliance with the new rules will affect operations of more financial services companies than under the previous rules.

On July 10, 2015, the Federal Communication Commission, interpreting the Telephone Consumer Protection Act, issued an Omnibus Declaratory Ruling and Order that, among other things, restricted the use of automated telephone dialing machines. The ruling effectively increases the cost of collecting debts as well as increases the litigation risk associated with the use of auto-dialers.

Large bank holding companies and national banks are required to submit annual capital plans to the Federal Reserve and OCC, respectively, and conduct stress tests.

The Federal Reserve’s Regulation Y requires large bank holding companies to submit capital plans to the Federal Reserve on an annual basis and requires such bank holding companies to obtain approval from the Federal Reserve under certain circumstances before making a capital distribution. This rule applies to us and all other bank holding companies with $50 billion or more of total consolidated assets.

A large bank holding company’s capital plan must include an assessment of the expected uses and sources of capital over at least the next nine quarters, a description of all planned capital actions over the planning horizon, a detailed description of the entity’s process for assessing capital adequacy, the entity’s capital policy, and a discussion of any expected changes to the bank holding company’s business plan that are likely to have a material impact on the firm’s capital adequacy or liquidity. The planning horizon for the most recently completed capital planning and stress testing cycle encompasses the 2014 fourth quarter through the 2016 fourth quarter as was submitted in our capital plan in January 2015. Rules to implement the Basel III capital reforms in the United States were finalized in July 2013 and are being phased-in by us beginning with 1Q 2015 results under the standardized approach. Capital adequacy at large banking organizations, including us, is assessed against a minimum 4.5% CET1 ratio and a 4% tier 1 leverage ratio as determined by the Federal Reserve.

Capital plans for 2016 are required to be submitted to the Federal Reserve by April 5, 2016, and the Federal Reserve will either object to the capital plan and/or planned capital actions, or provide a notice of non-objection, no later than June 30, 2016. We intend to submit our capital plan to the Federal Reserve on or before April 5, 2016. There can be no assurance that the Federal Reserve will respond favorably to our capital plan, capital actions or stress test and the Federal Reserve, OCC, or other regulatory capital requirements may limit or otherwise restrict how we utilize our capital, including common stock dividends and stock repurchases.

In addition to the CCAR submission, section 165 of the Dodd-Frank Act requires that national banks, like The Huntington National Bank, conduct annual stress tests for submission beginning in January 2015. The results of the stress tests will provide the OCC with forward-looking information that will be used in bank supervision and will assist the agency in assessing a company’s risk profile and capital adequacy. We submitted our stress test results to the OCC in January 2015. We intend to submit our 2016 capital plan to the OCC on or before April 5, 2016.

The regulatory capital rules indicate that common stockholders’ equity should be the dominant element within tier 1 capital and that banking organizations should avoid overreliance on non-common equity elements. Under the Dodd-Frank Act, the ratio of common equity tier 1 to risk-weighted assets became significant as a measurement of the predominance of common equity in tier 1 capital and an indication of the quality of capital in accordance with their requirements.

Conforming Covered Activities to implement the Volcker Rule.

On December 10, 2013, the Federal Reserve, the OCC, the FDIC, the CFTC and the SEC issued final rules to implement the Volcker Rule contained in section 619 of the Dodd-Frank Act, and established July 21, 2015, as the end of the conformance period. Section 619 generally prohibits an insured depository institution, any company that controls an insured depository institution (such as a bank holding company), and any of their subsidiaries and affiliates (collectively, "banking entities") from engaging in short-term proprietary trading and from acquiring or retaining ownership interests in, sponsoring, or having certain relationships with a hedge fund or private equity fund ("covered funds"). These prohibitions are subject to a number of statutory exemptions, restrictions, and definitions. On December 18, 2014, the Federal Reserve announced it acted under Section 619 to give banking entities until July 21, 2016, to conform investments in and relationships with covered funds and foreign funds that were in place prior to December 31, 2013 (“legacy covered funds”). The Federal Reserve also announced its intention to act this year to grant banking entities an additional one-year extension of the conformance period until July 21, 2017, to conform ownership interests in and relationships with legacy covered funds. The Bank continues its “good faith” efforts to conform with proprietary trading prohibitions and associated compliance requirements. The Company does not expect Volcker compliance to have a material impact on its business model.

The Volcker Rule's prohibitions impact the ability of U.S. banking entities to provide investment management products and services that are competitive with nonbanking firms generally and with non-U.S. banking organizations in overseas markets. The rule also effectively prohibits short-term trading strategies by any U.S. banking entity if those strategies involve instruments other than those specifically permitted for trading.

The final Volcker Rule regulations do provide certain exemptions allowing banking entities to continue underwriting, market-making, and hedging activities and trading certain government obligations, as well as various exemptions and exclusions from the definition of “covered funds”. The level of required compliance activity depends on the size of the banking entity and the extent of its trading. CEOs of larger banking entities, including Huntington, have to attest annually in writing that their organization has in place processes to establish, maintain, enforce, review, test, and modify compliance with the Volcker Rule regulations. Banking entities with significant permitted trading operations will have to report certain quantitative information, beginning between June 30, 2014 and December 31, 2016, depending on the size of the banking entity’s trading assets and liabilities.

On January 14, 2014, the five federal agencies approved an interim final rule to permit banking entities to retain interests in certain collateralized debt obligations backed primarily by trust preferred securities from the investment prohibitions of the Volcker Rule. Under the interim final rule, the agencies permit the retention of an interest in or sponsorship of covered funds by banking entities if certain qualifications are met. In addition, the agencies released a non-exclusive list of issuers that meet the requirements of the interim final rule. At December 31, 2015, we had investments in eight different pools of trust preferred securities. Seven of our pools are included in the list of non-exclusive issuers. We have analyzed the other pool that was not included on the list and believe that we will continue to be able to own this investment under the final Volcker Rule regulations.

There are restrictions on our ability to pay dividends.

Dividends from the Bank to the parent company are the primary source of funds for payment of dividends to our shareholders. However, there are statutory limits on the amount of dividends that the Bank can pay to the holding company. Regulatory approval is required prior to the declaration of any dividends in an amount greater than its undivided profits or if the total of all dividends declared in a calendar year would exceed the total of its net income for the year combined with its retained net income for the two preceding years, less any required transfers to surplus or common stock. The Bank is currently able to pay dividends to the holding company subject to these limitations.

If, in the opinion of the applicable regulatory authority, a bank under its jurisdiction is engaged in, or is about to engage in, an unsafe or unsound practice, such authority may require, after notice and hearing, that such bank cease and desist from such practice. Depending on the financial condition of the Bank, the applicable regulatory authority might deem us to be engaged in an unsafe or unsound practice if the Bank were to pay dividends to the holding company.

The Federal Reserve and the OCC have issued policy statements that provide that insured banks and bank holding companies should generally only pay dividends out of current operating earnings. Additionally, the Federal Reserve may prohibit or limit bank holding companies from making capital distributions, including payment of preferred and common dividends, as part of the annual capital plan approval process.

We are subject to the current capital requirements mandated by the Federal Reserve and Basel III capital and liquidity frameworks.

The Federal Reserve sets risk-based capital ratio and leverage ratio guidelines for bank holding companies. Under the guidelines and related policies, bank holding companies must maintain capital sufficient to meet both a risk-based asset ratio test and a leverage ratio test on a consolidated basis. The risk-based ratio is determined by allocating assets and specified off-balance sheet commitments into risk-weighted categories, with higher weighting assigned to categories perceived as representing greater risk. The risk-based ratio represents total capital divided by total risk-weighted assets. The leverage ratio is core capital divided by total assets adjusted as specified in the guidelines. The Bank is subject to substantially similar capital requirements.

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In 2013, the Federal Reserve and the OCC adopted final capital rules implementing Basel III requirements for U.S. Banking organizations. The final rules establish an integrated regulatory capital framework and implement in the United States the Basel III regulatory capital reforms from the Basel Committee on Banking Supervision and certain changes required by the Dodd-Frank Act. 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 to risk-weighted assets and a 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%. These new minimum capital ratios were effective for us on January 1, 2015, and will be fully phased-in on January 1, 2019.

The 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	
Common equity tier 1 risk-based capital ratio	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 CET1 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.

Based on the final Basel III rule, banking organizations with more than $15 billion in total consolidated assets are required to phase-out of additional tier 1 capital any non-qualifying capital instruments (such as trust preferred securities and cumulative preferred shares) issued before September 12, 2010. We began the additional tier 1 capital phase-out of our trust preferred securities in 2015, but will be able to include these instruments in tier 2 capital as a non-advanced approaches institution.

Under Basel III, CET1 predominantly includes common stockholders' equity, less certain deductions for goodwill and other intangible assets net of related taxes, over-funded net pension fund assets, and DTAs that arise from tax loss and credit carryforwards. We elected to exclude accumulated other comprehensive income from CET1 as permitted in the final rule. Tier 1 capital is predominantly comprised of CET1 as well as perpetual preferred stock and qualifying minority interests. Total capital predominantly includes tier 1 capital as well as certain long-term debt and allowance for credit losses qualifying for tier 2 capital. The calculations of CET1, tier 1 capital, and tier 2 capital include phase-out periods for certain instruments from January 2015 through December 2017. The primary items subject to the phase-out from capital for us are other intangible assets, DTAs that arise from tax loss and credit carryforwards, and trust preferred securities.

Risk-weighted assets under the Basel III Standardized Approach are generally based on supervisory risk weightings that vary only by counterparty type and asset class. The revisions to supervisory risk weightings for Basel III enhance risk sensitivity and include alternatives to the use of credit ratings when calculating the risk weight for certain assets. Specifically, Basel III includes a more risk-sensitive treatment for past due and nonaccrual loans, certain commercial loans, MSRs, and certain unfunded commitments. Basel III also prescribes a new formulaic approach for calculating the risk weight of securitization exposures that is also more risk sensitive.

Failure to meet applicable capital guidelines could subject the financial institution to a variety of enforcement remedies available to the federal regulatory authorities. These include limitations on the ability to pay dividends, the issuance by the regulatory authority of a directive to increase capital, and the termination of deposit insurance by the FDIC. In addition, the financial institution could be subject to the measures described below under Prompt Corrective Action as applicable to under-capitalized institutions.

The risk-based capital standards of the Federal Reserve, the OCC, and the FDIC specify that evaluations by the banking agencies of a bank's capital adequacy will include an assessment of the exposure to declines in the economic value of a bank's capital due to changes in interest rates. These banking agencies issued a joint policy statement on interest rate risk describing prudent methods for monitoring such risk that rely principally on internal measures of exposure and active oversight of risk management activities by senior management.

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FDICIA requires federal banking regulatory authorities to take Prompt Corrective Action with respect to depository institutions that do not meet minimum capital requirements. For these purposes, FDICIA establishes five capital tiers: well-capitalized, adequately-capitalized, under-capitalized, significantly under-capitalized, and critically under-capitalized.

Throughout 2015, our regulatory capital ratios and those of the Bank were in excess of the levels established for well-capitalized institutions. An institution is deemed to be well-capitalized if it meets or exceeds the well-capitalized minimums listed below, and is not subject to a regulatory order, agreement, or directive to meet and maintain a specific capital level for any capital measure.

		At December 31, 2015		
(dollar amounts in billions)		Well-capitalized minimums	Actual	Excess Capital (1)
Ratios:				
Tier 1 leverage ratio	Consolidated	N/A	8.79 %	N/A
	Bank	5.00 %	8.21	$2.2
Common equity tier 1 risk-based capital ratio	Consolidated	N/A	9.79	N/A
	Bank	6.50	9.46	1.7
Tier 1 risk-based capital ratio	Consolidated	6.00	10.53	2.0
	Bank	8.00	9.83	0.1
Total risk-based capital ratio	Consolidated	10.00	12.64	1.5
	Bank	10.00	11.74	1.0

(1) Amount greater than the well-capitalized minimum percentage.

FDICIA generally prohibits a depository institution from making any capital distribution, including payment of a cash dividend or paying any management fee to its holding company, if the depository institution would become under-capitalized after such payment. Under-capitalized institutions are also subject to growth limitations and are required by the appropriate federal banking agency to submit a capital restoration plan. If any depository institution subsidiary of a holding company is required to submit a capital restoration plan, the holding company would be required to provide a limited guarantee regarding compliance with the plan as a condition of approval of such plan. Depending upon the severity of the under capitalization, the under-capitalized institutions may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become adequately-capitalized, requirements to reduce total assets, cessation of receipt of deposits from correspondent banks, and restrictions on making any payment of principal or interest on their subordinated debt. Critically under-capitalized institutions are subject to appointment of a receiver or conservator within 90 days of becoming so classified.

Under FDICIA, a well-capitalized bank may accept brokered deposits without prior regulatory approval. A depository institution that is not well-capitalized is generally prohibited from accepting brokered deposits and offering interest rates on deposits higher than the prevailing rate in its market. Since the Bank is well-capitalized, the FDICIA brokered deposit rule did not adversely affect its ability to accept brokered deposits. The Bank had $2.9 billion of such brokered deposits at December 31, 2015.

On September 3, 2014, the U.S. banking regulators approved a final rule to implement the U.S. version of the Basel Committee's minimum liquidity coverage ratio (LCR) requirement for banking organizations with total consolidated assets of $250 billion or more, and a less stringent modified LCR requirement to depository institution holding companies below the threshold but with total consolidated assets of $50 billion or more. The LCR requires covered banking organizations to maintain an amount of unencumbered HQLA equal to projected stressed cash outflows over a 30 calendar-day stress scenario. We are covered by the modified LCR requirement and therefore subject to the initial phase-in of the rule beginning in January 2016, with the requirement fully phased-in January 2017. We will also be required to calculate the LCR monthly. The modified LCR is a minimum requirement, and the Federal Reserve can impose additional liquidity requirements as a supervisory matter.

We are required to submit annual resolution plans

As a bank holding company with greater than $50 billion of assets, we are required annually to submit to the Federal Reserve and the FDIC a resolution plan for the rapid and orderly resolution of the Company in the event of material financial distress or failure. If both the Federal Reserve and the FDIC determine that our plan is not credible and the deficiencies are not cured in a timely manner, the Federal Reserve and the FDIC may jointly impose on us more stringent capital, leverage or liquidity requirements or restrictions on our growth, activities or operations.

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The FDIC separately has adopted a final rule requiring an insured depository institution with $50 billion or more in total assets, such as the Bank, to submit periodically to the FDIC a resolution plan for the resolution of such institution in the event of its failure. The FDIC rule requires each covered institution to provide a resolution plan that should enable the FDIC as receiver to resolve the institution in an orderly manner that enables prompt access of insured deposits; maximizes the return from the failed institution's assets; and minimizes losses realized by creditors and the Deposit Insurance Fund.

We filed our resolution plans pursuant to each rule in December 2015.

As a bank holding company, we must act as a source of financial and managerial strength to the Bank.

Under the Dodd-Frank Act, a bank holding company must act as a source of financial and managerial strength to each of its subsidiary banks and must commit resources to support each such subsidiary bank. The Federal Reserve may require a bank holding company to make capital injections into a troubled subsidiary bank. It may charge the bank holding company with engaging in unsafe and unsound practices if the bank holding company fails to commit resources to such a subsidiary bank or if it undertakes actions that the Federal Reserve believes might jeopardize the bank holding company's ability to commit resources to such subsidiary bank.

Any loans by a holding company to a subsidiary bank are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary bank. In the event of a bank holding company's bankruptcy, an appointed bankruptcy trustee will assume any commitment by the holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank. Moreover, the bankruptcy law provides that claims based on any such commitment will be entitled to a priority of payment over the claims of the institution's general unsecured creditors, including the holders of its note obligations.

Federal law permits the OCC to order the pro-rata assessment of shareholders of a national bank whose capital stock has become impaired, by losses or otherwise, to relieve a deficiency in such national bank's capital stock. This statute also provides for the enforcement of any such pro-rata assessment of shareholders of such national bank to cover such impairment of capital stock by sale, to the extent necessary, of the capital stock owned by any assessed shareholder failing to pay the assessment. As the sole shareholder of the Bank, we are subject to such provisions.

Moreover, the claims of a receiver of an insured depository institution for administrative expenses and the claims of holders of deposit liabilities of such an institution are accorded priority over the claims of general unsecured creditors of such an institution, including the holders of the institution's note obligations, in the event of liquidation or other resolution of such institution. Claims of a receiver for administrative expenses and claims of holders of deposit liabilities of the Bank, including the FDIC as the insurer of such holders, would receive priority over the holders of notes and other senior debt of the Bank in the event of liquidation or other resolution and over our interests as sole shareholder of the Bank.

Transactions between the Bank and its affiliates are restricted.

Federal banking law and regulation imposes qualitative standards and quantitative limitations upon certain transactions by a bank with its affiliates, including the bank's bank holding company and certain companies the bank holding company may be deemed to control for these purposes. Transactions covered by these provisions must be on arm's-length terms, and cannot exceed certain amounts which are determined with reference to the bank's regulatory capital. Moreover, if the transaction is a loan or other extension of credit, it must be secured by collateral in an amount and quality expressly prescribed by statute, and if the affiliate is unable to pledge sufficient collateral, the bank holding company may be required to provide it.

Provisions added by the Dodd-Frank Act expanded the scope of (i) the definition of affiliate to include any investment fund having any bank or BHC-affiliated company as an investment advisor, (ii) credit exposures subject to the prohibition on the acceptance of low-quality assets or securities issued by an affiliate as collateral, the quantitative limits, and the collateralization requirements to now include credit exposures arising out of derivative, repurchase agreement, and securities lending/borrowing transactions, and (iii) transactions subject to quantitative limits to now also include credit collateralized by affiliate-issued debt obligations that are not securities. In addition, these provisions require that a credit extension to an affiliate remain secured in accordance with the collateral requirements at all times that it is outstanding, rather than the previous requirement of only at the inception or upon material modification of the transaction. They also raise significantly the procedural and substantive hurdles required to obtain a regulatory exemption from the affiliate transaction requirements. While these provisions became effective on July 21, 2012, the Federal Reserve has not yet issued a proposed rule to implement them.

As a financial holding company, we are subject to additional laws and regulations.

As a financial holding company we are permitted to engage in, and affiliate with financial companies engaging in, a broader range of activities than would otherwise be permitted for a bank holding company. In order to maintain our status as a financial holding company, we and the Bank must each remain "well-capitalized" and "well-managed." In addition, the Bank must receive

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a Community Reinvestment Act ("CRA") rating of at least “Satisfactory” at its most recent examination for us to engage in the full range of activities permissible for financial holding companies. Pursuant to CRA, the OCC examines the Bank to assess the Bank’s record in meeting the credit needs of the communities served by the Bank and assigns a rating based on that assessment. The CRA assessment and rating is reviewed by the Federal Reserve in evaluating a variety of applications including to merge or consolidate with or acquire the assets or assume the liabilities of other institutions, or to open or relocate a branch office.

