UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

QUARTERLY PERIOD ENDED September 30, 2014

Commission File Number 1-34073

Huntington Bancshares Incorporated

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

41 South High Street, Columbus, Ohio 43287

Registrant s telephone number (614) 480-8300

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90

days. x Yes ¨ No

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

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

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

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

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

Table of Contents

HUNTINGTON BANCSHARES INCORPORATED

INDEX

Table of Contents

Glossary of Acronyms and Terms

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

2013 Form 10-K	Annual Report on Form 10-K for the year ended December 31, 2013
ABL	Asset Based Lending
ACL	Allowance for Credit Losses
AFCRE	Automobile Finance and Commercial Real Estate
AFS	Available-for-Sale
ALCO	Asset-Liability Management Committee
ALLL	Allowance for Loan and Lease Losses
ARM	Adjustable Rate Mortgage
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	Automated Teller Machine
AULC	Allowance for Unfunded Loan Commitments
AVM	Automated Valuation Methodology
Basel III	Refers to the final rule issued by the FRB and OCC and published in the Federal Register on October 11, 2013
BHC	Bank Holding Companies
C&I	Commercial and Industrial
Camco Financial	Camco Financial Corp.
CCAR	Comprehensive Capital Analysis and Review
CDO	Collateralized Debt Obligations
CDs	Certificate of Deposit
CFPB	Bureau of Consumer Financial Protection
CMO	Collateralized Mortgage Obligations
CRE	Commercial Real Estate
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EPS	Earnings Per Share
ERISA	Employee Retirement Income Security Act
EVE	Economic Value of Equity
Fannie Mae	(see FNMA)
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FDICIA	Federal Deposit Insurance Corporation Improvement Act of 1991
FHA	Federal Housing Administration
FHFA	Federal Housing Finance Agency

FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FICA	Federal Insurance Contributions Act
FICO	Fair Isaac Corporation
FNMA	Federal National Mortgage Association
FRB	Federal Reserve Bank
Freddie Mac	(see FHLMC)
FTE	Fully-Taxable Equivalent
FTP	Funds Transfer Pricing
GAAP	Generally Accepted Accounting Principles in the United States of America

HAMP	Home Affordable Modification Program
HARP	Home Affordable Refinance Program
HIP	Huntington Investment and Tax Savings Plan
HQLA	High Quality Liquid Asset
HTM	Held-to-Maturity
IRC	Internal Revenue Code of 1986, as amended
IRS	Internal Revenue Service
ISE	Interest Sensitive Earnings
LCR	Liquidity Coverage Ratio
LIBOR	London Interbank Offered Rate
LGD	Loss-Given-Default
LIHTC	Low Income Housing Tax Credit
LTV	Loan to Value
NAICS	North American Industry Classification System
MD&A	Management s Discussion and Analysis of Financial Condition and Results of Operations
MSA	Metropolitan Statistical Area
MSR	Mortgage Servicing Rights
NALs	Nonaccrual Loans
NAV	Net Asset Value
NCO	Net Charge-off
NIM	Net Interest Margin
NCUA	National Credit Union Administration
NPAs	Nonperforming Assets
NPR	Notice of Proposed Rulemaking
N.R.	Not relevant. Denominator of calculation is a gain in the current period compared with a loss in the prior period, or vice-versa
NSF / OD	Nonsufficient Funds and Overdraft
OCC	Office of the Comptroller of the Currency
OCI	Other Comprehensive Income (Loss)
OCR	Optimal Customer Relationship
OLEM	Other Loans Especially Mentioned
OREO	Other Real Estate Owned
OTTI	Other-Than-Temporary Impairment
PD	Probability-Of-Default
Plan	Huntington Bancshares Retirement Plan
Problem Loans	Includes nonaccrual loans and leases (Table 15), troubled debt restructured loans (Table 16), accruing loans and leases past due 90 days or more (aging analysis section of Footnote 3), and Criticized commercial loans (credit quality indicators section of Footnote 3).

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

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

Table of Contents

PART I. FINANCIAL INFORMATION

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

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

INTRODUCTION

We are a multi-state diversified regional bank holding company organized under Maryland law in 1966 and headquartered in Columbus, Ohio. Through the Bank, we have 148 years of servicing the financial needs of our customers. Through our subsidiaries, we provide full-service commercial and consumer banking services, mortgage banking services, automobile financing, equipment leasing, investment management, trust services, brokerage services, insurance service programs, and other financial products and services. Our 753 branches are located in Ohio, Michigan, Pennsylvania, Indiana, West Virginia, and Kentucky. Selected financial services and other activities are also conducted in various other states. International banking services are available through the headquarters office in Columbus, Ohio and a limited purpose office located in the Cayman Islands and another limited purpose office located in Hong Kong. Our foreign banking activities, in total or with any individual country, are not significant.