Financial holding company powers relate to financial activities that are specified in the Bank Holding Company Act or determined by the Federal Reserve, in coordination with the Secretary of the Treasury, to be financial in nature, incidental to an activity that is financial in nature, or complementary to a financial activity, provided that the complementary activity does not pose a safety and soundness risk. In addition, we are required by the Bank Holding Company Act to obtain Federal Reserve approval prior to acquiring, directly or indirectly, ownership or control of voting shares of any bank, if, after such acquisition, we would own or control more than 5% of its voting stock. Furthermore, the Dodd-Frank Act added a new provision to the Bank Holding Company Act, which requires bank holding companies with total consolidated assets equal to or greater than $50 billion to obtain prior approval from the Federal Reserve to acquire a nondepository company having total consolidated assets of $10 billion or more.

We also must comply with anti-money laundering and customer privacy regulations, as well as corporate governance, accounting, and reporting requirements.

The USA Patriot Act of 2001 and its related regulations require insured depository institutions, broker-dealers, and certain other financial institutions to have policies, procedures, and controls to detect, prevent, and report money laundering and terrorist financing. Federal banking regulators are required, when reviewing bank holding company acquisition and bank merger applications, to take into account the effectiveness of the anti-money laundering activities of the applicants. The Financial Crimes Enforcement Network has proposed a rule for those same entities, and, if adopted, the proposal will prescribe customer due diligence requirements, including a new regulatory mandate to identify the beneficial owners of legal entities which are customers.

Pursuant to Title V of the Gramm-Leach-Bliley Act, we, like all other financial institutions, are required to:

- provide notice to our customers regarding privacy policies and practices,
- inform our customers regarding the conditions under which their nonpublic personal information may be disclosed to nonaffiliated third parties, and
- give our customers an option to prevent certain disclosure of such information to nonaffiliated third parties.

The Sarbanes-Oxley Act of 2002 imposed new or revised corporate governance, accounting, and reporting requirements on us. In addition to a requirement that chief executive officers and chief financial officers certify financial statements in writing, the statute imposed requirements affecting, among other matters, the composition and activities of audit committees, disclosures relating to corporate insiders and insider transactions, code of ethics, and the effectiveness of internal controls over financial reporting.

The Federal Reserve, jointly with the OCC and FDIC, has issued guidance to ensure that incentive compensation arrangements at financial institutions take into account risk and are consistent with safe and sound practices. In addition, the federal financial regulators issued a proposed rule in April 2011 pursuant to the Dodd-Frank Act to adopt standards for determining whether an incentive-based compensation arrangement may encourage inappropriate risk-taking that are consistent with the key principles established for incentive compensation in the guidance. The proposed rule would apply to financial institutions with $1 billion or more in assets, with heightened standards for financial institutions with $50 billion or more in assets. The guidance from the regulators on compensation is still evolving.

Available Information

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. You can obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet web site that contains reports, proxy statements, and other information about issuers, like us, who file electronically with the SEC. The address of the site is http://www.sec.gov. The reports and other information filed by us with the SEC are also available free of charge at our Internet web site. The address of the site is http://www.huntington.com. Except as specifically incorporated by reference into this

Annual Report on Form 10-K, 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.

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Item 1A: Risk Factors

Risk Governance

We use a multi-faceted approach to risk governance. It begins with the board of directors defining our risk appetite as aggregate moderate-to-low. This does not preclude engagement in select higher risk activities. Rather, the definition is intended to represent an aggregate view of where we want our overall risk to be managed.

Three board committees primarily oversee implementation of this desired risk appetite and monitoring of our risk profile:

- The Audit Committee oversees the integrity of the consolidated financial statements, including policies, procedures, and practices regarding the preparation of financial statements, the financial reporting process, disclosures, and internal control over financial reporting. The Audit Committee also provides assistance to the board in overseeing the internal audit division and the independent registered public accounting firm's qualifications and independence; compliance with our Financial Code of Ethics for the chief executive officer and senior financial officers; and compliance with corporate securities trading policies.
- The Risk Oversight Committee assists the board of directors in overseeing management of material risks, the approval and monitoring of the Company's capital position and plan supporting our overall aggregate moderate-to-low risk profile, the risk governance structure, compliance with applicable laws and regulations, and determining adherence to the board's stated risk appetite. The committee has oversight responsibility with respect to the full range of inherent risks: market, credit, liquidity, legal, compliance/regulatory, operational, strategic, and reputational. This committee also oversees our capital management and planning process, ensures that the amount and quality of capital are adequate in relation to expected and unexpected risks, and that our capital levels exceed "well-capitalized" requirements.
- The Technology Committee assists the board of directors in fulfilling its oversight responsibilities with respect to all technology, cyber security, and third-party risk management strategies and plans. The committee is charged with evaluating Huntington's capability to properly perform all technology functions necessary for its business plan, including projected growth, technology capacity, planning, operational execution, product development, and management capacity. The committee provides oversight of the technology segment investments and plans to drive efficiency as well as to meet defined standards for risk, security, and redundancy. The Committee oversees the allocation of technology costs and ensures that they are understood by the board of directors. The Technology Committee monitors and evaluates innovation and technology trends that may affect the Company's strategic plans, including monitoring of overall industry trends. The Technology Committee reviews and provides oversight of the company's continuity and disaster recovery planning and preparedness.

The Audit and Risk Oversight Committees routinely hold executive sessions with our key officers engaged in accounting and risk management. On a periodic basis, the two committees meet in joint session to cover matters relevant to both, such as the construct and appropriateness of the ACL, which is reviewed quarterly. All directors have access to information provided to each committee and all scheduled meetings are open to all directors.

Further, through its Compensation Committee, the board of directors seeks to ensure its system of rewards is risk-sensitive and aligns the interests of management, creditors, and shareholders. We utilize a variety of compensation-related tools to induce appropriate behavior, including common stock ownership thresholds for the chief executive officer and certain members of senior management, a requirement to hold until retirement or exit from the Company, a portion of net shares received upon exercise of stock options or release of restricted stock awards (50% for executive officers and 25% for other award recipients), equity deferrals, recoupment provisions, and the right to terminate compensation plans at any time.

Management has implemented an Enterprise Risk Management and Risk Appetite Framework. Critically important is our self-assessment process, in which each business segment produces an analysis of its risks and the strength of its risk controls. The segment analyses are combined with assessments by our risk management organization of major risk sectors (e.g., credit, market, liquidity, operational, legal, compliance, reputational, and strategic) to produce an overall enterprise risk assessment. Outcomes of the process include a determination of the quality of the overall control process, the direction of risk, and our position compared to the defined risk appetite.

Management also utilizes a wide series of metrics (key risk indicators) to monitor risk positions throughout the Company. In general, a range for each metric is established, which allows the Company, in aggregate, to operate within an aggregate moderate-to-low risk profile. Deviations from the range will indicate if the risk being measured exceeds desired tolerance, which may then necessitate corrective action.

We also have four executive level committees to manage risk: ALCO, Credit Policy and Strategy, Risk Management, and Capital Management. Each committee focuses on specific categories of risk and is supported by a series of subcommittees that are tactical in nature. We believe this structure helps ensure appropriate escalation of issues and overall communication of strategies.

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Huntington utilizes three lines of defense with regard to risk management: (1) business segments, (2) corporate risk management, and (3) internal audit and credit review. To induce greater ownership of risk within its business segments, segment risk officers have been embedded to identify and monitor risk, elevate and remediate issues, establish controls, perform self-testing, and oversee the self-assessment process. Corporate Risk Management establishes policies, sets operating limits, reviews new or modified products/processes, ensures consistency and quality assurance within the segments, and produces the enterprise risk assessment. The Chief Risk Officer has significant input into the design and outcome of incentive compensation plans as they apply to risk. Internal Audit and Credit Review provide additional assurance that risk-related functions are operating as intended.

Risk Overview

We, like other financial companies, are subject to a number of risks that may adversely affect our financial condition or results of operations, many of which are outside of our direct control, though efforts are made to manage those risks while optimizing returns. Among the risks assumed are:

•Credit risk, which is the risk of loss due to loan and lease customers or other counterparties not being able to meet their financial obligations under agreed upon terms;

•Market risk, which occurs when fluctuations in interest rates impact earnings and capital. Financial impacts are realized through changes in the interest rates of balance sheet assets and liabilities (net interest margin) or directly through valuation changes of capitalized MSR and/or trading assets (noninterest income);

•Liquidity risk, which is the risk to current or anticipated earnings or capital arising from an inability to meet obligations when they come due. Liquidity risk includes the inability to access funding sources or manage fluctuations in funding levels. Liquidity risk also results from the failure to recognize or address changes in market conditions that affect the Bank's ability to liquidate assets quickly and with minimal loss in value;

•Operational and legal risk, which is the risk of loss arising from inadequate or failed internal processes or systems, human errors or misconduct, or adverse external events. Operational losses result from internal fraud; external fraud, inadequate or inappropriate employment practices and workplace safety, failure to meet professional obligations involving customers, products, and business practices, damage to physical assets, business disruption and systems failures, and failures in execution, delivery, and process management. Legal risk includes, but is not limited to, exposure to orders, fines, penalties, or punitive damages resulting from litigation, as well as regulatory actions; and

•Compliance risk, which exposes us to money penalties, enforcement actions or other sanctions as a result of nonconformance with laws, rules, and regulations that apply to the financial services industry.

We also expend considerable effort to contain risk which emanates from execution of our business processes and strategies and work relentlessly to protect the Company's reputation. Strategic risk and reputational risk do not easily lend themselves to traditional methods of measurement. Rather, we closely monitor them through processes such as new product / initiative reviews, frequent financial performance reviews, colleague and client surveys, monitoring market intelligence, periodic discussions between management and our board, and other such efforts.

In addition to the other information included or incorporated by reference into this report, readers should carefully consider that the following important factors, among others, could negatively impact our business, future results of operations, and future cash flows materially.

Credit Risks:

1. Our ACL level may prove to be inappropriate or be negatively affected by credit risk exposures which could materially adversely affect our net income and capital.

Our business depends on the creditworthiness of our customers. Our ACL of $670 million at December 31, 2015, represented Management's estimate of probable losses inherent in our loan and lease portfolio as well as our unfunded loan commitments and letters of credit. We periodically review our ACL for appropriateness. In doing so, we consider economic conditions and trends, collateral values, and credit quality indicators, such as past charge-off experience, levels of past due loans, and NPAs. There is no certainty that our ACL will be appropriate over time to cover losses in the portfolio because of unanticipated adverse changes in the economy, market conditions, or events adversely affecting specific customers, industries, or markets. If the credit quality of our customer base materially decreases, if the risk profile of a market, industry, or group of customers changes materially, or if the ACL is not appropriate, our net income and capital could be materially adversely affected, which could have a material adverse effect on our financial condition and results of operations.

In addition, regulatory review of risk ratings and loan and lease losses may impact the level of the ACL and could have a material adverse effect on our financial condition and results of operations.

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2. Weakness in economic conditions could materially adversely affect our business.

Our performance could be negatively affected to the extent there is deterioration in business and economic conditions which have direct or indirect material adverse impacts on us, our customers, and our counterparties. These conditions could result in one or more of the following:

- A decrease in the demand for loans and other products and services offered by us;
- A decrease in customer savings generally and in the demand for savings and investment products offered by us; and
- An increase in the number of customers and counterparties who become delinquent, file for protection under bankruptcy laws, or default on their loans or other obligations to us.

An increase in the number of delinquencies, bankruptcies, or defaults could result in a higher level of NPAs, NCOs, provision for credit losses, and valuation adjustments on loans held for sale. The markets we serve are dependent on industrial and manufacturing businesses and, thus, are particularly vulnerable to adverse changes in economic conditions affecting these sectors.

Market Risks:

1. Changes in interest rates could reduce our net interest income, reduce transactional income, and negatively impact the value of our loans, securities, and other assets. This could have a material adverse impact on our cash flows, financial condition, results of operations, and capital.

Our results of operations depend substantially on net interest income, which is the difference between interest earned on interest earning assets (such as investments and loans) and interest paid on interest bearing liabilities (such as deposits and borrowings). Interest rates are highly sensitive to many factors, including governmental monetary policies and domestic and international economic and political conditions. Conditions such as inflation, deflation, recession, unemployment, money supply, and other factors beyond our control may also affect interest rates. If our interest earning assets mature or reprice faster than interest bearing liabilities in a declining interest rate environment, net interest income could be materially adversely impacted. Likewise, if interest bearing liabilities mature or reprice more quickly than interest earning assets in a rising interest rate environment, net interest income could be adversely impacted. The continuation of the current low interest rate environment or a deflationary environment with negative interest rates could affect consumer and business behavior in ways that are adverse to us and could also constrict our net interest income margin which may restrict our ability to increase net interest income.

Changes in interest rates can affect the value of loans, securities, assets under management, and other assets, including mortgage and nonmortgage servicing rights. An increase in interest rates that adversely affects the ability of borrowers to pay the principal or interest on loans and leases may lead to an increase in NPAs and a reduction of income recognized, which could have a material adverse effect on our results of operations and cash flows. When we place a loan on nonaccrual status, we reverse any accrued but unpaid interest receivable, which decreases interest income. However, we continue to incur interest expense as a cost of funding NALs without any corresponding interest income. In addition, transactional income, including trust income, brokerage income, and gain on sales of loans can vary significantly from period-to-period based on a number of factors, including the interest rate environment. A decline in interest rates along with a flattening yield curve limits our ability to reprice deposits given the current historically low level of interest rates and could result in declining net interest margins if longer duration assets reprice faster than deposits.

Rising interest rates reduce the value of our fixed-rate securities and cash flow hedging derivatives portfolio. Any unrealized loss from these portfolios impacts OCI, shareholders’ equity, and the Tangible Common Equity ratio. Any realized loss from these portfolios impacts regulatory capital ratios. In a rising interest rate environment, pension and other post-retirement obligations somewhat mitigate negative OCI impacts from securities and financial instruments. For more information, refer to “Market Risk” of the MD&A.

Certain investment securities, notably mortgage-backed securities, are very sensitive to rising and falling rates. Generally, when rates rise, prepayments of principal and interest will decrease and the duration of mortgage-backed securities will increase. Conversely, when rates fall, prepayments of principal and interest will increase and the duration of mortgage-backed securities will decrease. In either case, interest rates have a significant impact on the value of mortgage-backed securities.

The value of our MSR asset is also a function of changes in interest rates and prepayment expectations. Declining interest rates primarily in the longer end of the yield curve reduces the value of the MSR asset.

In addition to volatility associated with interest rates, the Company also has exposure to equity markets related to the investments within the benefit plans and other income from client based transactions.

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2. Industry competition may have an adverse effect on our success.

Our profitability depends on our ability to compete successfully. We operate in a highly competitive environment, and we expect competition to intensify due in part to the sustained low interest rate and ongoing low-growth economic environment. Certain of our competitors are larger and have more resources than we do, enabling them to be more aggressive than us in competing for loans and deposits. In our market areas, we face competition from other banks and financial service companies that offer similar services. Some of our non-bank competitors are not subject to the same extensive regulations we are and, therefore, may have greater flexibility in competing for business. Our ability to compete successfully depends on a number of factors, including customer convenience, quality of service by investing in new products and services, personal contacts, pricing, and range of products. If we are unable to successfully compete for new customers and retain our current customers, our business, financial condition, or results of operations may be adversely affected. In particular, if we experience an outflow of deposits as a result of our customers seeking investments with higher yields or greater financial stability, or a desire to do business with our competitors, we may be forced to rely more heavily on borrowings and other sources of funding to operate our business and meet withdrawal demands, thereby adversely affecting our net interest margin. For more information, refer to “Competition” section of Item 1: Business.

Liquidity Risks:

1. Changes in either Huntington’s financial condition or in the general banking industry could result in a loss of depositor confidence.

Liquidity is the ability to meet cash flow needs on a timely basis at a reasonable cost. The Bank uses its liquidity to extend credit and to repay liabilities as they become due or as demanded by customers. The board of directors establishes liquidity policies and limits and management establishes operating guidelines for liquidity.

Our primary source of liquidity is our large supply of deposits from consumer and commercial customers. The continued availability of this supply depends on customer willingness to maintain deposit balances with banks in general and us in particular. The availability of deposits can also be impacted by regulatory changes (e.g. changes in FDIC insurance, the Liquidity Coverage Ratio, etc.), and other events which can impact the perceived safety or economic benefits of bank deposits. While we make significant efforts to consider and plan for hypothetical disruptions in our deposit funding, market related, geopolitical, or other events could impact the liquidity derived from deposits.

2. If we lose access to capital markets, we may not be able to meet the cash flow requirements of our depositors, creditors, and borrowers, or have the operating cash needed to fund corporate expansion and other corporate activities.

Wholesale funding sources include securitization, federal funds purchased, securities sold under repurchase agreements, non-core deposits, and long-term debt. The Bank is also a member of the Federal Home Loan Bank of Cincinnati, which provides members access to funding through advances collateralized with mortgage-related assets. We maintain a portfolio of highly-rated, marketable securities that is available as a source of liquidity.

Capital markets disruptions can directly impact the liquidity of the Bank and Corporation. The inability to access capital markets funding sources as needed could adversely impact our financial condition, results of operations, cash flows, and level of regulatory-qualifying capital. We may, from time-to-time, consider using our existing liquidity position to opportunistically retire outstanding securities in privately negotiated or open market transactions.

Operational and Legal Risks:

1. We face security risks, including denial of service attacks, hacking, social engineering attacks targeting our colleagues and customers, malware intrusion or data corruption attempts, and identity theft that could result in the disclosure of confidential information, adversely affect our business or reputation, and create significant legal and financial exposure.

Our computer systems and network infrastructure are subject to security risks and could be susceptible to cyber-attacks, such as denial of service attacks, hacking, terrorist activities or identity theft. Financial services institutions and companies engaged in data processing have reported breaches in the security of their websites or other systems, some of which have involved sophisticated and targeted attacks intended to obtain unauthorized access to confidential information, destroy data, disable or degrade service, or sabotage systems, often through the introduction of computer viruses or malware, cyber-attacks and other means. Denial of service attacks have been launched against a number of large financial services institutions, including us. None of these events against us resulted in a breach of our client data or account information; however, the performance of our website, www.huntington.com, was adversely affected, and in some instances customers were prevented from accessing our website. We expect to be subject to similar attacks in the future. While events to date primarily resulted in inconvenience, future cyber-attacks could be more disruptive and damaging. Hacking and identity theft risks, in particular, could cause serious reputational harm. Cyber threats are rapidly evolving and we may not be able to anticipate or prevent all such attacks and could be held liable for any security breach or loss.

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Despite efforts to ensure the integrity of our systems, we may not be able to anticipate all security breaches of these types, nor may we be able to implement guaranteed preventive measures against such security breaches. Persistent attackers may succeed in penetrating defenses given enough resources, time and motive. The techniques used by cyber criminals change frequently, may not be recognized until launched and can originate from a wide variety of sources, including outside groups such as external service providers, organized crime affiliates, terrorist organizations or hostile foreign governments. These risks may increase in the future as we continue to increase our mobile-payment and other internet-based product offerings and expand our internal usage of web-based products and applications. Even the most advanced internal control environment may be vulnerable to compromise. Targeted social engineering attacks and "spear phishing" attacks are becoming more sophisticated and are extremely difficult to prevent. The successful social engineer will attempt to fraudulently induce colleagues, customers or other users of our systems to disclose sensitive information in order to gain access to its data or that of its clients.

A successful penetration or circumvention of system security could cause us serious negative consequences, including significant disruption of operations, misappropriation of confidential information, or damage to our computers or systems or those of our customers and counterparties. A successful security breach could result in violations of applicable privacy and other laws, financial loss to us or to our customers, loss of confidence in our security measures, significant litigation exposure, and harm to our reputation, all of which could have a material adverse effect on the Company.

2. The resolution of significant pending litigation, if unfavorable, could have a material adverse effect on our results of operations for a particular period.

We face legal risks in our businesses, and the volume of claims and amount of damages and penalties claimed in litigation and regulatory proceedings against financial institutions remain high. Substantial legal liability against us could have material adverse financial effects or cause significant reputational harm to us, which in turn could seriously harm our business prospects. It is possible that the ultimate resolution of these matters, if unfavorable, may be material to the results of operations for a particular reporting period.

Note 20 of the Notes to Consolidated Financial Statements updates the status of certain material litigation including litigation related to the bankruptcy of Cyberco Holdings, Inc.

3. We face significant operational risks which could lead to financial loss, expensive litigation, and loss of confidence by our customers, regulators, and capital markets.

We are exposed to many types of operational risks, including the risk of fraud or theft by colleagues or outsiders, unauthorized transactions by colleagues or outsiders, operational errors by colleagues, business disruption, and system failures. Huntington executes against a significant number of controls, a large percent of which are manual and dependent on adequate execution by colleagues and third-party service providers. There is inherent risk that unknown single points of failure through the execution chain could give rise to material loss through inadvertent errors or malicious attack. These operational risks could lead to financial loss, expensive litigation, and loss of confidence by our customers, regulators, and the capital markets.

Moreover, negative public opinion can result from our actual or alleged conduct in any number of activities, including clients, products and business practices; corporate governance; acquisitions; and from actions taken by government regulators and community organizations in response to those activities. Negative public opinion can adversely affect our ability to attract and retain customers and can also expose us to litigation and regulatory action.

Relative to acquisitions, we incur risks and challenges associated with the integration of acquired businesses and institutions in a timely and efficient manner, and we cannot guarantee that we will be successful in retaining existing customer relationships or achieving anticipated operating efficiencies expected from such acquisitions (including our pending acquisition of FirstMerit Corporation). Acquisitions may be subject to, and our pending acquisition of FirstMerit Corporation is subject to, the receipt of approvals from certain governmental authorities, including the Federal Reserve, the OCC, and the United States Department of Justice, as well as the approval of our shareholders and the shareholders of companies that we seek to acquire. These approvals for acquisitions may not be received, may take longer than expected, or may impose conditions that are not presently anticipated or that could have an adverse effect on the combined company following the acquisitions. Subject to requisite regulatory approvals, future business acquisitions may result in the issuance and payment of additional shares of stock, which would dilute current shareholders' ownership interests. Additionally, acquisitions may also involve the payment of a premium over book and market values. Therefore, dilution of our tangible book value and net income per common share could occur in connection with any future transaction.

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4. Failure to maintain effective internal controls over financial reporting in the future could impair our ability to accurately and timely report our financial results or prevent fraud, resulting in loss of investor confidence and adversely affecting our business and our stock price.

Effective internal controls over financial reporting are necessary to provide reliable financial reports and prevent fraud. As a financial holding company, we are subject to regulation that focuses on effective internal controls and procedures. Such controls and procedures are modified, supplemented, and changed from time-to-time as necessitated by our growth and in reaction to external events and developments. Any failure to maintain, in the future, an effective internal control environment could impact our ability to report our financial results on an accurate and timely basis, which could result in regulatory actions, loss of investor confidence, and an adverse impact on our business and our stock price.

5. We rely on quantitative models to measure risks and to estimate certain financial values.

Quantitative models may be used to help manage certain aspects of our business and to assist with certain business decisions, including estimating probable loan losses, measuring the fair value of financial instruments when reliable market prices are unavailable, estimating the effects of changing interest rates and other market measures on our financial condition and results of operations, managing risk, and for capital planning purposes (including during the CCAR capital planning and capital adequacy process). Our measurement methodologies rely on many assumptions, historical analyses, and correlations. These assumptions may not capture or fully incorporate conditions leading to losses, particularly in times of market distress, and the historical correlations on which we rely may no longer be relevant. Additionally, as businesses and markets evolve, our measurements may not accurately reflect this evolution. Even if the underlying assumptions and historical correlations used in our models are adequate, our models may be deficient due to errors in computer code, bad data, misuse of data, or the use of a model for a purpose outside the scope of the model’s design.

All models have certain limitations. Reliance on models presents the risk that our business decisions based on information incorporated from models will be adversely affected due to incorrect, missing, or misleading information. In addition, our models may not capture or fully express the risks we face, may suggest that we have sufficient capitalization when we do not, or may lead us to misjudge the business and economic environment in which we will operate. If our models fail to produce reliable results on an ongoing basis, we may not make appropriate risk management, capital planning, or other business or financial decisions. Strategies that we employ to manage and govern the risks associated with our use of models may not be effective or fully reliable. Also, information that we provide to the public or regulators based on poorly designed models could be inaccurate or misleading.

Banking regulators continue to focus on the models used by banks and bank holding companies in their businesses. Some of our decisions that the regulators evaluate, including distributions to our shareholders, could be affected adversely due to their perception that the quality of the models used to generate the relevant information is insufficient.

6. We rely on third parties to provide key components of our business infrastructure.

We rely on third-party service providers to leverage subject matter expertise and industry best practice, provide enhanced products and services, and reduce costs. Although there are benefits in entering into third-party relationships with vendors and others, there are risks associated with such activities. When entering a third-party relationship, the risks associated with that activity are not passed to the third-party but remain our responsibility. The Technology Committee of the board of directors provides oversight related to the overall risk management process associated with third-party relationships. Management is accountable for the review and evaluation of all new and existing third-party relationships. Management is responsible for ensuring that adequate controls are in place to protect us and our customers from the risks associated with vendor relationships.

Increased risk could occur based on poor planning, oversight, and control and inferior performance or service on the part of the third-party, and may result in legal costs or loss of business. While we have implemented a vendor management program to actively manage the risks associated with the use of third-party service providers, any problems caused by third-party service providers could adversely affect our ability to deliver products and services to our customers and to conduct our business. Replacing a third-party service provider could also take a long period of time and result in increased expenses.

7. Changes in accounting policies, standards, and interpretations could materially affect how we report our financial condition and results of operations.

The FASB, regulatory agencies, and other bodies that establish accounting standards periodically change the financial accounting and reporting standards governing the preparation of our financial statements. Additionally, those bodies that establish and interpret the accounting standards (such as the FASB, SEC, and banking regulators) may change prior interpretations or positions on how these standards should be applied. These changes can be difficult to predict and can materially affect how we record and report our financial condition and results of operations. The FASB is currently close to issuing several new accounting standards that will have significant impacts on the banking industry. Most notably, new guidance on the calculation of credit reserves using expected losses (Current Expected Credit Losses) versus incurred losses is close to being finalized and, upon implementation, could

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significantly impact our required credit reserves. Other impacts to capital levels, profit and loss, and various financial metrics will also result.

Compliance Risks:

1. Bank regulations regarding capital and liquidity, including the annual CCAR assessment process and the Basel III capital and liquidity standards, could require higher levels of capital and liquidity. Among other things, these regulations could impact our ability to pay common stock dividends, repurchase common stock, attract cost-effective sources of deposits, or require the retention of higher amounts of low yielding securities.

The Federal Reserve administers the annual CCAR, an assessment of the capital adequacy of bank holding companies with consolidated assets of $50 billion or more and of the practices used by covered banks to assess capital needs. Under CCAR, the Federal Reserve makes a qualitative assessment of capital adequacy on a forward-looking basis and reviews the strength of a bank holding company's capital adequacy process. The Federal Reserve also makes a quantitative assessment of capital based on supervisory-run stress tests that assess the ability to maintain capital levels above each minimum regulatory capital ratio and above a CET1 ratio of 4.5%, after making all capital actions included in a bank holding company's capital plan, under baseline and stressful conditions throughout a nine-quarter planning horizon. Capital plans for 2016 are required to be submitted by April 5, 2016, and the Federal Reserve will either object to the capital plan and/or planned capital actions, or provide a notice of non-objection, no later than June 30, 2016. We intend to submit our capital plan to the Federal Reserve on or before April 5, 2016. The Bank also must submit a capital plan to the OCC on or before April 5, 2016. There can be no assurance that the Federal Reserve will respond favorably to our capital plan, capital actions or stress test and the Federal Reserve, OCC, or other regulatory capital requirements may limit or otherwise restrict how we utilize our capital, including common stock dividends and stock repurchases.

In 2013, the Federal Reserve and the OCC adopted final rules to implement the 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. As a Standardized Approach institution, the Basel III minimum capital requirements became effective for us on January 1, 2015, and will be fully phased-in on January 1, 2019.

On September 3, 2014, the U.S. banking regulators approved a final rule to implement a minimum liquidity coverage ratio (LCR) requirement for banking organizations with total consolidated assets of $250 billion or more, and a less stringent modified LCR requirement to depository institution holding companies below the threshold but with total consolidated assets of $50 billion or more. The LCR requires covered banking organizations to maintain HQLA equal to projected stressed cash outflows over a 30 calendar-day stress scenario. We are covered by the modified LCR requirement and therefore subject to the phase-in of the rule beginning January 2016 at 90% and January 2017 at 100%. We will also be required to calculate the LCR monthly. The LCR assigns less severe outflow assumptions to certain types of customer deposits, which should increase the demand, and perhaps the cost, among banks for these deposits. Additionally, the HQLA requirements will increase the demand for direct US government and US government- guaranteed debt that, while high quality, generally carry lower yields than other securities that banks hold in their investment portfolios.

2. If our regulators deem it appropriate, they can take regulatory actions that could result in a material adverse impact on our financial results, ability to compete for new business, or preclude mergers or acquisitions. In addition, regulatory actions could constrain our ability to fund our liquidity needs or pay dividends. Any of these actions could increase the cost of our services.

We are subject to the supervision and regulation of various state and federal regulators, including the OCC, Federal Reserve, FDIC, SEC, CFPB, Financial Industry Regulatory Authority, and various state regulatory agencies. As such, we are subject to a wide variety of laws and regulations, many of which are discussed in the Regulatory Matters section. As part of their supervisory process, which includes periodic examinations and continuous monitoring, the regulators have the authority to impose restrictions or conditions on our activities and the manner in which we manage the organization. Such actions could negatively impact us in a variety of ways, including charging monetary fines, impacting our ability to pay dividends, precluding mergers or acquisitions, limiting our ability to offer certain products or services, or imposing additional capital requirements.

With the addition of the CFPB, our consumer products and services are subject to increasing regulatory oversight and scrutiny with respect to compliance under consumer laws and regulations. We may face a greater number or wider scope of investigations, enforcement actions, and litigation in the future related to consumer practices, thereby increasing costs associated with responding to or defending such actions. In addition, increased regulatory inquiries and investigations, as well as any additional legislative or regulatory developments affecting our consumer businesses, and any required changes to our business operations resulting from these developments, could result in significant loss of revenue, require remuneration to our customers, trigger fines or penalties, limit the products or services we offer, require us to increase our prices and, therefore, reduce demand for our products, impose additional compliance costs on us, cause harm to our reputation, or otherwise adversely affect our consumer businesses.

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3. Legislative and regulatory actions taken now or in the future that impact the financial industry may materially adversely affect us by increasing our costs, adding complexity in doing business, impeding the efficiency of our internal business processes, negatively impacting the recoverability of certain of our recorded assets, requiring us to increase our regulatory capital, limiting our ability to pursue business opportunities, and otherwise resulting in a material adverse impact on our financial condition, results of operation, liquidity, or stock price.

The Dodd-Frank Act represents a comprehensive overhaul of the financial services industry within the United States, establishes the CFPB, and requires the bureau and other federal agencies to implement many new and significant rules and regulations. It is not possible to predict the full extent to which the Dodd-Frank Act, or the resulting rules and regulations in their entirety, will impact our business. Compliance with these new laws and regulations have and will continue to result in additional costs, which could be significant, and may have a material and adverse effect on our results of operations. In addition, if we do not appropriately comply with current or future legislation and regulations that apply to our consumer operations, we may be subject to fines, penalties or judgments, or material regulatory restrictions on our businesses, which could adversely affect operations and, in turn, financial results.

4. We may become subject to more stringent regulatory requirements and activity restrictions if the Federal Reserve and FDIC determine that our resolution plan is not credible.

The Dodd-Frank Act and implementing regulations jointly issued by Federal Reserve and the FDIC require bank holding companies with more than $50 billion in assets to annually submit a resolution plan to the Federal Reserve and the FDIC that, in the event of material financial distress or failure, establish the rapid, orderly resolution of the Company under the U.S. Bankruptcy Code. If the Federal Reserve and the FDIC jointly determine that our 2015 resolution plan is not “credible,” we could become subjected to more stringent capital, leverage or liquidity requirements or restrictions, or restrictions on our growth, activities or operations, and could eventually be required to divest certain assets or operations in ways that could negatively impact its operations and strategy.

5. Our business, financial condition, and results of operations could be adversely affected if we lose our financial holding company status.

In order for us to maintain our status as a financial holding company, we and the Bank must remain “well capitalized,” and “well managed.” If we or our Bank cease to meet the requirements necessary for us to continue to qualify as a financial holding company, the Federal Reserve may impose upon us corrective capital and managerial requirements, and may place limitations on our ability to conduct all of the business activities that we conduct as a financial holding company. If the failure to meet these standards persists, we could be required to divest our Bank, or cease all activities other than those activities that may be conducted by bank holding companies that are not financial holding companies. In addition, our ability to commence or engage in certain activities as a financial holding company will be restricted if the Bank fails to maintain at least a “Satisfactory” rating on its most recent Community Reinvestment Act examination.

Item 1B: Unresolved Staff Comments

None.

Item 2: Properties

Our headquarters, as well as the Bank’s, is located in the Huntington Center, a thirty seven story office building located in Columbus, Ohio. Of the building’s total office space available, we lease approximately 28%. The lease term expires in 2030, with six five-year renewal options for up to 30 years but with no purchase option. The Bank has an indirect minority equity interest of 18.4% in the building.

Our other major properties consist of the following:

Description	Location	Own	Lease
13 story office building, located adjacent to the Huntington Center	Columbus, Ohio	ü	
12 story office building, located adjacent to the Huntington Center	Columbus, Ohio	ü	
3 story office building - the Crosswoods building	Columbus, Ohio		ü
A portion of 200 Public Square Building	Cleveland, Ohio		ü
12 story office building	Youngstown, Ohio	ü	

10 story office building	Warren, Ohio		ü
10 story office building	Toledo, Ohio	ü	
A portion of the Grant Building	Pittsburgh, Pennsylvania		ü
18 story office building	Charleston, West Virginia		ü
3 story office building	Holland, Michigan		ü
2 building office complex	Troy, Michigan		ü
Data processing and operations center (Easton)	Columbus, Ohio	ü	
Data processing and operations center (Northland)	Columbus, Ohio		ü
Data processing and operations center (Parma)	Cleveland, Ohio		ü
8 story office building	Indianapolis, Indiana	ü	

Item 3: Legal Proceedings

Information required by this item is set forth in Note 20 of the Notes to Consolidated Financial Statements under the caption "Litigation" and is incorporated into this Item by reference.

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Item 4: Mine Safety Disclosures
Not applicable.
PART II
Item 5: Market for Registrant’s Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities
The common stock of Huntington Bancshares Incorporated is traded on the NASDAQ Stock Market under the symbol “HBAN”. The stock is listed as “HuntgBcshr” or “HuntBanc” in most newspapers. As of January 31, 2016, we had 26,750 shareholders of record.
Information regarding the high and low sale prices of our common stock and cash dividends declared on such shares, as required by this Item, is set forth in Tables 45 and 47 - Selected Quarterly Income Statement Data and is incorporated into this Item by reference. Information regarding restrictions on dividends, as required by this Item, is set forth in Item 1: Business - Regulatory Matters and in Note 21 of the Notes to Consolidated Financial Statements and incorporated into this Item by reference.
The following graph shows the changes, over the five-year period, in the value of $100 invested in (i) shares of Huntington’s Common Stock; (ii) the Standard & Poor’s 500 Stock Index (the “S&P 500 Index”) and (iii) Keefe, Bruyette & Woods Bank Index (the “KBW Bank Index”), for the period December 31, 2010, through December 31, 2015. The KBW Bank Index is a market capitalization-weighted bank stock index published by Keefe, Bruyette & Woods. The index is composed of the largest banking companies and includes all money center banks and regional banks, including Huntington. An investment of $100 on December 31, 2010, and the reinvestment of all dividends, are assumed. The plotted points represent the closing price on the last trading day of the fiscal year indicated.

	2010	2011	2012	2013	2014	2015
HBAN	$100	$81	$97	$150	$167	$180
S&P 500	$100	$102	$118	$157	$178	$181
KBW Bank Index	$100	$77	$102	$141	$154	$155

For information regarding securities authorized for issuance under Huntington's equity compensation plans, see Part III, Item 12.
The following table provides information regarding Huntington’s purchases of its Common Stock during the three-month period ended December 31, 2015:

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Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Maximum Number of Shares (or Approximate Dollar Value) that May Yet Be Purchased Under the Plans or Programs (2)
October 1, 2015 to October 31, 2015	205,067	$10.33	$192,778,303
November 1, 2015 to November 30, 2015	1,710,500	11.69	172,782,558
December 1, 2015 to December 31, 2015	574,000	11.74	166,043,798
Total	2,489,567	$11.59	$166,043,798

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

(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.

On March 11, 2015, Huntington announced that the Federal Reserve did not object to the proposed capital actions included in Huntington's capital plan submitted to the Federal Reserve in January 2015. These actions included a potential repurchase of up to $366 million of common stock from the second quarter of 2015 through the second quarter of 2016. Purchases of common stock may include open market purchases, privately negotiated transactions, and accelerated repurchase programs. Huntington's board of directors authorized a share repurchase program consistent with Huntington's capital plan. This program replaced the previously authorized share repurchase program authorized by Huntington's board of directors in 2014.