This MD&A provides information we believe necessary for understanding our financial condition, changes in financial condition, results of operations, and cash flows. The MD&A included in our Form 8-K filed on May 28, 2014 should be read in conjunction with this MD&A as this discussion provides only material updates to the Form 8-K. This MD&A should also be read in conjunction with the financial statements, notes and other information contained in this report.

Our discussion is divided into key segments:

Executive Overview Provides a summary of our current financial performance and business overview, including our thoughts on the impact of the economy, legislative and regulatory initiatives, and recent industry developments. This section also provides our outlook regarding our expectations for the next several quarters.

Discussion of Results of Operations Reviews financial performance from a consolidated Company perspective. It also includes a Significant Items section that summarizes key issues helpful for understanding performance trends. Key consolidated average balance sheet and income statement trends are also discussed in this section.

Risk Management and Capital Discusses credit, market, liquidity, operational, and compliance risks, including how these are managed, as well as performance trends. It also includes a discussion of liquidity policies, how we obtain funding, and related performance. In addition, there is a discussion of guarantees and / or commitments made for items such as standby letters of credit and commitments to sell loans, and a discussion that reviews the adequacy of capital, including regulatory capital requirements.

Business Segment Discussion Provides an overview of financial performance for each of our major business segments and provides additional discussion of trends underlying consolidated financial performance.

Additional Disclosures Provides comments on important matters including forward-looking statements, critical accounting policies and use of significant estimates, and recent accounting pronouncements and developments.

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

Table of Contents

EXECUTIVE OVERVIEW

Summary of 2014 Third Quarter Results

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

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

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

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

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

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

Business Overview

General

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

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

Table of Contents

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

Economy

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

Expectations Fourth Quarter 2014

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

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

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

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

Overall, asset quality metrics are expected to remain near current levels, although moderate quarterly volatility also is expected, given the absolute low level of problem assets and credit costs. We anticipate NCOs will remain within or below our long-term normalized range of 35 to 55 basis points.

The effective tax rate for the remainder of 2014 is expected to be in the range of 25% to 28%, primarily reflecting the impacts of tax-exempt income, tax-advantaged investments, general business credits, and the change in accounting for investments in qualified affordable housing projects.

Table of Contents

DISCUSSION OF RESULTS OF OPERATIONS

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

Table 1 Selected Quarterly Income Statement Data (1)

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

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

Table of Contents

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

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

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

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

Table of Contents

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

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

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

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

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

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

Table of Contents

Significant Items

Definition of Significant Items

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

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

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

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

Significant Items Influencing Financial Performance Comparisons

Earnings comparisons were impacted by the Significant Items summarized below:

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

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

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

2. **Merger and Acquisition.** Significant events relating to mergers and acquisitions, and the impacts of those events on our reported results, were as follows:

   During the 2014 third quarter, $3.5 million of net noninterest expense was recorded related to the acquisition of 24 Bank of America branches and Camco Financial.

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

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

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

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

Table of Contents

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

Table 3 Significant Items Influencing Earnings Performance Comparison

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

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

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

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

Table of Contents

Net Interest Income / Average Balance Sheet

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

Table 4 Consolidated Quarterly Average Balance Sheets

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

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

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

Table of Contents

Table 5 Consolidated Quarterly Net Interest Margin Analysis

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

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

(1) FTE yields are calculated assuming a 35% tax rate.

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

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

2014 Third Quarter versus 2013 Third Quarter

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

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

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

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

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

Partially offset by:

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

2014 Third Quarter versus 2014 Second Quarter

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

Table of Contents

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

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

Liabilities and Shareholders Equity:

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

(1) FTE yields are calculated assuming a 35% tax rate.

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

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

17

Table of Contents

2014 First Nine Months versus 2013 First Nine Months

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

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

Partially offset by:

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

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

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

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

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

Partially offset by:

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

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

Provision for Credit Losses

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

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

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

Table of Contents

Noninterest Income

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

Table 7 Noninterest Income

	2014			2013		3Q14 vs 3Q13		3Q14 vs 2Q14	
(dollar amounts in thousands)	**Third**	**Second**	**First**	Fourth	Third	Amount	Percent	Amount	Percent
Service charges on deposit accounts	**$ 69,118**	**$ 72,633**	**$ 64,582**	$ 69,992	$ 72,918	$ (3,800)	(5)%	$ (3,515)	(5)%
Mortgage banking income	**25,051**	**22,717**	**23,089**	24,327	23,621	1,430	6	2,334	10
Trust services	**28,045**	**29,581**	**29,565**	30,711 &					