On January 26, 2016, Huntington announced the signing of a definitive merger agreement under which Ohio-based FirstMerit Corporation, the parent company of FirstMerit Bank, will merge into Huntington in a stock and cash transaction. The transaction is expected to be completed in the 2016 third quarter, subject to the satisfaction of customary closing conditions, including regulatory approvals and the approval of the shareholders of Huntington and FirstMerit Corporation. As a result, Huntington no longer has the intent to repurchase shares under the current authorization.

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Item 6: Selected Financial Data

Table 1 - Selected Financial Data (1)
(dollar amounts in thousands, except per share amounts)

	Year Ended December 31,									
	2015		2014		2013		2012		2011	
Interest income	$2,114,521		$1,976,462		$1,860,637		$1,930,263		$1,970,226	
Interest expense	163,784		139,321		156,029		219,739		341,056	
Net interest income	1,950,737		1,837,141		1,704,608		1,710,524		1,629,170	
Provision for credit losses	99,954		80,989		90,045		147,388		174,059	
Net interest income after provision for credit losses	1,850,783		1,756,152		1,614,563		1,563,136		1,455,111	
Noninterest income	1,038,730		979,179		1,012,196		1,106,321		992,317	
Noninterest expense	1,975,908		1,882,346		1,758,003		1,835,876		1,728,500	
Income before income taxes	913,605		852,985		868,756		833,581		718,928	
Provision for income taxes	220,648		220,593		227,474		202,291		172,555	
Net income	692,957		632,392		641,282		631,290		546,373	
Dividends on preferred shares	31,873		31,854		31,869		31,989		30,813	
Net income applicable to common shares	$661,084		$600,538		$609,413		$599,301		$515,560	
Net income per common share—basic	$0.82		$0.73		$0.73		$0.70		$0.60	
Net income per common share—diluted	0.81		0.72		0.72		0.69		0.59	
Cash dividends declared per common share	0.25		0.21		0.19		0.16		0.10	
Balance sheet highlights										
Total assets (period end)	$71,044,551		$66,298,010		$59,467,174		$56,141,474		$54,448,673	
Total long-term debt (period end)	7,067,614		4,335,962		2,458,272		1,364,834		2,747,857	
Total shareholders' equity (period end)	6,594,606		6,328,170		6,090,153		5,778,500		5,416,121	
Average total assets	68,580,526		62,498,880		56,299,313		55,673,599		53,750,054	
Average total long-term debt	5,605,960		3,494,987		1,670,502		1,986,612		3,182,899	
Average total shareholders' equity	6,536,018		6,269,884		5,914,914		5,671,455		5,237,541	
Key ratios and statistics										
Margin analysis—as a % of average earnings assets										
Interest income(2)	3.41	%	3.47	%	3.66	%	3.85	%	4.09	%
Interest expense	0.26		0.24		0.30		0.44		0.71	
Net interest margin(2)	3.15	%	3.23	%	3.36	%	3.41	%	3.38	%
Return on average total assets	1.01	%	1.01	%	1.14	%	1.13	%	1.02	%
Return on average common shareholders' equity	10.7		10.2		11.0		11.3		10.6	
Return on average tangible common shareholders' equity(3), (7)	12.4		11.8		12.7		13.3		12.8	
Efficiency ratio(4)	64.5		65.1		62.6		63.2		63.5	
Dividend payout ratio	30.5		28.8		26.0		22.9		16.7	
Average shareholders' equity to average assets	9.53		10.03		10.51		10.19		9.74	

Effective tax rate	24.2	25.9	26.2	24.3	24.0
Non-regulatory capital					
Tangible common equity to tangible assets (period end) (5), (7)	7.81	8.17	8.82	8.74	8.30
Tangible equity to tangible assets (period end)(6), (7)	8.36	8.76	9.47	9.44	9.01
Tier 1 common risk-based capital ratio (period end)(7), (8)	N.A.	10.23	10.90	10.48	10.00
Tier 1 leverage ratio (period end)(9), (10)	N.A.	9.74	10.67	10.36	10.28
Tier 1 risk-based capital ratio (period end)(9), (10)	N.A.	11.50	12.28	12.02	12.11
Total risk-based capital ratio (period end)(9), (10)	N.A.	13.56	14.57	14.50	14.77
Capital under current regulatory standards (Basel III)					
Common equity tier 1 risk-based capital ratio	9.79	N.A.	N.A.	N.A.	N.A.
Tier 1 leverage ratio (period end)	8.79	N.A.	N.A.	N.A.	N.A.
Tier 1 risk-based capital ratio (period end)	10.53	N.A.	N.A.	N.A.	N.A.
Total risk-based capital ratio (period end)	12.64	N.A.	N.A.	N.A.	N.A.
Other data					
Full-time equivalent employees (average)	12,243	11,873	11,964	11,494	11,398
Domestic banking offices (period end)	777	729	711	705	668

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(1) Comparisons for presented periods are impacted by a number of factors. Refer to the Significant Items for additional discussion regarding these key factors.
(2) On an FTE basis assuming a 35% tax rate.
(3) Net income applicable to common shares excluding expense for amortization of intangibles for the period divided by average tangible shareholders' equity. Average tangible shareholders' equity equals average total 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.
(4) Noninterest expense less amortization of intangibles divided by the sum of FTE net interest income and noninterest income excluding securities gains.
(5) Tangible common equity (total common equity less goodwill and other intangible assets) divided by tangible assets (total assets less goodwill and other intangible assets). Other intangible assets are net of deferred tax and calculated assuming a 35% tax rate.
(6) Tangible equity (total equity less goodwill and other intangible assets) divided by tangible assets (total assets less goodwill and other intangible assets). Other intangible assets are net of deferred tax and calculated assuming a 35% tax rate.
(7) Tier 1 common equity, tangible 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.
(8) In accordance with applicable regulatory reporting guidance, we are not required to retrospectively update historical filings for newly adopted accounting principles. Therefore, tier 1 capital, tier 1 common equity, and risk-weighted assets have not been updated for the adoption of ASU 2014-01.
(9) In accordance with applicable regulatory reporting guidance, we are not required to retrospectively update historical filings for newly adopted accounting principles. Therefore, regulatory capital data has not been updated for the adoption of ASU 2014-01.
(10) Ratios are calculated on the Basel I basis.
N.A. On January 1, 2015, we became subject to the Basel III capital requirements and the standardized approach for calculating risk-weighted assets in accordance with subpart D of the final capital rule.

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Item 7: 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 150 years of servicing the financial needs of our customers. Through our subsidiaries, we provide full-service commercial and consumer banking services, mortgage banking services, automobile financing, equipment leasing, investment management, trust services, brokerage services, insurance service programs, and other financial products and services. Our 777 branches and private client group offices are located in Ohio, Michigan, Pennsylvania, Indiana, West Virginia, and Kentucky. Selected financial services and other activities are also conducted in various other states. International banking services are available through the headquarters office in Columbus, Ohio and a limited purpose office located in the Cayman Islands. 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 should be read in conjunction with the Consolidated Financial Statements, Notes to Consolidated Financial Statements, and other information contained in this report. The forward-looking statements in this section and other parts of this report involve assumptions, risks, uncertainties, and other factors, including statements regarding our plans, objectives, goals, strategies, and financial performance. Our actual results could differ materially from the results anticipated in these forward-looking statements as result of factors set forth under the caption "Forward-Looking Statements" and those set forth in Item 1A.

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.
- Results for the Fourth Quarter – Provides a discussion of results for the 2015 fourth quarter compared with the 2014 fourth quarter.
- Additional Disclosures – Provides comments on important matters including forward-looking statements, critical accounting policies and use of significant estimates, and recent accounting pronouncements and developments.

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

EXECUTIVE OVERVIEW

2015 Financial Performance Review

In 2015, we reported net income of $693 million, or a 10% increase from the prior year. Earnings per common share for the year were $0.81, up 13% from the prior year. This resulted in a 1.01% return on average assets and a 12.4% return on average tangible common equity. In addition, we grew our base of consumer and business customers as we increased 2015 average earning assets by $5.3 billion, or 9%, over the prior year. Our strategic business investments and OCR sales approach continued to generate positive results in 2015. (Also, see Significant Items Influencing Financial Performance Comparisons within the Discussion of Results of Operations.)

Fully-taxable equivalent net interest income was $2.0 billion in 2015, an increase of $118 million, or 6%, compared with 2014. This reflected the impact of 9% earning asset growth, 7% interest-bearing liability growth, and an 8 basis point decrease in the NIM to 3.15%. The earning asset growth reflected a $3.2 billion, or 7%, increase in average loans and leases and a $1.8 billion, or 15%, increase in average securities. The increase in average loans and leases primarily reflected growth in C&I related to the acquisition of Huntington Technology Finance and automobile loans, as originations remained strong. The increase in average securities primarily reflected the additional investment in LCR Level 1 qualifying securities and the ongoing origination of direct purchase municipal instruments. The increase in interest-bearing liabilities primarily reflected growth in money market deposits related to continued

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banker focus across all segments on obtaining our customers' full deposit relationship, an increase in total debt related to the issuance of bank-level senior debt during 2015, and an increase in brokered deposits and negotiated CDs, which were used to efficiently finance balance sheet growth while continuing to manage the overall cost of funds. This was partially offset by a decrease in average core certificates of deposit due to the strategic focus on changing the funding sources to low and no cost demand deposits and money market deposits. The NIM contraction reflected a 6 basis point decrease related to the mix and yield of earning assets and a 3 basis point increase in funding costs, partially offset by the 1 basis point increase in the benefit to the margin from the impact of noninterest-bearing funds.

Overall asset quality remains strong, with modest volatility based on the absolute low level of problem credits. The provision for credit losses was $100 million in 2015, an increase of $19 million, or 23%, compared with 2014. NALs increased $71 million, or 24%, from the prior year to $372 million, or 0.74% of total loans and leases. The increase was centered in the Commercial portfolio and was comprised of several large oil and gas exploration and production relationships. NPAs increased $61 million, or 18%, from the prior year to $399 million, or 0.79% of total loans and leases and net OREO. NCOs decreased $37 million, or 30%, from the prior year to $88 million. NCOs represented an annualized 0.18% of average loans and leases in the current year compared to 0.27% in 2014. We continue to be pleased with the net charge-off performance across the entire portfolio, as we remain below our targeted range. Overall consumer credit metrics, led by the Home Equity portfolio, continue to show an improving trend, while the commercial portfolios continue to experience some quarter-to-quarter volatility based on the absolute low level of problem loans. ACL as a percentage of total loans and leases decreased to 1.33% from 1.40% a year ago, while the ACL as a percentage of period-end total NALs decreased to 180% from 222%. Management believes the level of the ACL is appropriate given the current composition of the overall loan and lease portfolio.

Noninterest income was $1.0 billion in 2015, an increase of $60 million, or 6%, compared with 2014. This reflected an increase in cards and payment processing income, mortgage banking income, and gain on sale of loans. Cards and payment processing income increased due to higher card related income and underlying customer growth. The increase in mortgage banking income was primarily driven by a $33 million, or 58%, increase in origination and secondary marketing revenue. Gain on sale of loans increased due to an automobile loan securitization during 2015. These increases were partially offset by a decrease in securities gains and trust services. In 2014, we adjusted the mix of our securities portfolio to prepare for the LCR requirements, which resulted in securities gains. The decrease in trust services primarily related to our fiduciary trust businesses moving to a more open architecture platform and a decline in assets under management in proprietary mutual funds. During the 2015 fourth quarter, Huntington sold HAA, HASI, and Unified.

Noninterest expense was $2.0 billion in 2015, an increase of $94 million, or 5%, compared with 2014. This reflected an increase in personnel costs, other expense, and outside data processing and other services. Personnel costs increased primarily due to an increase in salaries related to annual merit increases, the addition of Huntington Technology Finance, and a 3% increase in the number of average full-time equivalent employees, largely related to the build-out of the in-store strategy. Other noninterest expense increased due to an increase in operating lease expense related to Huntington Technology Finance. Outside data processing and other services increased, primarily reflecting higher debit and credit card processing costs and increased other technology investment expense, as we continue to invest in technology supporting our products, services, and our Continuous Improvement initiatives. These increases were partially offset by a decrease in amortization of intangibles reflecting the full amortization of the core deposit intangible from the Sky Financial acquisition.

The tangible common equity to tangible assets ratio at December 31, 2015, was 7.81%, down 36 basis points from a year ago. On a Basel III basis, the regulatory CET1 risk-based capital ratio was 9.79% at December 31, 2015, and the regulatory tier 1 risk-based capital ratio was 10.53%. On a Basel I basis, the tier 1 common risk-based capital ratio was 10.23% at December 31, 2014, and the regulatory tier 1 risk-based capital ratio was 11.50%. All capital ratios were impacted by the repurchase of 23.0 million common shares over the last four quarters. During the 2015 fourth quarter, the Company repurchased 2.5 million common shares at an average price of $11.59 per share under the $366 million repurchase authorization included in the 2015 CCAR capital plan.

Business Overview

General

Our general business objectives are: (1) grow net interest income and fee income, (2) deliver positive operating leverage, (3) increase primary relationships across all business segments, (4) continue to strengthen risk management, and (5) maintain capital and liquidity positions consistent with our risk appetite.

We are pleased with our 2015 performance. We delivered full-year revenue growth, disciplined expense control, strong net income, and EPS growth for our shareholders. Our consistent execution of disciplined lending and investment within a risk-balanced environment continues to pay off. We also took proactive steps to better position the Company moving into 2016 by investing in key growth drivers, such as technology and our in-store strategy, while exiting some non-core businesses. Furthermore, the finalization of our in-store branch expansion is also visibly supporting our deposit and loan growth.

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Economy

Our small and medium sized commercial customers continue to express confidence in their businesses, while consumers continue to benefit from recovering real estate markets, low energy prices, and early signs of wage inflation in certain markets. The auto industry is an important component of the economy in our footprint, and it appears poised for another good year in 2016. Other industries that contribute meaningfully to the regional economy, such as health care, medical devices and medical technology, and higher education, among others, also remain positive. Conversely, the low energy prices have negatively impacted certain sectors of the energy industry, including oil exploration and production firms.

The state leading economic indices, as reported by the Federal Reserve Bank of Philadelphia for our six state footprint, are all projected to be positive over the next six months, including West Virginia, which had been hard hit of late from the impact of declining coal prices.

Unemployment rates in our footprint states continue to trend positively and most remain in line with or better than the national average. There is also a positive trend for our ten largest deposit markets, which collectively account for more than 80% of our total deposit franchise. Almost all of these markets continue to trend favorably, and seven of the ten markets currently have unemployment rates below the national average.

Legislative and Regulatory

A comprehensive discussion of legislative and regulatory matters affecting us can be found in the Regulatory Matters section included in Item 1 of this Form 10-K.

2016 Expectations

We are well positioned starting the new year. We continue to budget for unchanged interest rates through 2016. We will continue to execute our core strategies to deepen and grow customer relationships while carefully managing expenses to stay on course for 2016 performance.

Excluding Significant Items and net MSR activity, we expect full-year revenue growth will be consistent with our long-term financial goal of 4-6%. While continuing to proactively invest in the franchise, we will manage the expense base to reflect the revenue environment.

Overall, asset quality metrics are expected to remain near current levels, although moderate quarterly volatility also is expected, given the quickly evolving macroeconomic conditions, commodities, and currency market volatility. Although we expect a gradual return to normalized credit costs, we anticipate NCOs will remain below our long-term normalized range of 35 to 55 basis points.

The effective tax rate for 2016 is expected to be in the range of 25% to 28%.

Pending Acquisition of FirstMerit Corporation

On January 26, 2016, Huntington announced the signing of a definitive merger agreement under which Ohio-based FirstMerit Corporation, the parent company of FirstMerit Bank, will merge into Huntington in a stock and cash transaction expected to be valued at approximately $3.4 billion based on the closing stock price on the day preceding the announcement. FirstMerit Corporation is a diversified financial services company headquartered in Akron, Ohio, which reported assets of approximately $25.5 billion based on their December 31, 2015 unaudited balance sheet, and 366 banking offices and 400 ATM locations in Ohio, Michigan, Wisconsin, Illinois, and Pennsylvania. First Merit Corporation provides a complete range of banking and other financial services to consumers and businesses through its core operations. Principal affiliates include: FirstMerit Bank, N.A. and First Merit Mortgage Corporation.

Under the terms of the agreement, shareholders of FirstMerit Corporation will receive 1.72 shares of Huntington common stock and $5.00 in cash for each share of FirstMerit Corporation common stock. The transaction is expected to be completed in the 2016 third quarter, subject to the satisfaction of customary closing conditions, including regulatory approvals and the approval of the shareholders of Huntington and FirstMerit Corporation.

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Table 2 - Selected Annual Income Statements(1)
(dollar amounts in thousands, except per share amounts)

	Year Ended December 31,						
		Change from 2014			Change from 2013		
	2015	Amount	Percent	2014	Amount	Percent	2013
Interest income	$2,114,521	$138,059	7 %	$1,976,462	$115,825	6 %	$1,860,637
Interest expense	163,784	24,463	18	139,321	(16,708)	(11)	156,029
Net interest income	1,950,737	113,596	6	1,837,141	132,533	8	1,704,608
Provision for credit losses	99,954	18,965	23	80,989	(9,056)	(10)	90,045
Net interest income after provision for credit losses	1,850,783	94,631	5	1,756,152	141,589	9	1,614,563
Service charges on deposit accounts	280,349	6,608	2	273,741	1,939	1	271,802
Cards and payment processing income	142,715	37,314	35	105,401	12,810	14	92,591
Mortgage banking income	111,853	26,966	32	84,887	(41,968)	(33)	126,855
Trust services	105,833	(10,139)	(9)	115,972	(7,035)	(6)	123,007
Insurance income	65,264	(209)	—	65,473	(3,791)	(5)	69,264
Brokerage income	60,205	(8,072)	(12)	68,277	(1,347)	(2)	69,624
Capital markets fees	53,616	9,885	23	43,731	(1,489)	(3)	45,220
Bank owned life insurance income	52,400	(4,648)	(8)	57,048	629	1	56,419
Gain on sale of loans	33,037	11,946	57	21,091	2,920	16	18,171
Securities gains (losses)	744	(16,810)	(96)	17,554	17,136	4,100	418
Other income	132,714	6,710	5	126,004	(12,821)	(9)	138,825
Total noninterest income	1,038,730	59,551	6	979,179	(33,017)	(3)	1,012,196
Personnel costs	1,122,182	73,407	7	1,048,775	47,138	5	1,001,637
Outside data processing and other services	231,353	18,767	9	212,586	13,039	7	199,547
Equipment	124,957	5,294	4	119,663	12,870	12	106,793
Net occupancy	121,881	(6,195)	(5)	128,076	2,732	2	125,344
Marketing	52,213	1,653	3	50,560	(625)	(1)	51,185
Professional services	50,291	(9,264)	(16)	59,555	18,968	47	40,587
Deposit and other insurance expense	44,609	(4,435)	(9)	49,044	(1,117)	(2)	50,161
Amortization of intangibles	27,867	(11,410)	(29)	39,277	(2,087)	(5)	41,364
Other expense	200,555	25,745	15	174,810	33,425	24	141,385
Total noninterest expense	1,975,908	93,562	5	1,882,346	124,343	7	1,758,003
Income before income taxes	913,605	60,620	7	852,985	(15,771)	(2)	868,756
Provision for income taxes	220,648	55	—	220,593	(6,881)	(3)	227,474
Net income	692,957	60,565	10	632,392	(8,890)	(1)	641,282
Dividends on preferred shares	31,873	19	—	31,854	(15)	—	31,869
Net income applicable to common shares	$661,084	$60,546	10 %	$600,538	$(8,875)	(1)%	$609,413
Average common shares—basic	803,412	(16,505)	(2)%	819,917	(14,288)	(2)%	834,205
Average common shares—diluted	817,129	(15,952)	(2)	833,081	(10,893)	(1)	843,974
Per common share:							
Net income—basic	$0.82	$0.09	12 %	$0.73	$—	— %	$0.73

Net income—diluted	0.81	0.09	13		0.72	—	—			0.72
Cash dividends declared	0.25	0.04	19		0.21	0.02	11			0.19
Revenue—FTE										
Net interest income	$1,950,737	$113,596	6	%	$1,837,141	$132,533		8	%	$1,704,608
FTE adjustment	32,115	4,565	17		27,550	210		1		27,340
Net interest income(2)	1,982,852	118,161	6		1,864,691	132,743		8		1,731,948
Noninterest income	1,038,730	59,551	6		979,179	(33,017	)	(3	)	1,012,196
Total revenue(2)	$3,021,582	$177,712	6	%	$2,843,870	$99,726		4	%	$2,744,144

(1) Comparisons for presented periods are impacted by a number of factors. Refer to “Significant Items”.
(2) On a fully-taxable equivalent (FTE) basis assuming a 35% tax rate.

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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 (See Non-GAAP Financial Measures) that summarizes key issues important for a complete understanding of performance trends. Key consolidated balance sheet and income statement 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."

Significant Items

Earnings comparisons among the three years ended December 31, 2015, 2014, and 2013 were impacted by a number of Significant Items summarized below.

1. Litigation Reserve. $38 million and $21 million of net additions to litigation reserves were recorded as other noninterest expense in 2015 and 2014, respectively. This resulted in a negative impact of $0.03 and $0.02 per common share in 2015 and 2014, respectively.
2. Mergers and Acquisitions. Significant events relating to mergers and acquisitions, and the impacts of those events on our reported results, were as follows:
   - During 2015, $9 million of noninterest expense was recorded related to the acquisition of Macquarie Equipment Finance, which was rebranded Huntington Technology Finance. Also during 2015, $4 million of noninterest expense and $3 million of noninterest income was recorded related to the sale of HAA, HASI, and Unified. This resulted in a negative impact of $0.01 per common share in 2015.
   - During 2014, $16 million of net noninterest expense was recorded related to the acquisition of 24 Bank of America branches and Camco Financial. This resulted in a net negative impact of $0.01 per common share in 2014.
3. Franchise Repositioning Related Expense. Significant events relating to franchise repositioning, and the impacts of those events on our reported results, were as follows:
   - During 2015, $8 million of franchise repositioning related expense was recorded. This resulted in a negative impact of $0.01 per common share in 2015.
   - During 2014, $28 million of franchise repositioning related expense was recorded. This resulted in a negative impact of $0.02 per common share in 2014.
   - During 2013, $23 million of franchise repositioning related expense was recorded. This resulted in a negative impact of $0.02 per common share in 2013.
4. Pension Curtailment Gain. During 2013, a $34 million pension curtailment gain was recorded in personnel costs. This resulted in a positive impact of $0.03 per common share in 2013.

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

Table 3 - Significant Items Influencing Earnings Performance Comparison
(dollar amounts in thousands, except per share amounts)

	2015		2014		2013	
	After-tax	EPS	After-tax	EPS	After-tax	EPS
Net income—GAAP	$692,957		$632,392		$641,282	
Earnings per share, after-tax		$0.81		$0.72		$0.72
Significant items—favorable (unfavorable) impact:	Earnings (1)	EPS (2)(3)	Earnings (1)	EPS (2)(3)	Earnings (1)	EPS (2)(3)
Net additions to litigation reserve	$(38,186)	$(0.03)	$(20,909)	$(0.02)	$—	$—
Mergers and acquisitions, net	(9,323)	(0.01)	(15,818)	(0.01)	—	—
Franchise repositioning related expense	(7,588)	(0.01)	(27,976)	(0.02)	(23,461)	(0.02)
Pension curtailment gain	—	—	—	—	33,926	0.03

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

Net Interest Income / Average Balance Sheet

Our primary source of revenue is net interest income, which is the difference between interest income from earning assets (primarily loans, securities, and direct financing leases), and interest expense of funding sources (primarily interest-bearing deposits and borrowings). Earning asset balances and related funding sources, as well as changes in the levels of interest rates, impact net interest income. The difference between the average yield on earning assets and the average rate paid for interest-bearing liabilities is the net interest spread. Noninterest-bearing sources of funds, such as demand deposits and shareholders' equity, also support earning assets. The impact of the noninterest-bearing sources of funds, often referred to as "free" funds, is captured in the net interest margin, which is calculated as net interest income divided by average earning assets. Both the net interest margin and net interest spread are presented on a fully-taxable equivalent basis, which means that tax-free interest income has been adjusted to a pretax equivalent income, assuming a 35% tax rate.

The following table shows changes in fully-taxable equivalent interest income, interest expense, and net interest income due to volume and rate variances for major categories of earning assets and interest-bearing liabilities:

Table 4 - Change in Net Interest Income Due to Changes in Average Volume and Interest Rates (1)
(dollar amounts in millions)

	2015			2014		
	Increase (Decrease) From Previous Year Due To			Increase (Decrease) From Previous Year Due To		
Fully-taxable equivalent basis(2)	Volume	Yield/ Rate	Total	Volume	Yield/ Rate	Total
Loans and leases	$117.6	$(35.1)	$82.5	$136.7	$(94.5)	$42.2
Investment securities	45.8	3.2	49.0	69.7	10.2	79.9
Other earning assets	10.4	0.7	11.1	(6.3)	0.2	(6.1)
Total interest income from earning assets	173.8	(31.2)	142.6	200.1	(84.1)	116.0
Deposits	5.6	(9.9)	(4.3)	5.2	(35.0)	(29.8)
Short-term borrowings	(1.6)	0.3	(1.3)	1.5	—	1.5
Long-term debt	30.1	—	30.1	30.1	(18.5)	11.6
Total interest expense of interest-bearing liabilities	34.1	(9.6)	24.5	36.8	(53.5)	(16.7)
Net interest income	$139.7	$(21.6)	$118.1	$163.3	$(30.6)	$132.7

(1) The change in interest rates due to both rate and volume has been allocated between the factors in proportion to the relationship of the absolute dollar amounts of the change in each.
(2) Calculated assuming a 35% tax rate.

Table 5 - Consolidated Average Balance Sheet and Net Interest Margin Analysis (3)
(dollar amounts in millions)

	Average Balances						
		Change from 2014			Change from 2013		
Fully-taxable equivalent basis (1)	2015	Amount	Percent	2014	Amount	Percent	2013
Assets							
Interest-bearing deposits in banks	$90	$5	6 %	$85	$15	21 %	$70
Loans held for sale	654	331	102	323	(198)	(38)	521

Available-for-sale and other securities:							
Taxable	7,999	1,214	18	6,785	402	6	6,383
Tax-exempt	2,075	646	45	1,429	866	154	563
Total available-for-sale and other securities	10,074	1,860	23	8,214	1,268	18	6,946

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Trading account securities	46	—	—	46	(34)	(43)	80
Held-to-maturity securities—taxable	3,513	(99)	(3)	3,612	1,457	68	2,155
Total securities	13,633	1,761	15	11,872	2,691	29	9,181
Loans and leases: (2)							
Commercial:							
Commercial and industrial	19,734	1,392	8	18,342	1,168	7	17,174
Commercial real estate:							
Construction	1,017	289	40	728	148	26	580
Commercial	4,210	(61)	(1)	4,271	(178)	(4)	4,449
Commercial real estate	5,227	228	5	4,999	(30)	(1)	5,029
Total commercial	24,961	1,620	7	23,341	1,138	5	22,203
Consumer:							
Automobile loans and leases	8,760	1,090	14	7,670	1,991	35	5,679
Home equity	8,494	99	1	8,395	85	1	8,310
Residential mortgage	5,950	327	6	5,623	425	8	5,198
Other consumer	481	85	21	396	(40)	(9)	436
Total consumer	23,685	1,601	7	22,084	2,461	13	19,623
Total loans and leases	48,646	3,221	7	45,425	3,599	9	41,826
Allowance for loan and lease losses	(606)	32	(5)	(638)	87	(12)	(725)
Net loans and leases	48,040	3,253	7	44,787	3,686	9	41,101
Total earning assets	63,023	5,318	9	57,705	6,107	12	51,598
Cash and due from banks	1,223	325	36	898	(10)	(1)	908
Intangible assets	703	125	22	578	21	4	557
All other assets	4,238	282	7	3,956	(5)	—	3,961
Total assets	$68,581	$6,082	10 %	$62,499	$6,200	11 %	$56,299
Liabilities and Shareholders' Equity							
Deposits:							
Demand deposits—noninterest-bearing	$16,342	$2,354	17 %	$13,988	$1,117	9 %	$12,871
Demand deposits—interest-bearing	6,573	677	11	5,896	41	1	5,855
Total demand deposits	22,915	3,031	15	19,884	1,158	6	18,726
Money market deposits	19,383	1,466	8	17,917	2,242	14	15,675
Savings and other domestic deposits	5,220	189	4	5,031	2	—	5,029
Core certificates of deposit	2,603	(712)	(21)	3,315	(1,234)	(27)	4,549
Total core deposits	50,121	3,974	9	46,147	2,168	5	43,979
Other domestic time deposits of $250,000 or more	256	14	6	242	(64)	(21)	306
Brokered time deposits and negotiable CDs	2,753	614	29	2,139	533	33	1,606
Deposits in foreign offices	502	127	34	375	29	8	346
Total deposits	53,632	4,729	10	48,903	2,666	6	46,237
Short-term borrowings	1,346	(1,415)	(51)	2,761	1,358	97	1,403
Long-term debt	5,606	2,111	60	3,495	1,825	109	1,670
Total interest-bearing liabilities	44,242	3,071	7	41,171	4,732	13	36,439
All other liabilities	1,461	391	37	1,070	(4)	—	1,074
Shareholders' equity	6,536	266	4	6,270	355	6	5,915
Total liabilities and shareholders' equity	$68,581	$6,082	10 %	$62,499	$6,200	11 %	$56,299

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Table 5 - Consolidated Average Balance Sheet and Net Interest Margin Analysis (Continued) (3)
(dollar amounts in thousands)

	Interest Income / Expense			Average Rate (2)					
Fully-taxable equivalent basis (1)	2015	2014	2013	2015		2014		2013	
Assets									
Interest-bearing deposits in banks	$90	$103	$102	0.10	%	0.12	%	0.15	%
Loans held for sale	23,812	12,728	18,905	3.64		3.94		3.63	
Securities:									
Available-for-sale and other securities:									
Taxable	202,104	171,080	148,557	2.53		2.52		2.33	
Tax-exempt	64,637	44,562	25,663	3.11		3.12		4.56	
Total available-for-sale and other securities	266,741	215,642	174,220	2.65		2.63		2.51	
Trading account securities	493	421	355	1.06		0.92		0.44	
Held-to-maturity securities—taxable	86,614	88,724	50,214	2.47		2.46		2.33	
Total securities	353,848	304,787	224,789	2.60		2.57		2.45	
Loans and leases: (2)									
Commercial:									
Commercial and industrial	700,139	643,484	643,731	3.55		3.51		3.75	
Commercial real estate:									
Construction	36,956	31,414	23,440	3.63		4.31		4.04	
Commercial	146,526	163,192	182,622	3.48		3.82		4.11	
Commercial real estate	183,482	194,606	206,062	3.51		3.89		4.10	
Total commercial	883,621	838,090	849,793	3.54		3.59		3.83	
Consumer:									
Automobile loans and leases	282,379	262,931	221,469	3.22		3.43		3.90	
Home equity	340,342	343,281	345,379	4.01		4.09		4.16	
Residential mortgage	220,678	213,268	199,601	3.71		3.79		3.84	
Other consumer	41,866	28,824	27,939	8.71		7.30		6.41	
Total consumer	885,265	848,304	794,388	3.74		3.84		4.05	
Total loans and leases	1,768,886	1,686,394	1,644,181	3.64		3.71		3.93	
Total earning assets	$2,146,636	$2,004,012	$1,887,977	3.41	%	3.47	%	3.66	%
Liabilities and Shareholders' Equity									
Deposits:									
Demand deposits—noninterest-bearing	$—	$—	$—	—	%	—	%	—	%
Demand deposits—interest-bearing	4,278	2,272	2,525	0.07		0.04		0.04	
Total demand deposits	4,278	2,272	2,525	0.02		0.01		0.01	
Money market deposits	43,406	42,156	38,830	0.22		0.24		0.25	
Savings and other domestic deposits	7,340	8,779	13,292	0.14		0.17		0.26	
Core certificates of deposit	20,646	26,998	50,544	0.79		0.81		1.11	
Total core deposits	75,670	80,205	105,191	0.22		0.25		0.34	
Other domestic time deposits of $250,000 or more	1,078	1,036	1,442	0.42		0.43		0.47	
Brokered time deposits and negotiable CDs	4,767	4,728	9,100	0.17		0.22		0.57	
Deposits in foreign offices	659	483	508	0.13		0.13		0.15	
Total deposits	82,174	86,452	116,241	0.22		0.25		0.35	
Short-term borrowings	1,584	2,940	1,475	0.12		0.11		0.11	
Long-term debt	80,026	49,929	38,313	1.43		1.43		2.29	

Total interest-bearing liabilities	163,784	139,321	156,029	0.37	0.34	0.43
Net interest income	$1,982,852	$1,864,691	$1,731,948			
Net interest rate spread				3.04	3.13	3.23
Impact of noninterest-bearing funds on margin				0.11	0.10	0.13
Net interest margin				3.15 %	3.23 %	3.36 %

(1) FTE yields are calculated assuming a 35% tax rate.
(2) For purposes of this analysis, nonaccrual loans are reflected in the average balances of loans.
(3) Yield/rates and amounts include the effects of hedge and risk management activities associated with the respective asset and liability categories.

2015 vs. 2014

Fully-taxable equivalent net interest income for 2015 increased $118 million, or 6%, from 2014. This reflected the impact of 9% earning asset growth, partially offset by 7% interest-bearing liability growth and an 8 basis point decrease in the NIM to 3.15%.

Average earning assets increased $5.3 billion, or 9%, from the prior year, driven by:

- $1.8 billion, or 15%, increase in average securities, primarily reflecting additional investment in LCR Level 1 qualifying securities. The 2015 average balance also included $1.7 billion of direct purchase municipal instruments originated by our Commercial segment, up from $1.0 billion in the year-ago period.
- $1.4 billion, or 8%, increase in average C&I loans and leases, primarily reflecting the $0.9 billion increase in asset finance, including the $0.8 billion of equipment finance leases acquired in the Huntington Technology Finance transaction at the end of the 2015 first quarter.
- $1.1 billion, or 14%, increase in average Automobile loans, as originations remained strong.
- $0.3 billion, or 6%, increase in average Residential mortgage loans.

Average noninterest-bearing demand deposits increased $2.4 billion, or 17%, while average total interest-bearing liabilities increased $3.1 billion, or 7%, primarily reflecting:

- $1.5 billion, or 8%, increase in money market deposits, reflecting continued banker focus across all segments on obtaining our customers' full deposit relationship.
- $0.7 billion, or 11%, increase in average interest-bearing demand deposits. The increase reflected growth in both consumer and commercial accounts.
- $0.7 billion, or 11%, increase in average total debt, reflecting a $2.1 billion, or 60%, increase in average long-term debt partially offset by a $1.4 billion, or 51%, reduction in average short-term borrowings. The increase in average long-term debt reflected the issuance of $3.1 billion of bank-level senior debt during 2015, including $0.9 billion during the 2015 fourth quarter, as well as $0.5 billion of debt assumed in the Huntington Technology Finance acquisition at the end of the 2015 first quarter.
- $0.6 billion, or 29%, increase in brokered deposits and negotiated CDs, which were used to efficiently finance balance sheet growth while continuing to manage the overall cost of funds.

Partially offset by:

- $0.7 billion, or 21%, decrease in average core certificates of deposit due to the strategic focus on changing the funding sources to low- and no-cost demand deposits and money market deposits.

The primary items impacting the decrease in the NIM were:

- 6 basis point negative impact from the mix and yield on earning assets, primarily reflecting lower rates on loans and the impact of an increase in total securities balances.
- 3 basis point negative impact from the mix and yield of total interest-bearing liabilities.

Partially offset by:

- 1 basis point increase in the benefit to the margin of noninterest-bearing funds.

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2014 vs. 2013

Fully-taxable equivalent net interest income for 2014 increased $133 million, or 8%, from 2013. This reflected the impact of 12% earning asset growth, partially offset by 13% interest-bearing liability growth and a 13 basis point decrease in the NIM to 3.23%.

Average earning assets increased $6.1 billion, or 12%, from the prior year, driven by:

- $2.7 billion, or 29%, increase in average securities, reflecting an increase of LCR Level 1 qualified securities and direct purchase municipal instruments.
- $2.0 billion, or 35%, increase in average Automobile loans, as originations remained strong.
- $1.2 billion, or 7%, increase in average C&I loans and leases, primarily reflecting growth in trade finance in support of our middle market and corporate customers.
- $0.4 billion, or 8%, increase in average Residential mortgage loans as a result of the Camco Financial acquisition and a decrease in the rate of payoffs due to lower levels of refinancing.

Average noninterest bearing deposits increased $1.1 billion, or 9%, while average interest-bearing liabilities increased $4.7 billion, or 13%, from 2013, primarily reflecting:

- $3.2 billion, or 104%, increase in short-term borrowings and long-term debt, which are a cost effective method of funding incremental securities growth.
- $2.2 billion, or 14%, increase in money market deposits, reflecting the strategic focus on customer growth and increased share-of-wallet among both consumer and commercial customers.
- $0.5 billion, or 33%, increase in brokered deposits and negotiated CDs, which were used to efficiently finance balance sheet growth while continuing to manage the overall cost of funds.

Partially offset by:

- $1.2 billion, or 27%, decrease in average core certificates of deposit due to the strategic focus on changing the funding sources to no-cost demand deposits and lower-cost money market deposits.

The primary items impacting the decrease in the NIM were:

- 19 basis point negative impact from the mix and yield on earning assets, primarily reflecting lower rates on loans, and the impact of an increased total securities balance.
- 3 basis point decrease in the benefit to the margin of noninterest bearing funds, reflecting lower interest rates on total interest bearing liabilities from the prior year.

Partially offset by:

- 9 basis point positive impact from the mix and yield of total interest-bearing liabilities, 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.

Provision for Credit Losses

(This section should be read in conjunction with the Credit Risk section.)

The provision for credit losses is the expense necessary to maintain the ALLL and the AULC at levels appropriate to absorb our estimate of credit losses inherent in the loan and lease portfolio and the portfolio of unfunded loan commitments and letters-of-credit.

The provision for credit losses in 2015 was $100 million, up $19 million, or 23%, from 2014, reflecting a $37 million, or 30%, decrease in NCOs. The provision for credit losses in 2015 was $12 million more than total NCOs.

The provision for credit losses in 2014 was $81 million, down $9 million, or 10%, from 2013, reflecting a $64 million, or 34%, decrease in NCOs. The provision for credit losses in 2014 was $44 million less than total NCOs.

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Noninterest Income

The following table reflects noninterest income for the past three years:

Table 6 - Noninterest Income
(dollar amounts in thousands)

	Year Ended December 31,						
		Change from 2014			Change from 2013		
	2015	Amount	Percent	2014	Amount	Percent	2013
Service charges on deposit accounts	$280,349	$6,608	2 %	$273,741	$1,939	1 %	$271,802
Cards and payment processing income	142,715	37,314	35	105,401	12,810	14	92,591
Mortgage banking income	111,853	26,966	32	84,887	(41,968)	(33)	126,855
Trust services	105,833	(10,139)	(9)	115,972	(7,035)	(6)	123,007
Insurance income	65,264	(209)	—	65,473	(3,791)	(5)	69,264
Brokerage income	60,205	(8,072)	(12)	68,277	(1,347)	(2)	69,624
Capital markets fees	53,616	9,885	23	43,731	(1,489)	(3)	45,220
Bank owned life insurance income	52,400	(4,648)	(8)	57,048	629	1	56,419
Gain on sale of loans	33,037	11,946	57	21,091	2,920	16	18,171
Securities gains (losses)	744	(16,810)	(96)	17,554	17,136	4,100	418
Other income	132,714	6,710	5	126,004	(12,821)	(9)	138,825
Total noninterest income	$1,038,730	$59,551	6 %	$979,179	$(33,017)	(3)%	$1,012,196

2015 vs. 2014

Noninterest income increased $60 million, or 6%, from the prior year, primarily reflecting:

- $37 million, or 35%, increase in cards and payment processing income due to higher card related income and underlying customer growth.
- $27 million, or 32%, increase in mortgage banking income primarily driven by a $33 million, or 58%, increase in origination and secondary marketing revenue.
- $12 million, or 57%, increase in gain on sale of loans primarily reflecting an increase of $7 million in SBA loan sales gains and the $5 million automobile loan securitization gain during the 2015 second quarter.
- $10 million, or 23%, increase in capital market fees primarily related to customer foreign exchange and commodities derivatives products.

Partially offset by:

- $17 million, or 96% decrease in securities gains as we adjusted the mix of our securities portfolio to prepare for the LCR requirements during the 2014 first quarter.
- $10 million, or 9%, decrease in trust services primarily related to our fiduciary trust businesses moving to a more open architecture platform and a decline in assets under management in proprietary mutual funds. During the 2015 fourth quarter, Huntington sold HAA, HASI, and Unified.

2014 vs. 2013

Noninterest income decreased $33 million, or 3%, from the prior year, primarily reflecting:

- $42 million, or 33%, decrease in mortgage banking income primarily driven by a $28 million, or 33%, reduction in origination and secondary marketing revenue as originations decreased and gain-on-sale margins compressed, and a $14 million negative impact from net MSR hedging activity.
- $13 million, or 9%, decrease in other income primarily due to a decrease in LIHTC gains and lower fees associated with commercial loan activity.
- $7 million, or 6%, decrease in trust services primarily due to a reduction in fees.

Partially offset by:

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- $17 million increase in securities gains as we adjusted the mix of our securities portfolio to prepare for the LCR requirements.
- $13 million, or 14%, increase in cards and payment processing income due to higher card related income and underlying customer growth.

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

The following table reflects noninterest expense for the past three years:

Table 7 - Noninterest Expense
(dollar amounts in thousands)

	Year Ended December 31,						
		Change from 2014			Change from 2013		
	2015	Amount	Percent	2014	Amount	Percent	2013
Personnel costs	$1,122,182	$73,407	7 %	$1,048,775	$47,138	5 %	$1,001,637
Outside data processing and other services	231,353	18,767	9	212,586	13,039	7	199,547
Equipment	124,957	5,294	4	119,663	12,870	12	106,793
Net occupancy	121,881	(6,195)	(5)	128,076	2,732	2	125,344
Marketing	52,213	1,653	3	50,560	(625)	(1)	51,185
Professional services	50,291	(9,264)	(16)	59,555	18,968	47	40,587
Deposit and other insurance expense	44,609	(4,435)	(9)	49,044	(1,117)	(2)	50,161
Amortization of intangibles	27,867	(11,410)	(29)	39,277	(2,087)	(5)	41,364
Other expense	200,555	25,745	15	174,810	33,425	24	141,385
Total noninterest expense	$1,975,908	$93,562	5 %	$1,882,346	$124,343	7 %	$1,758,003
Number of employees (average full-time equivalent)	12,243	370	3 %	11,873	(91)	(1)%	11,964

Impacts of Significant Items:

	Year Ended December 31,		
(dollar amounts in thousands)	2015	2014	2013
Personnel costs	$5,457	$19,850	$(27,249)
Outside data processing and other services	4,365	5,507	1,350
Equipment	110	2,248	2,364
Net occupancy	4,587	11,153	12,117
Marketing	28	1,357	—
Professional services	5,087	2,228	—
Other expense	38,733	23,140	953
Total noninterest expense adjustments	$58,367	$65,483	$(10,465)

Adjusted Noninterest Expense (Non-GAAP):

	Year Ended December 31,			Change from 2014		Change from 2013	
(dollar amounts in thousands)	2015	2014	2013	Amount	Percent	Amount	Percent
Personnel costs	$1,116,725	$1,028,925	$1,028,886	$87,800	9 %	$39	— %
Outside data processing and other services	226,988	207,079	198,197	19,909	10	8,882	4
Equipment	124,847	117,415	104,429	7,432	6	12,986	12
Net occupancy	117,294	116,923	113,227	371	—	3,696	3
Marketing	52,185	49,203	51,185	2,982	6	(1,982)	(4)
Professional services	45,204	57,327	40,587	(12,123)	(21)	16,740	41
Deposit and other insurance expense	44,609	49,044	50,161	(4,435)	(9)	(1,117)	(2)
Amortization of intangibles	27,867	39,277	41,364	(11,410)	(29)	(2,087)	(5)
Other expense	161,822	151,670	140,432	10,152	7	11,238	8
Total adjusted noninterest expense	$1,917,541	$1,816,863	$1,768,468	$100,678	6 %	$48,395	3 %

2015 vs. 2014

Noninterest expense increased $94 million, or 5%, from 2014:

- $73 million, or 7%, increase in personnel costs. Excluding the impact of significant items, personnel costs increased $88 million, or 9%, reflecting a $79 million increase in salaries related to the 2015 second quarter implementation of annual merit increases, the addition of Huntington Technology Finance, and a 3% increase in the number of average full-time equivalent employees, largely related to the build-out of the in-store strategy.
- $26 million, or 15%, increase in other noninterest expense. Excluding the impact of significant items, other noninterest expense increased $10 million, or 7%, due to an increase in operating lease expense related to Huntington Technology Finance.
- $19 million, or 9%, increase in outside data processing and other services. Excluding the impact of significant items, outside data processing and other services increased $20 million, or 10%, primarily reflecting higher debit and credit card processing costs and increased other technology investment expense, as we continue to invest in technology supporting our products, services, and our Continuous Improvement initiatives.

Partially offset by:

- $11 million, or 29%, decrease in amortization of intangibles reflecting the full amortization of the core deposit intangible at the end of the 2015 second quarter from the Sky Financial acquisition.
- $9 million, or 16%, decrease in professional services. Excluding the impact of significant items, professional services decreased $12 million, or 21%, reflecting a decrease in outside consultant expenses related to strategic planning.
- $6 million, or 5%, decrease in net occupancy. Excluding the impact of significant items, net occupancy remained relatively unchanged.

2014 vs. 2013

Noninterest expense increased $124 million, or 7%, from 2013:

- $47 million, or 5%, increase in personnel costs. Excluding the impact of significant items, personnel costs were relatively unchanged.
- $33 million, or 24%, increase in other noninterest expense. Excluding the impact of significant items, other noninterest expense increased $11 million, or 8%, due to an increase in state franchise taxes, protective advances, and litigation expense.
- $19 million, or 47%, increase in professional services. Excluding the impact of significant items, professional services increased $16 million, or 41%, reflecting an increase in outside consultant expenses related to strategic planning and legal services.

- $13 million, or 7%, increase in outside data processing and other services. Excluding the impact of significant items, outside data processing and other services increased $9 million, or 4%, primarily reflecting higher debit and credit card processing costs and increased other technology investment expense, as we continue to invest in technology supporting our products, services, and our Continuous Improvement initiatives.

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- $13 million, or 12%, increase in equipment. Excluding the impact of significant items, equipment increased $13 million, or 12%, primarily reflecting higher depreciation expense.

Provision for Income Taxes

(This section should be read in conjunction with Note 16 of the Notes to Consolidated Financial Statements.)

2015 versus 2014

The provision for income taxes was $221 million for 2015 compared with a provision for income taxes of $221 million in 2014. Both years included the benefits from tax-exempt income, tax-advantaged investments, release of federal capital loss carryforward valuation allowance, general business credits, and investments in qualified affordable housing projects. In 2015, a $69 million reduction in the provision for federal income taxes was recorded for the portion of federal deferred tax assets related to capital loss carryforwards that are more likely than not to be realized compared to a $27 million reduction in 2014. In 2015, there was essentially no change recorded in the provision for state income taxes, for the portion of state deferred tax assets and state net operating loss carryforwards that are more likely than not to be realized, compared to a $7 million reduction, net of federal taxes, in 2014. At December 31, 2015, we had a net federal deferred tax asset of $7 million and a net state deferred tax asset of $43 million.

We file income tax returns with the IRS and various state, city, and foreign jurisdictions. Federal income tax audits have been completed for tax years through 2009. The IRS is currently examining our 2010 and 2011 consolidated federal income tax returns. Various state and other jurisdictions remain open to examination, including Ohio, Kentucky, Indiana, Michigan, Pennsylvania, West Virginia and Illinois.

2014 versus 2013

The provision for income taxes was $221 million for 2014 compared with a provision for income taxes of $227 million in 2013. Both years included the benefits from tax-exempt income, tax-advantaged investments, general business credits, and the change in accounting for investments in qualified affordable housing projects. In 2014, a $27 million reduction in the 2014 provision for federal income taxes was recorded for the portion of federal capital loss carryforward deferred tax assets that are more likely than not to be realized compared to a $93 million increase in 2013. In 2014, a $7 million reduction in the 2014 provision for state income taxes, net of federal taxes, was recorded for the portion of state deferred tax assets and state net operating loss carryforwards that are more likely than not to be realized, compared to a $6 million reduction in 2013.

RISK MANAGEMENT AND CAPITAL

A comprehensive discussion of risk management and capital matters affecting us can be found in the Risk Governance section included in Item 1A and the Regulatory Matters section of Item 1 of this Form 10-K.

Some of the more significant processes used to manage and control credit, market, liquidity, operational, and compliance risks are described in the following paragraphs.

Credit Risk

Credit risk is the risk of financial loss if a counterparty is not able to meet the agreed upon terms of the financial obligation. The majority of our credit risk is associated with lending activities, as the acceptance and management of credit risk is central to profitable lending. We also have credit risk associated with our AFS and HTM securities portfolios (see Note 4 and Note 5 of the Notes to 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 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 solutions for delinquent or stressed borrowers.

The maximum level of credit exposure to individual credit borrowers is limited by policy guidelines based on the perceived risk of each borrower or related group of borrowers. All authority to grant commitments is delegated through the independent credit administration function and is closely monitored and regularly updated. Concentration risk is managed through limits on loan type, geography, industry, and loan quality factors. We focus predominantly on extending credit to retail and commercial customers with existing or expandable relationships within our primary banking markets, although we will consider lending opportunities outside our primary markets if we believe the associated risks are acceptable and aligned with strategic initiatives. Although we offer a broad set of products, we continue to develop new lending products and opportunities. Each of these new products and opportunities goes through a rigorous development and approval process prior to implementation to ensure our overall objective of maintaining an aggregate moderate-to-low risk portfolio profile.

The checks and balances in the credit process and the separation of the credit administration and risk management functions are designed to appropriately assess and sanction the level of credit risk being accepted, facilitate the early recognition of credit problems when they occur, and provide for effective problem asset management and resolution. For example, we do not extend additional credit to delinquent borrowers except in certain circumstances that substantially improve our overall repayment or collateral coverage position.

Our asset quality indicators reflected overall stabilization of our credit quality performance in 2015 compared to 2014.

Loan and Lease Credit Exposure Mix

At December 31, 2015, our loans and leases totaled $50.3 billion, representing a $2.7 billion, or 6%, increase compared to $47.7 billion at December 31, 2014. There was continued growth in the C&I portfolio, primarily as a result of an increase in equipment leases of $0.8 billion related to the acquisition of Huntington Technology Finance. In addition, the automobile portfolio increased by

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$0.8 billion as a result of strong originations. The CRE portfolio had modest growth over the period as the continued runoff of the non-core portfolio was more than offset by new production within the requirements associated with our internal concentration limits.

Total commercial loans and leases were $25.8 billion at December 31, 2015, and represented 51% of our total loan and lease credit exposure. Our commercial loan portfolio is diversified along product type, customer size, and geography within our footprint, and is comprised of the following (see Commercial Credit discussion):

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

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

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

Total consumer loans and leases were $24.5 billion at December 31, 2015, and represented 49% of our total loan and lease credit exposure. The consumer portfolio is comprised primarily of automobile loans, home equity loans and lines-of-credit, and residential mortgages (see Consumer Credit discussion). The increase from December 31, 2014 primarily relates to growth in the automobile portfolio.

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 7%. Applications are underwritten using an automated underwriting system that applies consistent policies and processes across the portfolio.

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

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

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

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

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Table 8 - Loan and Lease Portfolio Composition
(dollar amounts in millions)

	At December 31,														
	2015			2014			2013			2012			2011		
Commercial: (1)															
Commercial and industrial	$20,560	41	%	$19,033	40	%	$17,594	41	%	$16,971	42	%	$14,699	38	%
Commercial real estate:															
Construction	1,031	2		875	2		557	1		648	2		580	1	
Commercial	4,237	8		4,322	9		4,293	10		4,751	12		5,246	13	
Total commercial real estate	5,268	10		5,197	11		4,850	11		5,399	14		5,826	14	
Total commercial	25,828	51		24,230	51		22,444	52		22,370	56		20,525	52	
Consumer:															
Automobile	9,481	19		8,690	18		6,639	15		4,634	11		4,458	11	
Home equity	8,471	17		8,491	18		8,336	19		8,335	20		8,215	21	
Residential mortgage	5,998	12		5,831	12		5,321	12		4,970	12		5,228	13	
Other consumer	563	1		414	1		380	2		419	1		498	3	
Total consumer	24,513	49		23,426	49		20,676	48		18,358	44		18,399	48	
Total loans and leases	$50,341	100	%	$47,656	100	%	$43,120	100	%	$40,728	100	%	$38,924	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.

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

The table below provides our total loan and lease portfolio segregated by the type of collateral securing the loan or lease. The changes in the collateral composition from December 31, 2014 are consistent with the portfolio growth metrics, with increases noted in the machinery/equipment and vehicle categories. The increase in machinery/equipment reflects the addition of approximately $0.8 billion in equipment leases related to the acquisition of Huntington Technology Finance.

The increase in the unsecured exposure is centered in high quality commercial credit customers.

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Table 9 - Loan and Lease Portfolio by Collateral Type

(dollar amounts in millions)	At December 31,															
	2015				2014			2013			2012			2011		
Secured loans:																
Real estate—commercial	$8,296		16	%	$8,631	18	%	$8,622	20	%	$9,128	22	%	$9,557	25	%
Real estate—consumer	14,469		29		14,322	30		13,657	32		13,305	33		13,444	35	
Vehicles	11,880	(1)	24		10,932	23		8,989	21		6,659	16		6,021	15	
Receivables/Inventory	5,961		12		5,968	13		5,534	13		5,178	13		4,450	11	
Machinery/Equipment	5,171	(2)	10		3,863	8		2,738	6		2,749	7		1,994	5	
Securities/Deposits	974		2		964	2		786	2		826	2		800	2	
Other	987		2		919	2		1,016	2		1,090	3		1,018	3	
Total secured loans and leases	47,738		95		45,599	96		41,342	96		38,935	96		37,284	96	
Unsecured loans and leases	2,603		5		2,057	4		1,778	4		1,793	4		1,640	4	
Total loans and leases	$50,341		100	%	$47,656	100	%	$43,120	100	%	$40,728	100	%	$38,924	100	%

(1) 2015 includes a decrease of approximately $0.8 billion in automobile loans resulting from an automobile securitization transaction.

(2) Reflects the addition of approximately $0.8 billion in equipment leases related to the acquisition of Huntington Technology Finance.

Commercial Credit

The primary factors considered in commercial credit approvals are the financial strength of the borrower, assessment of the borrower’s management capabilities, cash flows from operations, industry sector trends, type and sufficiency of collateral, type of exposure, transaction structure, and the general economic outlook. While these are the primary factors considered, there are a number of other factors that may be considered in the decision process. We utilize a centralized preview and senior loan approval committee, led by our chief credit officer. The risk rating (see next paragraph) and complexity of the credit determines the threshold for approval of the senior loan committee with a minimum credit exposure of $10.0 million. For loans not requiring senior loan committee approval, with the exception of small business loans, credit officers who understand each local region and are experienced in the industries and loan structures of the requested credit exposure are involved in all loan decisions and have the primary credit authority. For small business loans, we utilize a centralized loan approval process for standard products and structures. In this centralized decision environment, certain individuals who understand each local region may make credit-extension decisions to preserve our commitment to the communities in which we operate. In addition to disciplined and consistent judgmental factors, a sophisticated credit scoring process is used as a primary evaluation tool in the determination of approving a loan within the centralized loan approval process.

In commercial lending, on-going credit management is dependent on the type and nature of the loan. We monitor all significant exposures on an on-going basis. All commercial credit extensions are assigned internal risk ratings reflecting the borrower’s PD and LGD. This two-dimensional rating methodology provides granularity in the portfolio management process. The PD is rated and applied at the borrower level. The LGD is rated and applied based on the specific type of credit extension and the quality and lien position associated with the underlying collateral. The internal risk ratings are assessed at origination and updated at each periodic monitoring event. There is also extensive macro portfolio management analysis on an on-going basis. We continually review and adjust our risk-rating criteria based on actual experience, which provides us with the current risk level in the portfolio and is the basis for determining an appropriate allowance for credit losses (ACL) amount for the commercial portfolio. A centralized portfolio management team monitors and reports on the performance of the entire commercial portfolio, including small business loans, to provide consistent oversight.

In addition to the initial credit analysis conducted during the approval process, our Credit Review group performs testing to provide an independent review and assessment of the quality and risk of new loan originations. This group is part of our Risk Management area and conducts portfolio reviews on a risk-based cycle to evaluate individual loans, validate risk ratings, and test the consistency of credit processes.

Our standardized loan grading system considers many components that directly correlate to loan quality and likelihood of repayment, one of which is guarantor support. On an annual basis, or more frequently if warranted, we consider, among other things, the guarantor's reputation and creditworthiness, along with various key financial metrics such as liquidity and net worth, assuming

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such information is available. Our assessment of the guarantor's credit strength, or lack thereof, is reflected in our risk ratings for such loans, which is directly tied to, and an integral component of, our ACL methodology. When a loan goes to impaired status, viable guarantor support is considered in the determination of a credit loss.

If our assessment of the guarantor's credit strength yields an inherent capacity to perform, we will seek repayment from the guarantor as part of the collection process and have done so successfully.

Substantially all loans categorized as Classified (see Note 3 of Notes to Consolidated Financial Statements) are managed by our Special Assets Division. SAD is a specialized group of credit professionals that handle the day-to-day management of workouts, commercial recoveries, and problem loan sales. Its responsibilities include developing and implementing action plans, assessing risk ratings, and determining the appropriateness of the allowance, the accrual status, and the ultimate collectability of the Classified loan portfolio.

C&I PORTFOLIO

The C&I portfolio is comprised of loans to businesses where the source of repayment is associated with the on-going operations of the business. Generally, the loans are secured by the borrower's assets, such as equipment, accounts receivable, and/or inventory. In many cases, the loans are secured by real estate, although the operation, sale, or refinancing of the real estate is not a primary source of repayment for the loan. For loans secured by real estate, appropriate appraisals are obtained at origination and updated on an as needed basis in compliance with regulatory requirements.

We manage the risks inherent in the C&I portfolio through origination policies, a defined loan concentration policy with established limits, on-going loan level reviews and portfolio level reviews, recourse requirements, and continuous portfolio risk management activities. Our origination policies for the C&I portfolio include loan product-type specific policies such as LTV and debt service coverage ratios, as applicable. Currently, a higher-risk segment of the C&I portfolio is loans to borrowers supporting oil and gas exploration and production and is further described below.

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

We have a dedicated energy lending group that focuses on upstream companies (exploration and production or E&P firms) as well as midstream (pipeline transportation) companies. This lending group is comprised of colleagues with many years of experience in this area of specialized lending, through several economic cycles. The exposure to the E&P companies is centered in broadly syndicated reserve-based loans and is 0.5% of our total loans. All of these loans are secured and in a first-lien position. The customer base consists of larger firms that generally have had access to the capital markets and/or are backed by private equity firms. This lending group has no exposure to oil field services companies. However, we have a few legacy oil field services customers for which the remaining aggregate credit exposure is negligible.

The significant reduction in oil and gas prices over the past year has had a negative impact on the energy industry, particularly exploration and production companies as well as the oil field services providers. The impact of low prices for an extended period of time has had some level of adverse impact on most, if not all, borrowers in this segment. Most of these borrowers have, therefore, had recent downward adjustments to their risk ratings, which has increased our loan loss reserve.

We have other energy related exposures, including gas stations, wholesale distributors, mining, and utilities. We continue to monitor these exposures closely. However, these exposures have different factors affecting their performance, and we have not seen the same level of volatility in performance or risk rating migration.

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 non-owner 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.

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

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

Consumer Credit

Consumer credit approvals are based on, among other factors, the financial strength and payment history of the borrower, type of exposure, and transaction structure. Consumer credit decisions are generally made in a centralized environment utilizing decision models. Importantly, certain individuals who understand each local region have the authority to make credit extension decisions to preserve our focus on the local communities in which we operate. Each credit extension is assigned a specific PD and LGD. The PD is generally based on the borrower’s most recent credit bureau score (FICO), which we update quarterly, providing an ongoing view of the borrowers PD. The LGD is related to the type of collateral associated with the credit extension, which typically does not change over the course of the loan term. This allows Huntington to maintain a current view of the customer for credit risk management and ACL purposes.

In consumer lending, credit risk is managed from a segment (i.e., loan type, collateral position, geography, etc.) and vintage performance analysis. All portfolio segments are continuously monitored for changes in delinquency trends and other asset quality indicators. We make extensive use of portfolio assessment models to continuously monitor the quality of the portfolio, which may result in changes to future origination strategies. The ongoing analysis and review process results in a determination of an appropriate ALLL amount for our consumer loan portfolio. The independent risk management group has a consumer process review component to ensure the effectiveness and efficiency of the consumer credit processes.

Collection action is initiated as needed through a centrally managed collection and recovery function. The collection group employs a series of collection methodologies designed to maintain a high level of effectiveness while maximizing efficiency. In addition to the consumer loan portfolio, the collection group is responsible for collection activity on all sold and securitized consumer loans and leases. Collection practices include a single contact point for the majority of the residential real estate secured portfolios.

AUTOMOBILE PORTFOLIO

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

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

RESIDENTIAL REAL ESTATE SECURED PORTFOLIOS

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

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Table 10 - Selected Home Equity and Residential Mortgage Portfolio Data
(dollar amounts in millions)

	Home Equity				Residential Mortgage	
	Secured by first-lien		Secured by junior-lien			
	December 31,					
	2015	2014	2015	2014	2015	2014
Ending balance	$5,191	$5,129	$3,279	$3,362	$5,998	$5,831
Portfolio weighted-average LTV ratio (1)	72 %	71 %	82 %	81 %	75 %	74 %
Portfolio weighted-average FICO score (2)	764	759	753	752	752	752

	Home Equity				Residential Mortgage (3)	
	Secured by first-lien		Secured by junior-lien			
	Year Ended December 31,					
	2015	2014	2015	2014	2015	2014
Originations	$1,677	$1,566	$929	$872	$1,409	$1,192
Origination weighted-average LTV ratio (1)	73 %	74 %	85 %	83 %	83 %	83 %
Origination weighted-average FICO score (2)	778	775	767	765	754	752

(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.

Within the home equity portfolio, the standard product is a 10-year interest-only draw period with a 20-year fully amortizing term at the end of the draw period. After the 10-year draw period, the borrower must reapply, subject to full underwriting guidelines, to continue with the interest-only revolving structure and maintain draw capability or begin repaying the debt in a term structure.

Residential Mortgages Portfolio

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

Several government programs continued to impact the residential mortgage portfolio, including various refinance programs such as HARP and HAMP, which positively affected the availability of credit for the industry. During the year ended December 31, 2015, we closed $189 million in HARP residential mortgages and $3 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.

Credit Quality

(This section should be read in conjunction with Note 3 of the Notes to 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,

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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 2015 reflected continued overall positive results. Net charge-offs were substantially lower as a result of several large recoveries. NPAs increased 18% to $399 million, compared to December 31, 2014. NCOs decreased 30% compared to the prior year. The ACL to total loans ratio decreased by 7 basis points to 1.33%.

NPAs and NALs

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

C&I and CRE loans (except for purchased credit impaired loans) are placed on nonaccrual status at 90-days past due, or earlier if repayment of principal and interest is in doubt. Of the $204 million of CRE and C&I-related NALs at December 31, 2015, $135 million, or 66%, represented loans that were less than 30-days past due, demonstrating our continued commitment to proactive credit risk management. With the exception of residential mortgage loans guaranteed by government organizations which continue to accrue interest, first lien loans secured by residential mortgage collateral are placed on nonaccrual status at 150-days past due. Junior-lien home equity loans are placed on nonaccrual status at the earlier of 120-days past due or when the related first-lien loan has been identified as nonaccrual. Automobile and other consumer loans are generally charged-off prior to the loan reaching 120-days past due.

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

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

Table 11 - Nonaccrual Loans and Leases and Nonperforming Assets
(dollar amounts in thousands)

	At December 31,									
	2015		2014		2013		2012		2011	
Nonaccrual loans and leases:										
Commercial and industrial	$175,195		$71,974		$56,615		$90,705		$201,846	
Commercial real estate	28,984		48,523		73,417		127,128		229,889	
Automobile	6,564		4,623		6,303		7,823		—	
Residential mortgages	94,560		96,564		119,532		122,452		68,658	
Home equity	66,278		78,515		66,169		59,519		40,687	
Other Consumer	—		45		20		6		—	
Total nonaccrual loans and leases	371,581		300,244		322,056		407,633		541,080	
Other real estate owned, net										
Residential	24,194		29,291		23,447		21,378		20,330	
Commercial	3,148		5,748		4,217		6,719		18,094	
Total other real estate, net	27,342		35,039		27,664		28,097		38,424	
Other nonperforming assets[(1)]	—		2,440		2,440		10,045		10,772	
Total nonperforming assets	$398,923		$337,723		$352,160		$445,775		$590,276	
Nonaccrual loans as a % of total loans and leases	0.74	%	0.63	%	0.75	%	1.00	%	1.39	%
Nonperforming assets ratio[(2)]	0.79		0.71		0.82		1.09		1.51	

Allowance for loan and lease losses as % of:					
Nonaccrual loans and leases	161 %	202 %	201 %	189 %	178 %
Nonperforming assets	150	179	184	173	163
Allowance for credit losses as % of:					
Nonaccrual loans and leases	180 %	222 %	221 %	199 %	187 %

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Nonperforming assets	168	197	202	182	172

(1) Other nonperforming assets includes certain impaired investment securities.
(2) This ratio is calculated as nonperforming assets divided by the sum of loans and leases, impaired loans held for sale, net other real estate owned, and other nonperforming assets.

The $61 million, or 18%, increase in NPAs compared with December 31, 2014, primarily reflected:

- $103 million, or 143%, increase in C&I NALs, primarily reflecting the addition of several large oil and gas exploration and production relationships in the 2015 fourth quarter. The remaining increase is not related to any specific industry or structure.

Partially offset by:

- $20 million, or 40%, decline in CRE NALs, reflecting improved delinquency trends and successful workout strategies implemented by our commercial loan workout group.
- $12 million, or 16%, decline in home equity NALs, reflecting improved delinquency trends and moving $8.9 million of nonaccrual home equity TDRs from loans to loans held for sale.
- $8 million, or 22%, decline in OREO, specifically associated with the sale of residential properties.

The following table reflects period-end accruing loans and leases 90 days or more past due for each of the last five years:

Table 12 - Accruing Past Due Loans and Leases
(dollar amounts in thousands)

	At December 31,				
	2015	2014	2013	2012	2011
Accruing loans and leases past due 90 days or more					
Commercial and industrial (1)	$8,724	$4,937	$14,562	$26,648	$—
Commercial real estate (2)	9,549	18,793	39,142	56,660	—
Automobile	7,162	5,703	5,055	4,418	6,265
Residential mortgage (excluding loans guaranteed by the U.S. government)	14,082	33,040	2,469	2,718	45,198
Home equity	9,044	12,159	13,983	18,200	20,198
Other loans and leases	1,394	837	998	1,672	1,988
Total, excl. loans guaranteed by the U.S. government	49,955	75,469	76,209	110,316	73,649
Add: loans guaranteed by the U.S. government	55,835	55,012	87,985	90,816	96,703
Total accruing loans and leases past due 90 days or more, including loans guaranteed by the U.S. government	$105,790	$130,481	$164,194	$201,132	$170,352
Ratios:					
Excluding loans guaranteed by the U.S. government, as a percent of total loans and leases	0.10 %	0.16 %	0.18 %	0.27 %	0.19 %
Guaranteed by the U.S. government, as a percent of total loans and leases	0.11	0.12	0.20	0.22	0.25
Including loans guaranteed by the U.S. government, as a percent of total loans and leases	0.21	0.27	0.38	0.49	0.44

(1)

Amounts include Huntington Technology Finance administrative lease delinquencies and accruing purchase impaired loans related to acquisitions.

(2) Amounts include accruing purchase impaired loans related to acquisitions.

TDR Loans

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TDRs are modified loans where a concession was provided to a borrower experiencing financial difficulties. TDRs can be classified as either accruing or nonaccruing loans. Nonaccrual TDRs are included in NALs whereas accruing TDRs are excluded from NALs, as it is probable that all contractual principal and interest due under the restructured terms will be collected. TDRs primarily reflect our loss mitigation efforts to proactively work with borrowers in financial difficulty or to comply with regulatory regulations regarding the treatment of certain bankruptcy filing situations. Over the past five quarters, the accruing component of the total TDR balance has been between 86% and 83% indicating there is no identified credit loss and the borrowers continue to make their monthly payments. In fact, over 81% of the $464 million of accruing TDRs secured by residential real estate (Residential mortgage and Home Equity in Table 14) are current on their required payments. In addition over 60% of the accruing pool have had no delinquency at all in the past 12 months. There is very limited migration from the accruing to non-accruing components, and virtually all of the charge-offs as presented in Table 14 come from the non-accruing TDR balances. The following table presents our accruing and nonaccruing TDRs at period-end for each of the past five years:
Table 13 - Accruing and Nonaccruing Troubled Debt Restructured Loans
(dollar amounts in thousands)

	At December 31,					
	2015		2014	2013	2012	2011
Troubled debt restructured loans—accruing:						
Commercial and industrial	$235,689		$116,331	$83,857	$76,586	$54,007
Commercial real estate	115,074		177,156	204,668	208,901	249,968
Automobile	24,893		26,060	30,781	35,784	36,573
Home equity	199,393	(1)	252,084	188,266	110,581	52,224
Residential mortgage	264,666		265,084	305,059	290,011	309,678
Other consumer	4,488		4,018	1,041	2,544	6,108
Total troubled debt restructured loans—accruing	844,203		840,733	813,672	724,407	708,558
Troubled debt restructured loans—nonaccruing:						
Commercial and industrial	56,919		20,580	7,291	19,268	48,553
Commercial real estate	16,617		24,964	23,981	32,548	21,968
Automobile	6,412		4,552	6,303	7,823	—
Home equity	20,996	(2)	27,224	20,715	6,951	369
Residential mortgage	71,640		69,305	82,879	84,515	26,089
Other consumer	151		70	—	113	113
Total troubled debt restructured loans—nonaccruing	172,735		146,695	141,169	151,218	97,092
Total troubled debt restructured loans	$1,016,938		$987,428	$954,841	$875,625	$805,650

(1) Excludes approximately $88 million in accruing home equity TDRs transferred from loans to loans held for sale at September 30, 2015.
(2) Excludes approximately $9 million in nonaccruing home equity TDRs transferred from loans to loans held for sale at September 30, 2015.

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

The types of concessions granted are consistent with those granted on new TDRs and include interest rate reductions, amortization or maturity date changes beyond what the collateral supports, and principal forgiveness based on the borrower's specific

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needs at a point in time. Our policy does not limit the number of times a loan may be modified. A loan may be modified multiple times if it is considered to be in the best interest of both the borrower and Huntington.

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

Any granted change in terms or conditions that are not readily available in the market for that borrower, requires the designation as a TDR. There are no provisions for the removal of the TDR designation based on payment activity for consumer loans. A loan may be returned to accrual status when all contractually due interest and principal has been paid and the borrower demonstrates the financial capacity to continue to pay as agreed, with the risk of loss diminished. During the 2015 third quarter, Huntington transferred $96.8 million of home equity TDRs from loans to loans held for sale in anticipation of a sale.

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

Table 14 - Troubled Debt Restructured Loan Activity

(dollar amounts in thousands)

	Year Ended December 31,				
	2015	2014	2013	2012	2011
TDRs, beginning of period	$987,428	$954,841	$875,625	$805,650	$666,880
New TDRs	894,700 (1)	667,315	611,556	597,425	583,439
Payments	(290,358) (2)	(252,285)	(191,367)	(191,035)	(138,467)
Charge-offs	(43,491) (3)	(35,150)	(29,897)	(81,115)	(37,341)
Sales	(17,062)	(23,424)	(11,164)	(13,787)	(54,715)
Transfer to held-for-sale	(96,786)	—	—	—	—
Refinanced to non-TDR	—	—	—	—	(40,091)
Transfer to OREO	(10,112)	(12,668)	(8,242)	(21,709)	(5,016)
Restructured TDRs—accruing (4)	(297,688)	(243,225)	(211,131)	(153,583)	(154,945)
Restructured TDRs—nonaccruing (4)	(98,474)	(45,705)	(26,772)	(63,080)	(47,659)
Other	(11,219)	(22,271)	(53,767)	(3,141)	33,565
TDRs, end of period	$1,016,938	$987,428	$954,841	$875,625	$805,650

(1) Amount includes $732 million accruing TDRs
(2) Amount includes $225 million accruing TDRs
(3) Amount includes $6 million accruing TDRs.
(4) Represents existing TDRs that were underwritten with new terms providing a concession. A corresponding amount is included in the New TDRs amount above.

ACL

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

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

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During the 2015 third quarter, we reviewed our existing commercial and consumer credit models and completed a periodic reassessment of certain ACL assumptions. Specifically, we updated our analysis of the loss emergence periods used for commercial receivables collectively evaluated for impairment. Based on our observed portfolio experience, we extended our loss emergence periods for the C&I portfolio and CRE portfolios. We also updated loss factors in our consumer home equity and residential mortgage portfolios based on more recently observed portfolio experience. The net ACL impact of these enhancements was immaterial.

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

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 years, all of the relevant benchmarks remain strong.

The following table reflects activity in the ALLL and AULC for each of the last five years:

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Table 15 - Summary of Allowance for Credit Losses
(dollar amounts in thousands)

	Year Ended December 31,				
	2015	2014	2013	2012	2011
Allowance for loan and lease losses, beginning of year	$605,196	$647,870	$769,075	$964,828	$1,249,008
Loan and lease charge-offs					
Commercial:					
Commercial and industrial	(79,724)	(76,654)	(45,904)	(101,475)	(134,385)
Commercial real estate:					
Construction	(1,843)	(5,626)	(9,585)	(12,131)	(42,012)
Commercial	(16,233)	(19,078)	(59,927)	(105,920)	(140,747)
Commercial real estate	(18,076)	(24,704)	(69,512)	(118,051)	(182,759)
Total commercial	(97,800)	(101,358)	(115,416)	(219,526)	(317,144)
Consumer:					
Automobile	(36,489)	(31,330)	(23,912)	(26,070)	(33,593)
Home equity	(36,481)	(54,473)	(98,184)	(124,286)	(109,427)
Residential mortgage	(15,696)	(25,946)	(34,236)	(52,228)	(65,069)
Other consumer	(31,415)	(33,494)	(34,568)	(33,090)	(32,520)
Total consumer	(120,081)	(145,243)	(190,900)	(235,674)	(240,609)
Total charge-offs	(217,881)	(246,601)	(306,316)	(455,200)	(557,753)
Recoveries of loan and lease charge-offs					
Commercial:					
Commercial and industrial	51,800	44,531	29,514	37,227	44,686
Commercial real estate:					
Construction	2,667	4,455	3,227	4,090	10,488
Commercial	31,952	29,616	41,431	35,532	24,170
Total commercial real estate	34,619	34,071	44,658	39,622	34,658
Total commercial	86,419	78,602	74,172	76,849	79,344
Consumer:					
Automobile	16,198	13,762	13,375	16,628	18,526
Home equity	16,631	17,526	15,921	7,907	7,630
Residential mortgage	5,570	6,194	7,074	4,305	8,388
Other consumer	5,270	5,890	7,108	7,049	6,776
Total consumer	43,669	43,372	43,478	35,889	41,320
Total recoveries	130,088	121,974	117,650	112,738	120,664
Net loan and lease charge-offs	(87,793)	(124,627)	(188,666)	(342,462)	(437,089)
Provision for loan and lease losses	88,679	83,082	67,797	155,193	167,730
Allowance for assets sold and securitized or transferred to loans held for sale	(8,239)	(1,129)	(336)	(8,484)	(14,821)
Allowance for loan and lease losses, end of year	597,843	605,196	647,870	769,075	964,828
Allowance for unfunded loan commitments, beginning of year	60,806	62,899	40,651	48,456	42,127
(Reduction in) Provision for unfunded loan commitments and letters of credit losses	11,275	(2,093)	22,248	(7,805)	6,329
Allowance for unfunded loan commitments, end of year	72,081	60,806	62,899	40,651	48,456

Allowance for credit losses, end of year	$669,924	$666,002	$710,769	$809,726	$1,013,284

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

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Table 16 - Allocation of Allowance for Credit Losses (1)
(dollar amounts in thousands)

	At December 31, 2015		2014		2013		2012		2011	
Commercial:										
Commercial and industrial	$298,746	41 %	$286,995	40 %	$265,801	41 %	$241,051	42 %	$275,367	38 %
Commercial real estate	100,007	10	102,839	11	162,557	11	285,369	14	388,706	14
Total commercial	398,753	51	389,834	51	428,358	52	526,420	56	664,073	52
Consumer:										
Automobile	49,504	19	33,466	18	31,053	15	34,979	11	38,282	11
Home equity	83,671	17	96,413	18	111,131	19	118,764	20	143,873	21
Residential mortgage	41,646	12	47,211	12	39,577	12	61,658	12	87,194	13
Other loans	24,269	1	38,272	1	37,751	2	27,254	1	31,406	3
Total consumer	199,090	49	215,362	49	219,512	48	242,655	44	300,755	48
Total allowance for loan and lease losses	597,843	100 %	605,196	100 %	647,870	100 %	769,075	100 %	964,828	100 %
Allowance for unfunded loan commitments	72,081		60,806		62,899		40,651		48,456	
Total allowance for credit losses	$669,924		$666,002		$710,769		$809,726		$1,013,284	
Total allowance for loan and leases losses as % of:										
Total loans and leases		1.19 %		1.27 %		1.50 %		1.89 %		2.48 %
Nonaccrual loans and leases		161		202		201		189		178
Nonperforming assets		150		179		184		173		163
Total allowance for credit losses as % of:										
Total loans and leases		1.33 %		1.40 %		1.65 %		1.99 %		2.60 %
Nonaccrual loans and leases		180		222		221		199		187
Nonperforming assets		168		197		202		182		172

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

The $4 million, or 1%, increase in the ACL compared with December 31, 2014, was driven by:

- $16 million, or 48%, increase in the ALLL of the automobile portfolio. The increase was driven by growth in loan balances, along with the extension of loss emergence periods embedded within the portfolio's reserve factors. It was partially offset by the impact of no longer utilizing separate qualitative methods to estimate economic risks inherent in our portfolio.
- $12 million, or 4%, increase in the ALLL of the C&I portfolio. The increase in the allowance for credit losses within the commercial portfolio reflects the impact of select downgrades, including within the Oil & Gas portfolio. In addition, the extension of the loss emergence periods utilized in establishing the portfolio's reserve factors contributed to the increase in reserve levels. Offsetting these increases was the decision to no longer utilize separate qualitative methods to estimate economic risks inherent in our portfolio, as well as improved performance on the Pass Graded portfolio over the past year.
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$11 million, or 19%, increase in the AULC driven by both Commercial and Consumer portfolio growth and by risk rating migration within the C&I portfolio which impacted the updated assessment of the unfunded commercial exposure.

Partially offset by:

- $14 million, or 37%, decline in the ALLL of the other consumer portfolio. The decline was primarily driven by our assessment of consumer overdraft reserve factors, and the impact of no longer utilizing separate qualitative methods to estimate economic risks inherent in our portfolios.
- $13 million, or 13%, decline in the ALLL of the home equity portfolio. Continued improvement in the residential real estate market led to improved expected loss factors in the portfolio, along with no longer utilizing separate qualitative methods to estimate economic risks inherent in the portfolio. These reductions were partially offset by the extension of loss emergence periods utilized in the reserve factors for the portfolio.
- $6 million, or 12%, decline in the ALLL of the residential mortgage portfolio. Continued improvement in both the residential real estate market and portfolio delinquency performance led to improved expected loss factors in the portfolio, along with no longer utilizing separate qualitative methods to estimate economic risks inherent in the portfolio lead to the reduction in reserve levels. These reductions were partially offset by the extension of loss emergence periods utilized in the reserve factors for the portfolio.

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- $3 million, or 3%, decline in the ALLL of the CRE portfolio. The decline was driven by improving credit quality particularly reductions in CRE NALs as well as management’s decision to no longer utilize separate qualitative methods to estimate economic risks inherent in our portfolio and was partially offset by increases from the extension of loss emergence periods utilized in the reserve factors.

The ACL to total loans declined to 1.33% at December 31, 2015, compared to 1.40% at December 31, 2014. Management believes the decline in the ratio is appropriate given the risk profile of our loan portfolio. Further, the continued focus on early identification of loans with changes in credit metrics and proactive action plans for these loans, originating high quality new loans, and SAD resolutions is expected to contribute to maintaining our key credit quality metrics.

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

NCOs

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

C&I and CRE loans are either charged-off or written down to net realizable value at 90-days past due with the exception of administrative small ticket lease delinquencies. Automobile loans and other consumer loans are generally 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 years:

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Table 17 - Net Loan and Lease Charge-offs
(dollar amounts in thousands)

	Year Ended December 31,				
	2015	2014	2013	2012	2011
Net charge-offs by loan and lease type					
Commercial:					
Commercial and industrial	$27,924	$32,123	$16,390	$64,248	$89,699
Commercial real estate:					
Construction	(824)	1,171	6,358	8,041	31,524
Commercial	(15,719)	(10,538)	18,496	70,388	116,577
Total commercial real estate	(16,543)	(9,367)	24,854	78,429	148,101
Total commercial	11,381	22,756	41,244	142,677	237,800
Consumer:					
Automobile	20,291	17,568	10,537	9,442	15,067
Home equity	19,850	36,947	82,263	116,379	101,797
Residential mortgage	10,126	19,752	27,162	47,923	56,681
Other consumer	26,145	27,604	27,460	26,041	25,744
Total consumer	76,412	101,871	147,422	199,785	199,289
Total net charge-offs	$87,793	$124,627	$188,666	$342,462	$437,089
Net charge-offs ratio:					
Commercial:					
Commercial and industrial	0.14 %	0.18 %	0.10 %	0.40 %	0.66 %
Commercial real estate:					
Construction	(0.08)	0.16	1.10	1.38	5.33
Commercial	(0.37)	(0.25)	0.42	1.35	2.08
Commercial real estate	(0.32)	(0.19)	0.49	1.36	2.39
Total commercial	0.05	0.10	0.19	0.66	1.20
Consumer:					
Automobile	0.23	0.23	0.19	0.21	0.26
Home equity	0.23	0.44	0.99	1.40	1.28
Residential mortgage	0.17	0.35	0.52	0.92	1.20
Other consumer	5.44	6.99	6.30	5.72	4.85
Total consumer	0.32	0.46	0.75	1.08	1.05
Net charge-offs as a % of average loans	0.18 %	0.27 %	0.45 %	0.85 %	1.12 %

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 updated risk rating. In certain cases, the standard ALLL is determined to not be appropriate, and a specific reserve is established based on the projected cash flow or collateral value of the specific loan. Charge-offs, if necessary, are generally recognized in a period after the specific ALLL was established. If the previously established ALLL exceeds that necessary to satisfactorily resolve the problem loan, a reduction in the overall level of the ALLL could be recognized. Consumer loans are treated in much the same manner as commercial loans, with increasing reserve factors applied based on the risk characteristics of the loan, although specific reserves are not identified for consumer loans. In summary, if loan quality deteriorates, the typical credit sequence would be periods of reserve building, followed by periods of higher NCOs as the previously established ALLL is utilized. Additionally, an increase in the ALLL either precedes or is in conjunction with increases in NALs. When a loan is classified as NAL, it is evaluated for specific ALLL or charge-off. As a result, an increase in NALs does not necessarily result in an increase in the ALLL or an expectation of higher future NCOs.

All residential mortgage loans greater than 150-days past due are charged-down to the estimated value of the collateral, less anticipated selling costs. The remaining balance is in delinquent status until a modification can be completed, or the loan goes through the foreclosure process. For the home equity portfolio, all of the defaults represent full charge-offs, as there is no remaining equity, creating a lower delinquency rate but a higher NCO impact.
2015 versus 2014

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NCOs decreased $37 million, or 30%, in 2015, primarily as a result of continued credit quality improvement in the CRE, home equity and residential mortgage portfolios. Given the low level of C&I and CRE NCO's, there will continue to be some volatility on a period-to-period comparison basis.

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 under different market scenarios designed to alter the direction, magnitude, and speed of interest rate changes, as well as the slope of the yield curve. These scenarios are designed to illustrate the embedded optionality in the balance sheet from, among other things, faster or slower mortgage, and mortgage backed securities prepayments, and changes in funding mix.

INCOME SIMULATION AND ECONOMIC VALUE ANALYSIS

Interest rate risk measurement is calculated and reported to the ALCO monthly and ROC at least quarterly. The information reported includes period-end results and identifies any policy limits exceeded, along with an assessment of the policy limit breach and the action plan and timeline for resolution, mitigation, or assumption of the risk.
Huntington uses two approaches to model interest rate risk: Net Interest Income at Risk (NII at Risk) and Economic Value of Equity at Risk (EVE). Under NII at Risk, net interest income is modeled utilizing various assumptions for assets, liabilities, and derivative positions under various interest rate scenarios over a one-year time horizon. EVE measures the period end market value of assets minus the market value of liabilities and the change in this value as rates change. EVE is a period end measurement.

Table 18 - Net Interest Income at Risk

	Net Interest Income at Risk (%)					
Basis point change scenario	-25		+100		+200	
Board policy limits	—	%	-2.0	%	-4.0	%
December 31, 2015	-0.3	%	0.7	%	0.3	%
December 31, 2014	-0.2	%	0.5	%	0.2	%

The NII at Risk results included in the table above reflect the analysis used monthly by management. It models gradual -25, +100 and +200 basis point parallel shifts in market interest rates, implied by the forward yield curve over the next one-year period. Due to the current low level of short-term interest rates, the analysis reflects a declining interest rate scenario of 25 basis points, the point at which many assets and liabilities reach zero percent.
Huntington is within board of director policy limits for the +100 and +200 basis point scenarios. There is no policy limit for the -25 basis point scenario. The NII at Risk reported at December 31, 2015, shows that Huntington's earnings are not particularly sensitive to these types of changes in interest rates over the next year. In the recent period, while the amount of fixed rate assets, primarily auto loans and securities, increased, NII at Risk was not meaningfully impacted.
As of December 31, 2015, Huntington had $8.2 billion of notional value in receive fixed-generic asset conversion swaps used for asset and liability management purposes. In January 2016, $1.9 billion of notional value of these swaps were terminated. The remaining $6.4 billion of notional value will mature as follows: $3.0 billion in 2016, $3.3 billion in 2017, and $0.1 billion in 2018.

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Table 19 - 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 %
December 31, 2015	-0.4 %	-0.5 %	-2.1 %
December 31, 2014	-0.6 %	0.4 %	-1.5 %

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

Huntington is within board of director policy limits for the +100 and +200 basis point scenarios. There is no policy limit for the -25 basis point scenario. The EVE reported at December 31, 2015 shows that as interest rates increase (decrease) immediately, the economic value of equity position will decrease (increase). When interest rates rise, fixed rate assets generally lose economic value; the longer the duration, the greater the value lost. The opposite is true when interest rates fall. When interest rates rise, fixed rate liabilities generally increase economic value; the longer the duration, the greater the value gained. The opposite is true when interest rates fall. The EVE at risk reported as of December 31, 2015 for the +200 basis points scenario shows a more liability sensitive position compared with December 31, 2014. The primary factors contributing to this change were the growth of longer duration HQLA in preparation for LCR compliance and an increase in Automobile loans, offset somewhat by the growth of both Consumer and Commercial deposit balances.

MSRs

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

At December 31, 2015, we had a total of $161 million of capitalized MSRs representing the right to service $16.2 billion in mortgage loans. Of this $161 million, $18 million was recorded using the fair value method and $143 million was recorded using the amortization method.

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

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

Price Risk

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

Liquidity Risk

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.

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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.

Available-for-sale and other securities portfolio

(This section should be read in conjunction with Note 4 of the Notes to Consolidated Financial Statements.)

Our investment securities portfolio is evaluated under established asset/liability management objectives. Changing market conditions could affect the profitability of the portfolio, as well as the level of interest rate risk exposure.

The composition and maturity of the portfolio is presented on the following two tables:

Table 20 - Available-for-sale and other securities Portfolio Summary at Fair Value

(dollar amounts in thousands)	At December 31,		
	2015	2014	2013
U.S. Treasury, Federal agency, and other agency securities	$4,643,073	$5,679,696	$3,937,713
Other	4,132,368	3,704,974	3,371,040
Total available-for-sale and other securities	$8,775,441	$9,384,670	$7,308,753
Duration in years (1)	5.2	3.9	4.2

(1) The average duration assumes a market driven prepayment rate on securities subject to prepayment.

Table 21 - Available-for-sale and other securities Portfolio Composition and Maturity

(dollar amounts in thousands)	At December 31, 2015		
	Amortized Cost	Fair Value	Yield (1)
U.S. Treasury, Federal agency, and other agency securities:			
U.S. Treasury:			
1 year or less	$—	$—	— %
After 1 year through 5 years	5,457	5,472	1.20
After 5 years through 10 years	—	—	—
After 10 years	—	—	—
Total U.S. Treasury	5,457	5,472	1.20
Federal agencies: mortgage-backed securities:			
1 year or less	51,146	51,050	1.76
After 1 year through 5 years	111,655	113,393	2.49
After 5 years through 10 years	254,397	257,765	2.80
After 10 years	4,088,120	4,099,480	2.39
Total Federal agencies: mortgage-backed securities	4,505,318	4,521,688	2.41
Other agencies:			
1 year or less	801	805	1.70
After 1 year through 5 years	9,101	9,395	3.00
After 5 years through 10 years	105,174	105,713	2.44
After 10 years	—	—	—

Total other agencies	115,076	115,913	2.48
Total U.S. Treasury, Federal agency, and other agency securities	4,625,851	4,643,073	2.41
Municipal securities:			
1 year or less	281,644	280,823	2.70

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After 1 year through 5 years	587,664	587,345	2.81
After 5 years through 10 years	1,053,502	1,048,550	3.01
After 10 years	509,133	539,678	4.48
Total municipal securities	2,431,943	2,456,396	3.24
Asset-backed securities:			
1 year or less	—	—	—
After 1 year through 5 years	110,115	109,300	2.37
After 5 years through 10 years	128,342	128,208	2.23
After 10 years	662,602	623,905	2.36
Total asset-backed securities	901,059	861,413	2.34
Corporate debt:			
1 year or less	300	302	3.38
After 1 year through 5 years	356,513	360,653	3.19
After 5 years through 10 years	107,394	105,522	3.06
After 10 years	—	—	—
Total corporate debt	464,207	466,477	3.16
Other:			
1 year or less	—	—	—
After 1 year through 5 years	3,950	3,898	2.60
After 5 years through 10 years	—	—	—
After 10 years	—	—	—
Non-marketable equity securities (2)	332,786	332,786	5.06
Mutual funds	10,604	10,604	N/A
Marketable equity securities (3)	523	794	N/A
Total other	347,863	348,082	4.87
Total available-for-sale and other securities	$8,770,923	$8,775,441	2.77 %

(1) Weighted average yields were calculated using amortized cost on a fully-taxable equivalent basis, assuming a 35% tax rate.

(2) Consists of FHLB and FRB restricted stock holding carried at par. For 2016, the Federal Reserve reduced the dividend rate on FRB stock from 6% to the current 10-year Treasury rate for banks with more than $10 billion in assets.

(3) Consists of certain mutual fund and equity security holdings.

Investment securities portfolio

The expected weighted average maturities of our AFS and HTM portfolios are significantly shorter than their contractual maturities as reflected in Note 4 and Note 5 of the Notes to 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:

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Table 22 - Expected Life of Investment Securities

(dollar amounts in thousands)	At December 31, 2015			
	Available-for-Sale & Other Securities		Held-to-Maturity Securities	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
1 year or less	$491,858	$487,380	$—	$—
After 1 year through 5 years	3,484,392	3,506,676	1,332,311	1,325,633
After 5 years through 10 years (1)	3,881,010	3,850,350	4,669,051	4,652,433
After 10 years	569,748	586,851	158,228	157,392
Other securities	343,915	344,184	—	—
Total	$8,770,923	$8,775,441	$6,159,590	$6,135,458

(1) The average duration of the securities with an average life of 5 years to 10 years is 5.43 years

Bank Liquidity and Sources of Funding

Our primary sources of funding for the Bank are retail and commercial core deposits. At December 31, 2015, these core deposits funded 73% of total assets (102% of total loans). Other sources of liquidity include non-core deposits, FHLB advances, wholesale debt instruments, and securitizations. Demand deposit overdrafts that have been reclassified as loan balances and were